

## TEMPLATE - REPORT TO THE CABINET

**Date of Meeting:** 3 July 2018

**Cabinet Member:**

**Author:**

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Number:**

**Title of Item:** North Wales Growth Deal Bid - Progress Update and  
Governance Procedure

### 1. THE CONTEXT OF DEVELOPING THE GROWTH DEAL

- 1.1. A Growth Deal Bid is a formal proposal by North Wales for investment by UK and Welsh Governments in order to fund projects which will result in economic growth. It is also an opportunity for devolved powers to be conferred to North Wales to facilitate economic growth. The regions submitting a bid must have a legal, resilient and accountable governance model for the planning and implementation of their strategy. Regions are expected to be prepared to invest in their own strategies, alongside Government(s), in capital allocations, sharing in capital borrowing, the use of land and assets and in resourcing professional project capacity.
- 1.2. Since the previous report to the Cabinet, the governance model of a statutory joint-committee has been established in 'shadow form'. By 'shadow form' is meant that the Committee is meeting and operating by a formal agreement of all partners but does not have the capacity to make decisions on behalf of partners. An Inter-Authority Agreement is required to formalise the constitutional arrangements and confer decision-making powers to the Board within prescribed limits.
- 1.3. This report submits the Inter-Authority Agreement for the first phase of the regional work for adoption. The term Governance Agreement is used in place of Inter-Authority Agreement as the partnership's membership is wider than local authorities alone.
- 1.4. The Committee has adopted the working title The North Wales Economic Ambition Board, from the former regional advisory body of the same name. The full members of the Board are the six authorities in the region. Bangor University, Wrexham-Glyndŵr University, Coleg Cambria and Grŵp Llandrillo Menai and the North Wales Mersey Dee Business Council are advisory members of the Board.

### 2. THE GOVERNANCE MODEL AND GOVERNANCE AGREEMENT

- 2.1. A Governance Agreement has been developed for this first phase of the Growth Deal to be adopted by all partners of the Ambition Board. The Governance

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Agreement has been developed by the regional Heads of Legal network and with the expert and independent advice of legal advisers, Pinsents. The key features of the Governance Agreement are summarised in the following paragraphs. A copy of the Governance Agreement is submitted in **Appendix 2**.

- 2.2. As already noted, the Ambition Board consists of representatives from each local authority, the two universities and the two further education colleges and the North Wales Mersey Dee Business Council. Over time, the Board will be supported by a number of specialist Sub-boards. These Sub-boards will expand the range of stakeholders involved in the governance model. Draft terms of reference have been prepared for the Board and the Sub-board covering membership, chairing; the roles, functions, responsibilities and powers; speaking and decision-making.
- 2.3. The adopted governance model for the Board is an executive Joint-Committee, i.e. a joint-committee of all Cabinets. This model is not ideally suited for how the Board wishes to operate, for example, the non-local authority partners cannot be voting members of an executive joint-committee. However, this model is the best one available under existing legislation. To work around these restrictions, a method of operating is proposed whereby the Board will seek to achieve a consensus before taking a formal vote. A legislative model that permits full participation by all partners is expected to be included by Welsh Government in its Local Government Bill Reform Bill due later this year.
- 2.4. The Governance Agreement includes the right for any two parties to ask for a matter to be reconsidered at the next meeting of the Board. This would allow a "cooling off" period and would give the Board more time to find a resolution over challenging decisions. The provision reinforces the intention to work by consensus, and protects those parties which do not have a formal vote.
- 2.5. Some principal areas of decision-making, called "reserved matters", will be outside the delegated authority of the Board. A proposed decision of the Board in the case of a reserved matter would first need to be considered and consented to by each partner body to the Board. In the case of the six councils, that would require a formal decision by the Cabinet or Council. The list of reserved matters includes:
  - Agreement of functions to be given to the Board;
  - Agreement of annual budget contributions for the Board and the authorities;
  - Investment and borrowing commitments and risk exposure levels; and
  - Allocation of land and other assets for pooling.
- 2.6. For the six Councils, this means that the most important decisions will be taken locally, with the work of the Board having some direction from the wider membership. Constitutional provisions of this type are a source of assurance for members, and respect and value the role of the local overview and scrutiny function.
- 2.7. During this first phase, it is suggested that the proposals of the Board for the bid should be subject to local scrutiny through the Council's most appropriate scrutiny committee, rather than introduce a form of regional scrutiny.
- 2.8. The Board has the capacity to create Sub-boards which might either have a statutory basis or an advisory basis, depending on their functions, powers and

membership. The first Boards to be created are the Transport Sub-board and the Digital Delivery Sub-board. Both of these will be formally constituted as sub-committees, on a statutory basis, so as to be capable of having powers delegated to them. The pre-existing Regional Skills Partnership, a creation of Welsh Government, will report to Welsh Government and to the Board as an advisory Sub-board. The set of recommended Sub-boards needed for the second phase of the Growth Deal will be embodied to the second Governance Agreement.

- 2.9. The Governance Agreement includes reciprocal obligations between the partners and whichever council is chosen to be host authority for the Board, such as shared liability for employment costs. All partners will sign the Governance Agreement to give them certainty about the extent of their obligations and liability.
- 2.10. The Governance Agreement submitted here is for the first phase of the work of the Board only. A second and more comprehensive Governance Agreement will be developed and submitted for the second phase - Bid implementation and delivery - in early 2019.

### **3. NEXT STEPS AND APPROVING THE GROWTH DEAL**

- 3.1. The Ambition Board has prepared a "proposition document" which brings together the justification for investment in the North, our vision and the objectives of our Strategic Programmes and the portfolio of Projects, and the economic and financial cases for investment. This document also notes our requirements in relation to new powers and responsibilities for the North.
- 3.2. You will also see a narrative of each project included in the Growth Deal in **Appendix 4**. This gives you as Cabinet members a good idea of the purpose and key outcomes of each project.
- 3.3. This will be the basis for discussions with both Governments, with the intention of reaching agreement regarding the Heads of Terms Agreement by October/November 2018.
- 3.4. The Growth Deal Bid is now at an advanced stage of development with Bid content about to be prioritised according to (1) regional choice and ambition, (2) informal Government advice on the programmes and projects which might qualify for their support and (3) business case assessments.
- 3.4. The Growth Deal Bid will move through two approval stages. Firstly, a Heads of Terms Agreement and, secondly, final agreement of the detailed content which will include a full and final five-case business model. We aim to have reached Heads of Term Agreement in the autumn of this year, and the final agreement for the new financial year 2019/20.
- 3.5. The Ambition Board and signatories to the Governance Agreement will be presented with the final draft Growth Board Bid for review and consent in September/October prior to the stage of reaching Heads of Terms with both Governments. It is intended that the final draft be submitted to the Cabinet and Scrutiny Committee also.
- 3.6. The Growth Deal is not the only intervention to support the aims and objectives of the wider vision and strategy for the region. Welsh Government is already

committed to significant capital investment in transport infrastructure in the region, alongside the Bid, both road and rail, and other investments such as the opening of the Northern Gateway site for inward investment, an Advanced Manufacturing Research Institute at Broughton and M-Sparc on Anglesey. The Growth Track 360 strategy for cross-border rail network investment is progressing at a UK Government level. Welsh Government recently announced new Wales and the Borders Franchise with infrastructure and service improvements. Further investment programmes might be negotiated separately.

- 3.7. The unity of the region behind the vision and adopted strategy is an important factor in having negotiating purpose, credibility and leverage.