

CEREDIGION COUNTY COUNCIL

Report to: Cabinet or Council (delete as appropriate)
Date of meeting: 5th October 2021
Title: Approval of the Draft Portfolio Business Case for the Mid Wales Growth Deal
Purpose of the report: For Cabinet to consider and approve the draft Portfolio Business Case for the Mid Wales Growth Deal to submit to UK and Welsh Governments
For: Decision
Cabinet Portfolio: Leader & Cabinet Member for Economy & Regeneration

1. Summary

1.1. For Cabinet to consider and approve the draft Portfolio Business Case for the Mid Wales Growth Deal for submission to UK and Welsh Governments, as set out in the following appendices:

- Appendix 1: Portfolio Business Case (v1)
- Appendix 2: Programme Outline Summary - Digital (v 1 draft)
- Appendix 3: Programme Outline Summary – Land and Property (v1 draft)
- Appendix 4: Applied R&I Study (v1 final)

1.2. In the event that the draft Portfolio Business Case is approved, Cabinet is also asked for authority to submit the draft Portfolio Business Case to the UK and Welsh Governments:

- To be formally reviewed through the Accounting Officer Review (AOR), on behalf of the Welsh Cities and Growth Deals Implementation Board (WCGIB) – the Joint Board between UK and Welsh Governments that govern Welsh City and Growth Deals.
- To be utilised as a basis for drafting the Final Deal Agreement – that will be negotiated with both Governments and brought back to the GMW Board and to the Cabinets of both Authorities for review and final approval.

1.3. To authorise the Chief Executive, in consultation with the Leader, the Monitoring Officer and Section 151 Officer (in conjunction with the equivalent officers in Ceredigion County Council) to make minor amendments to the Portfolio Business Case that may be required prior to submission to the UK and Welsh Governments.

1.4. Note: the Portfolio Business Case and documentation were supported by GMW Board on 21/09/21 – and will be submitted to both Governments on 01/10/21. This report therefore is seeking approval and authority retrospectively to 21/9/21.

2. Background

- 2.1. On 19th March 2019, the Cabinet approved the establishment of a Joint Committee with Ceredigion to develop a Mid Wales Growth Deal and agreed the terms of an Inter- Authority Agreement (“IAA1”) to provide for the early governance arrangements. On 13th July 2021, the Cabinet approved an amended Authority Agreement (“IAA2”) to extend the governance arrangements up to Final Deal Arrangement (“FDA”) and to include revisions to include Regional Skills Partnership.
- 2.2. The IAA2 provides for the Growing Mid Wales Board (“GMW Board”) to approve bids for Funding and to refer the bids for Funding to the Authorities for approval.
- 2.3. On 21st September 2021, the GMW Board considered the report set out in Appendix 5 and recommended to the Cabinets of Authorities that they should approve the draft Portfolio Business Case for the Mid Wales Growth Deal as set out in Appendices 1-4 of this report for to submit to UK and Welsh Governments.

3. Proposal

- 3.1. The Portfolio Business Case has been developed by the Portfolio Management Office (PoMO) with support from Hatch Ltd and officers from both Powys and Ceredigion County Councils.
- 3.2. The purpose of the Portfolio Business Case is to provide an overview of the scope, function and arrangements for the Mid Wales Growth Deal Portfolio – on the basis of an initial set of Programme and Project proposals. The detail of which will need to be developed and considered further at key decision points.
- 3.3. The Portfolio Business Case as currently drafted is the latest iteration – with known elements of detail still to be developed. This is because the programme and project level detail have not been fully developed yet. The Portfolio at this stage is therefore establishing the principles and broad objectives for the Deal – with an estimated range of benefits and costs.
- 3.4. The status of the shortlisted Programmes and Projects are initial options being considered, in advance of a formal review and decision by the GMW Board. **Agreeing the Portfolio Business Case today does not guarantee funding for these initial set of programmes/projects. It signifies that these options are to be developed further at the cost/risk of the proposers – and that the GMW Board will review the detail of the proposals as part of their business case development. Other projects can be added to the Portfolio at a later date.**
- 3.5. The GMW Board will be expected to review the Portfolio at regular intervals. If proposals on the shortlist do not develop to the satisfaction of the Board (e.g. for reasons such as no capacity/capability to develop, timescale issues, deviation from the stated aims, failure in match funding etc) – then the Board will be able to reconsider and recommend actions to address and re-prioritise the Portfolio. This process will be led by the Portfolio Management Office (PoMO) through regular progress reporting to the GMW Board and its established sub-groups to consult for strategic advice (e.g. ESG/RSP).

3.6. The Portfolio Business Case is a live, and iterative document – that will need regular review. It is anticipated the Portfolio Business Case will need to be updated further after the Accounting Officer Review, to implement or plan for the realisation of its recommendations – to coincide with the FDA.

3.7. It is anticipated that post Final Deal Agreement, the Portfolio Business Case is updated on an annual basis – to coincide with the annual reporting and funding arrangements set out by the Joint UK and Welsh Government WCGIB. It may be updated more frequently initially by the PoMO, as detail is developed.

3.8. The Portfolio Business Case follows the structure of the Better Case Model (Five Case Model) and HM Treasury Green Book principles. The PoMO have consulted with UK and Welsh Government throughout the development of the business case – and has been advised throughout the process by Joe Flanagan, the author of the Green Book and guidance to HM Treasury on business case development. As a result, the development of the Mid Wales Growth Deal is consistent with the emerging HM Treasury Guide to developing the Strategic Portfolio Business Case.

3.9. The Portfolio Business Case consists of five cases:

- Strategic Case: the rationale for the Growth Deal investments, their objectives and fit with wider policy
- Economic Case: the value for money provided by the Growth Deal
- Commercial Case: the contractual and procurement approach to be taken
- Financial Case: the costs and funding profile for the Growth Deal
- Management Case: the approach to managing the Growth Deal

3.10. The Portfolio Business Case is available in **Appendix 1**.

3.11. The Portfolio Business Case is supported by a set of documentation which provide further detail on the two early programme proposals, and the draft assurance and approvals process for the Portfolio:

Supporting Document	Description	Status	Appendix
Programme Outline Summary - Digital	Outline of the draft proposals being developed for the digital programme. To be considered formally at a next iteration of the GMW Board.	V1 Draft	2
Programme Outline Summary – Sites and Premises	Outline of the draft proposals being developed for the land and property programme. To be considered formally at a next iteration of the GMW Board.	V1 Draft	3

Applied R&I Study (strategic context)	Summary of the applied R&I study – providing strategic context for the theme.	V1 final	4
Integrated Assurance and Approvals Plan (IAAP)	Is defined as the planning, coordination and provision of assurance activities and approval points throughout the ‘policy to delivery’ lifecycle, proportionate to levels of project cost and risk.	Work in progress	Not appended

NOTE: These appendices are not provided here, but can be viewed as part of the GMW Board papers 21st September 2021, [here](#).

4. MWGD – Programmes Under Consideration

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

Digital

- Strategic Aim: To capitalise on the economic opportunities that can be unlocked by investing in digital infrastructure and skills, in order to address deficits in digital connectivity, drive the uptake of new technologies amongst the regions businesses and to improve the services that already exist.
- Types of Intervention: A diverse range of fixed and wireless infrastructure deployments, complimented with innovative platforms, business support and policy reforms that directly provide or facilitate greater investment, stimulate demand, and accelerate digital build and exploitation across the Mid Wales region.

Land and Property

- Strategic Aims: Fostering the environment for a strong, resilient and diverse Mid Wales economy that enables enterprises to start, grow and prosper with the right support and infrastructure.
- Types of Intervention: Enabling business growth through targeted investment/initiative development for sites and premises.

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

4.3. Whilst the GMW Board has not formally received the programme proposals to date – the programme-level scoping work has been underway prior to the development of the Portfolio – and were initiated early in the development work. The GMW Board will be able to consider the Programme Briefs and further detailed information at a future meeting to determine the scope and objectives of both Programmes, to consider and mandate their further development

5. MWGD – Projects Under Consideration

- 5.1. No detail for project proposals are provided at this stage of the process in support of the Portfolio. Early outline proposals have been considered and fed into the process led by Joe Flanagan (advisor on behalf of Government on Business Cases) with support from the PoMO, Hatch Ltd and officers from Powys and Ceredigion Councils. This forms the technical assessment as part of the workshop structure that is required as part of the Better Business Case guidance.
- 5.2. The detail of the assessment process, the projects considered – and the outcome is set out in the Economic Case of the Portfolio Business Case (section 2.2 of the Economic Case).
- 5.3. The relationship between Strategy, Portfolio, Programmes and Projects has been set out consistently to the GMW Board and its governance. The following image has been adapted from Government guidance¹:



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

- 5.4. A portfolio is a collection. The strategic portfolio is the collection of programmes, projects and other activities that the organisation requires to deliver its mission, vision, goals and strategic objectives over the short, medium and long terms.
- 5.5. The programmes within these strategic portfolios, in turn, initiate, align and monitor the projects and activities required to deliver the necessary outputs.
- 5.6. Projects can exist within a Programme, or directly within the Portfolio.
- 5.7. Programmes are only developed for a larger series of planned measures, related events and co-ordinated activities in pursuit of an organisation's long-term goals. A series of loose thematically-related projects – does not constitute a programme.
- 5.8. A continual process of alignment is required to ensure that the programmes and projects within the strategic portfolio remains linked to strategic objectives, because even as strategies are delivering changes and improvements to business operations, they may need to respond to internal and external changes and to accommodate new initiatives and policies.
- 5.9. This underlines the Portfolio approach – and why the Growth Deal is implemented via this approach. The GMW Board will have challenging choices to make about the combination and delivery of their enabling programmes and projects, which must be properly scoped and planned, and cost justified from the outset.
- 5.10. That is why Programmes and Projects at this stage are therefore early proposals – assessed against the Critical Success Factors and Aims/Objectives of the Portfolio as part of the Discovery phase². 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.
- 5.11. The Growth Deal Portfolio, and its constituent Programmes and Projects will be delivered over a lifespan of 10-15 years. The Portfolio Business Case is therefore a tool for making structured progress on the basis of regular review and decision-making.

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

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

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

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

		diversification sectors. Total capital costs are estimated to be £8 million.	
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 comprises of: An Arrival and Welcome Hub, Green Street, Elemental and Site Accommodation. Total capital costs are estimated to be £24.2 million.	SOC
	Dwr Cymru Elan Valley	Lead by Dwr Cymru, the Elan Valley Lakes Project seeks to achieve economic growth and sustainability through adding appropriate high experience level adventure, sport and nature activities and improve provision of overnight accommodation. It is hoped this will increase visitor spend and enhance income streams. Total capital costs are estimated to be £12.7 million.	SOC
	Montgomery Canal Wales - Restoration to Navigation	Lead by the Canal and River Trust / Glandwr Cymru, the restoration of the Montgomery Canal in Wales seeks to facilitate linkage to the wider 2000-mile Canal network, and boater access through Powys to beyond Welshpool. So enhancing opportunities for a range of non-boater visitor activities, all with associated spend and opportunities for tourism and leisure businesses. Total capital costs are estimated to be £24.4 million.	SOC
	Ceredigion Harbours	Lead Ceredigion County Council, Ceredigion Harbours is an outline proposal for two major marina/harbour developments (Aberystwyth and Aberaeron). In both instances, the assets are to remain publicly-owned and will combine currently planned investment in sea defences/costal flooding, adding further economic value through the reconfiguration and development of the assets to generate new economic opportunities in retail, leisure and tourism. In Aberystwyth, the proposals also incorporate strengthened faculties to support the fisheries sector. Total capital costs are estimated to be between £20 and £30 million.	Concept
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	Programme Business Case

		economic growth. Total capital costs are estimated to be £3.6 million.	
Supporting Enterprise	Mid Wales Sites and Premises.	Lead jointly by Ceredigion County Council and Powys County Council, this intervention will deliver a strategic programme of prioritised, direct public sector investment in employment sites and premises and related infrastructure across Mid Wales to help meet current need and stimulate future economic growth in the region. This would be delivered through a Mid Wales Property Infrastructure Investment Fund. The proposal would be complemented by the development of broader financial incentives to help stimulate private sector investment in employment sites and premises, and targeted investments in strategic employment sites.	Programme Business Case

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

- The shortlisted options constitute the best available options at this point in time. The Portfolio Business Case sets out that we have a number of options on the long-list for the Portfolio – not all options are ready/have not come forward yet. Skills is one key example where there are no projects at present – however, is very likely that following the work of the Regional Skills Partnership, capital proposals may begin to appear.
- The shortlist is never set in stone. The next steps are for the GMW Board to consider the early detail of the Programmes proposed, and then the Projects in turn against the strategic aims and objectives of the Growth Deal – as defined in the Portfolio Business Case.
- Today’s decision therefore does not bind the GMW Board/Cabinets to the shortlist permanently. The current shortlist has been drawn together to illustrate the current strongest options for delivering the Deal – which now need further detailed development.
- Funding is not agreed or guaranteed to any of the projects at this point. Funding is being secured for the Portfolio as a whole. Decision on funding for programmes/projects will only come after the GMW Board has considered their business cases, and subsequently submitted to Government for approval.
- Once the GMW Board has approved the Programme/Project Business Cases, it is solely the responsibility and risk of the proposing organisations to develop the detail of their schemes to follow through with their initial proposals. The role of the PoMO is clearly set out in the documentation – as co-ordinating and managing the Deal only. It is the responsibility of the lead/sponsor organisation to resource the project development/delivery.
- Proposals that were considered recently, but did not make the shortlist have been put on the longlist. This means that they are still in contention for a future opportunity through future reviews. The onus is on those

proposing organisations to take account of the detailed technical feedback and consider further developing their proposals as a potential pipeline proposal that could be considered in future.

7. Options Considered / Available

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

8. Preferred Choice and Reasons

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

Has an Integrated Impact Assessment been completed? If not, please state why

Not for the Portfolio. Integrated Impact Assessments will be presented along with any reports specific to the Growing Mid Wales projects etc.

Summary: The Portfolio Business Case sets out the Wellbeing of Future Generations principles – and expects all the forthcoming programmes and projects to adhere/contribute towards.

Long term: The Portfolio Business Case sets out the goals and objectives for the Mid Wales Growth Deal for the next 10-15 years.

Integration: The Portfolio Business Case sets the principles and expectations for the Growth Deal – embedding WBoFG principles throughout – there will be significant opportunity to integrate and positively influence a range of activity across the region.

Collaboration: With Powys County Council, UK and Welsh Government and partners within the region.

Involvement: The Portfolio business case has been developed collaboratively and in close consultation with regional stakeholders over many years. The development of programme and project proposals will need to involve and consult relevant stakeholders and the public as they are brought forward.

Wellbeing of Future Generations:

Prevention: To establish a vehicle for medium-long term capital funding to bring forward economic regeneration activity in the region, that aims to create jobs and opportunities.

- Recommendation(s):**
1. For Cabinet to consider and approve the draft Portfolio Business Case for the Mid Wales Growth Deal for approval to submit to UK and Welsh Governments, as set out in the following appendices:
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 - To be formally reviewed through the Accounting Officer Review (AOR), on behalf of the Welsh Cities and Growth Deals Implementation Board (WCGIB) – the Joint Board between UK and Welsh Governments that govern Welsh City and Growth Deals.
 - To be utilised as a basis for drafting the Final Deal Agreement – that will be negotiated with both Governments and brought back to the GMW Board and to the Cabinets of both Authorities for review and final approval.
 - To authorise the Chief Executive, in consultation with the Leader, the Monitoring Officer and Section 151 Officer to make minor amendments to the Portfolio Business Case that may be required prior to submission to the UK and Welsh Governments.

Reasons for decision: To ensure that the submission of the Portfolio Business Case is undertaken in a timely manner to achieve FDA within the 2021 calendar year.

Overview and Scrutiny: A Joint Scrutiny Committee has been established as per the provisions set out in the amended Inter-Authority Agreement (IAA2) – with meetings scheduled throughout October/November 2021.

Policy Framework:	Corporate Strategy 2017 - 2022
Corporate Priorities:	<ul style="list-style-type: none"> • Boosting the Economy • Investing in People's Futures
Financial implications:	<ol style="list-style-type: none"> 1. The Portfolio Business Case sets out the headline figures for capital expenditure that both Local Authorities are seeking from both the UK and Welsh Government via the Mid Wales Growth Deal, amounting to a total capital grant of £110m. 2. The expenditure profile and full financial detail of the constituent programmes and projects within the Portfolio is currently unknown. 3. The Portfolio Business Case therefore has made a range of assumptions and estimates at this stage – that will require significant further work from finance to better profile planned expenditure vs the grant profile, which is expected to be flat over 10-15 years. 4. Officials from the UK Government has confirmed that its contribution to the Deal will be £55m over a period of 10 years – further to the announcement at the 2020 Spending Review. The Welsh Government has not confirmed/communicated its intentions – therefore we are considering two scenarios of capital grant. One for £55m over 10 years to match the UKG contribution, the other being £55m over the original 15 year period. 5. Revenue – resourcing for the PoMO is in place until July 2023 through ESF funding. These are provided via separate grant agreements and an SLA between the relevant parties. The revenue budget for the Board and annual partner contributions have not yet been set – but will be considered separately.
Statutory Powers:	Not applicable
Background Papers:	<p>Cabinet report 13th July 21 Cabinet report 19th March 2019 Cabinet report – 6th November 2018; Cabinet report – 31st July 2018; Cabinet report – 27th March 2018; Cabinet report – 28th November 2017; Cabinet report – 23rd July 2015. Growing Mid Wales Board Report and Draft Minutes 11 June 2021.</p>
Appendices:	Appendix 1 – Portfolio Business Case (v1)

Lead Officer: Eifion Evans, Chief Executive

Reporting Officer: Russell Hughes-Pickering, CLO Economy & Regeneration

Date: 5th October 2021