



Cyngor Busnes Gogledd Cymru
North Wales Business Council

North Wales Business Council
C/O 8 The Paddock
Prestatyn,
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The National Assembly for Wales' Economy, Infrastructure & Skills Committee - City Deals and the Regional Economies of Wales

3rd May 2017

Introduction

The North Wales Business Council is the umbrella body for the private sector across North Wales, and our members include the Chamber of Commerce, FSB, IOD, EEF, CBI, North Wales Tourism, CITB and all 4 of the region's Universities & Colleges.

The North Wales Business Council is a partner of the North Wales Economic Ambition Board and has worked closely with the Ambition Board, the Welsh Government, the UK Government and the Mersey Dee Alliance to develop plans to grow the economy of North Wales. The Business Council is also highly involved on the North Wales Growth Deal, in particular around the Business Growth & Innovation work.

The North Wales Business Council welcomes the opportunity to feed comments in to the Economy, Infrastructure and Skills Committee's inquiry into City Deals and the regional economies of Wales. Comments are offered on the below issues, highlighted for the inquiry.

Potential benefits offered by a possible Growth Deal for North Wales

Growth Deals are excellent opportunities for Region's to aid the delivery of their strategic economic objectives, that support sustainable communities and a thriving business base. The Growth Deals in themselves offer both the opportunity to secure & accelerate delivery of key strategic developments e.g. around transport infrastructure / housing / innovation, but also offer the opportunity to re-evaluate and reset (where it makes sense) how key services and supports for both residents and businesses are delivered e.g. economic development.

Growth Deals should not be about a continuation of delivering the 'status quo', i.e. simply more resources/revenue funding, for simply more of the same.



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To be truly transformational, Growth Deals need to be a best fit combination of both targeted substantial investment and changes in delivery of services/ways of working that truly aid the 21st Century economies and communities, that they seek to enhance and support.

A North Wales Growth Deal building on the foundations of the joint work across both Public & Private Sectors, which produced the Growth Vision for the Economy of North Wales, has the potential to transform and sustain the economy of the region, at a time when technological disruption (3D commercial printing / the internet of 'things' / drones and autonomous vehicles etc....) is increasing and the UK economy as a whole, faces the challenge of leaving the European Union, with all the uncertainties, challenges and opportunities that has, and will continue to create. There is in fact, no better time for a Growth Deal for the North Wales region.

The Business Council has worked hard with Partners in Local Authorities (and collectively as the North Wales Economic Ambition Board), along with our HE & FE institutions, to make sure that both the Growth Vision for the region and the work completed so far on the draft Growth Deal, supports both our domestic businesses (Micro and SME's) and our large overseas businesses based in the region.

Growth Deals generally have a 'hook' around which the deal is focused e.g. building on a particular expertise / developing a sustainable competitive advantage in one sector or another, with projects within Deals that then support the delivery of that focus/hook. This certainly has a logic to it, as all effective strategies / action plans need a focus / key deliverables and the resources to deliver.

In developing regional USP's (unique selling points), care needs to be taken that while developing world class expertise and competitive advantage in 1-2 sectors, with supporting resources to achieve this position, we still need to provide a base level of support for those sectors and businesses, that fall outside of the 'prime focus'. We believe this is the case, with the work so far on the North Wales Growth Deal.



As regards governance on any deal, models such as the Joint Committee structure of Councils and representatives from the Private Sector E.g. North Wales Business Council, along with HE & FE, certainly makes sense. Given that the Private Sector and HE & FE are responsible for delivering the majority of economic growth and innovation, excluding them from any decision making / senior governance body would not be acceptable (regardless of whether they have 'skin in the game' on direct financial investments within the projects of any Growth Deal).

The draft North Wales Growth Deal as developed to date, includes arguably the core areas where we as a region, need substantial investment and a step change in how some services are delivered e.g. Transport Infrastructure, Business Growth & Innovation, Sites & Premises for Business.

As a region having collectively built a bottom up strategy/vision, and having identified the investments that will support its delivery, the Growth Deal should be seen as the key mechanism (but not the only one) for securing that Vision and a sustainable regional economy.

In particular, one should note the importance of Transport Infrastructure investments across both road and rail (e.g. the Growth Track 360 projects and campaign) within the Growth Deal. These projects are critical to the ongoing health of the economy, and should be considered essential for delivery.

Not only is connectivity within the region exceptionally important (connecting our residents to employment centres and training/education opportunities) but from a business / economic development perspective, it is critical for connectivity to our neighboring areas of Cheshire and the Wirral. The North Wales economy in fact, together with Cheshire and the Wirral can be accurately described as a functioning economic area in its own right, with a free flowing labour market and business footprint (the North Wales & Mersey Dee region).

As we move further afield geographically, effective transport connectivity to the wider Northern Powerhouse region, the rest of Wales and the UK's major commercial centre London, is a key lever in supporting access to key and growing markets. Effective and efficient transport connectivity is also one of the key elements in a regions attractiveness for Inward Investment.



Any Growth Deal which does not deliver on transformational change on transport & services, which takes into account the real-life way economies function e.g. cross border for the North Wales Mersey Dee economy, could be described as being short sighted.

Evidence to positively support that this is not the case for North Wales (i.e. the real world way our regional economy functions, has been taken as a core principle of the Growth Deal work), can be no clearer than the exceptionally close working relationship between partners across North Wales, Cheshire and the Wirral, which has culminated in the Growth Track 360 rail investment campaign and prospectus, with work and support across both Private and Public sectors (e.g. NWEAB, North Wales Business Council, Mersey Dee Alliance, Cheshire & Warrington LEP) on both sides of the border. Growth Track 360 forms a core part of the draft North Wales Growth Deal.

Extent to which Growth and City deals could solve or exacerbate existing inequalities, both within and between regions

A strategic and balanced regional approach to economic growth, taking into account existing inequalities within North Wales and leveraging the opportunities provided by large scale developments and projects across the region, for the collective benefit of North Wales, is the basis on which the Growth Deal for the region is predicated. In that sense, the Growth Deal is targeted at (by virtue of its *raison d'être*) reducing existing inequalities.

A Growth Deal cannot though (at least not in its first iteration) become a silver bullet for low GVA and deprivation. For North Wales, the draft deal developed so far, seeks to 'fix' some of the region's key issues which affect current prosperity and hinder strong growth, in a practical and manageable number of key areas / investments e.g. securing effective and resilient transport infrastructure, fit for a 21st century sustainable economy.



As regards Growth Deals solving or exacerbating existing inequalities, between regions, as long as all regions are given the opportunity to submit Growth Deal proposals to UK government (and where applicable Welsh Gov), then the end result (given it should be a bottom up process, by the region for the region) should be one of a relatively level playing field.

All regions should though be given standard support, in the development process for a deal, by UK & Welsh Government's. This should help to iron out any preexisting inequalities in levels of resource / experience in one region versus another.

For the North Wales region though, the Growth Deal (incorporating differing ways of delivering certain services, which may include a degree of devolution of resources/powers down from National & UK Government's and upwards, to a regional level from individual Local Authorities) will also support our working on an equal footing / parity, with Partners and LEP's in England. This will be key when working with partners over the border e.g. within the Northern Powerhouse Partnership.

The degree to which the growth and city deals co-ordinate with Welsh Government strategy

Growth Deals in principle within the rest of the UK, seek to marry national priorities/initiatives for economic growth and sustainable communities, with local realities and objectives within regions. This in theory, should be relatively straightforward to achieve within England, but becomes increasingly complicated when taking into account the devolved nations.

Areas which are devolved e.g. Economic Development, then within Growth Deals, need to take into account not only Welsh Govt. strategy and plans but also initiatives at a UK Gov level e.g. Sector Deals within the UK Industrial strategy.

This is still a 'workable' situation for North Wales, though from a Private Sector point of view, the question remains if there is a degree of lost productivity / speed on developing, agreeing and implementing/delivering Growth Deals, when several layers of strategy have to be taken into account, at varying levels across differing areas/themes of any Deal?



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Within a country the size of Wales, there also remains the question of critical mass of delivery and policy on a national Wales level versus regional level e.g. North Wales. Certain services/structures which would work delivered at an English regional vs. a UK Gov level, may not be seen by Welsh Government as workable in a Welsh Regional setting, given the critical mass required for national government structure and services delivery.

From a business perspective, we look for the common sense best approach from the Public Sector (given businesses fund through taxation, a large percentage of all Govt. spending whether UK, Wales Governments or Local Authorities), whilst remaining cognizant that these regional/national/UK level issues will always play a part in devolved nations.

Certainly, within the North Wales Growth Deal, the concept of pulling key regional resource on economic development together (co-location), across a "Team North Wales" from the NWEAB and Welsh Gov, should be seen as a 'no brainer'. This would certainly help to knit together (through joint working) regional plans and Welsh Government national level strategies to mutually inform each other. In that way development proposals will be neither 'top-down' nor 'bottom-up' but will be co-produced and consistent.