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Canolbarth Cymru
Growing
Mid Wales

A VISION FOR GROWING MID WALES
Strategic Economic Plan & Growth Deal Roadmap
May 2020

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CONTENTS

FOREWORD	4
FOREWORD – ECONOMIC STRATEGY GROUP	5
EXECUTIVE SUMMARY	6
SECTION 1: GROWING MID WALES – STRATEGIC ECONOMIC PLAN.....	7
1 The Case for Investment.....	9
2 Our Economy	11
3 Our Opportunity.....	19
4 The Challenges to Overcome.....	20
5 Our Ambition	21
6 Our Strategic Growth Priorities.....	22
7 Our Contribution.....	39
8 Making it Happen	41
SECTION 2: A ROADMAP FOR THE MID WALES GROWTH DEAL.....	42
1. Introduction	43
2. The Strategic Context	44
3. The Case for Change.....	47
4. Emerging Economic Case.....	50
5. Emerging Economic & Commercial Cases.....	52
6. Establishing the Financial Case	53
7. The Management Case.....	54
8. Indicative Timeline	57
9. Our Commitment.....	58
10. Our Ask of Government.....	58
APPENDICES.....	59
APPENDIX 1 – List of Stakeholders Engaged.....	60
APPENDIX 2 – Growing Mid Wales IAA.....	61

FOREWORD

Partners across Mid Wales have 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 region have developed the necessary leadership and voice to influence and strengthen the focus on growing Mid Wales.

The region was invited in 2017 to develop a Growth Deal, and partners have since been working to develop the necessary evidence baseline through detailed commissions and engagement to build a credible proposal, alongside a broader vision of regional investment.

Regional partners have long been committed to working together collaboratively and cross-sector for common purpose – to facilitate and accelerate economic growth via a single and ambitious vision for economic and employment growth in the region – of which a Growth Deal will play a key part as part of a broader funding mix.

This document was originally intended for publication in March 2020, however, the world has since seen the Coronavirus pandemic fundamentally affect our daily lives in a way which we have never seen. We are already seeing significant economic impacts globally, nationally and across Mid Wales. Whilst we are all currently playing our part in supporting our residents, businesses and communities, no one currently knows the full extent and timescales of the impact on our local and regional economies.

We do know however, that this will not be an easy fix. It will mean significant public policy co-ordination and intervention across all levels of Government to align scarce public resources to meet genuine drivers of economic recovery through strong local and regional intelligence from businesses and communities. The importance of working collaboratively and for the long term will be paramount to our recovery and future growth.

We have therefore reviewed the document for urgent submission to both UK and Welsh Governments to initiate formal discussions on shaping the next steps in our journey. Whilst economic circumstances have changed, the document still remains valid as a baseline of the Mid Wales economy before the pandemic took hold.

At this stage, we have not included any project level detail – but rather a framework and roadmap by which we seek to establish with the support of both Governments to help shape the detail of our Growth Deal within the context of a collaborative regional recovery plan.

We will want to ensure that Mid Wales is viewed through a lens of opportunity and delivery; not only to recover, but also take the opportunities available to secure wider investment potential whilst working in strengthened partnership for the long term.

This will require significant, sustained effort that isn't about backing short-term "winners" or pursuing niche projects. It is however, about taking a realistic and evidence-based portfolio approach to instigating positive, long-term and sustainable change that will drive recovery and benefit future generations. We are confident that with the right tools, resources and focus – we can deliver real change for Mid Wales together.



Left to Right: Cllr Ellen ap Gwynn and Cllr Rosemarie Harris, Leaders of Ceredigion County Council and Powys County Council

FOREWORD – ECONOMIC STRATEGY GROUP

The members of the Economic Strategy Group welcome the opportunity of advising of Mid Wales Growth Deal in relation to business growth and stability. The ESG forms part of the structure set out by Government to offer a ‘strong business steer’ to the Growth Deal. We come from a range of business sectors reflecting the products, services, green initiatives, innovation, online commerce, farming and quality live experiences which are embedded within the outstanding landscape of our unique region.

We understand first-hand the opportunities and blockers of running a business in Mid Wales and that the impact of COVID-19 may be the biggest business challenge of our lifetime. There are very few economists who have not stated that we are entering into a recession. It's just how long and how deep it will be. It is too soon to fully comprehend the damage, or what the new normal will be. But the significant short term efforts of Government and the wider public sector to provide financial support have helped significantly. However, despite these emergency measures, a number of businesses are having to adapt, and some will not see this period through.

Vital components of recovery will require the right provision of support and infrastructure to grow business projects, attract inward investment, stimulate confidence and improve the perception of Mid Wales as a place where business can be done. The impact of COVID-19 has not just affected revenue streams but also accelerated business and social trends which need to be recognised together to aid recovery. Intelligence-led and informed decisions are vital to ensure that actions have legacy and take on-board future development in industry, employment and environmental impact. A functioning skills and apprenticeship system that is accessible to people across the region and works for industry – have, and will remain vital.

There will be much learning from the pandemic but one thing is clear, we have never been so interconnected and that we are now the community of business rather than the business community. We work less in isolation and this change not only affects the supply chain but also the way we live, work and communicate. With that in mind the work of Growing Mid Wales has become even more relevant not just to aid recovery but support initiatives that can move us forward in concert during this changing time.

Ensuring a strong private sector voice will be of paramount importance to ensure public policy and interventions fully align to the needs and expectation of business. The role of the ESG will be central to the process and evolve over time. Despite the challenges of managing our own businesses, we are committed to making a difference and willing to give our time to the ESG. However, it will be imperative that our contribution be respected and create concrete differences.

Whilst the economic baseline in this document will inevitably change, the approach remains valid in putting forward a collaborative way of working that brings together regional partners together with Governments to work for the betterment of the Mid Wales economy.

We believe that there are opportunities for growth and much untapped potential in Mid Wales. It is within the gift of both Governments in partnership with Mid Wales to fully align policy ambitions around the regional economy in the long-term, with the Growth Deal a key part.



Fiona Stewart
Chair of the
Growing Mid
Wales Economic
Strategy Group



Steve Hughson
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EXECUTIVE SUMMARY

This document was mainly written prior to the current Coronavirus Pandemic. Clearly the impact of this world wide crisis on the economies of every Country is yet to be fully understood. What is clear, however, is that the effect will be deep and long lasting. Rather than pause the Growth Deal in order to understand this effect in more detail, it is considered imperative that we prepare the ground now for the recovery that will inevitably need to follow. Therefore this submission is made on the basis that the evidence and proposals contained within are as relevant and important now than ever before

The Growing Mid Wales regional partnership comprises the local authority areas of Powys and Ceredigion. The two authorities have been working together with a wide range of partners since 2015 to improve the economy of the region. The geographic footprint of the area represents 34% of the landmass of Wales, predominantly of a rural nature with a population of 205,000.

The case for the need to improve the region's economy is well evidenced with poor GDP and GVA, a declining and ageing population, projected employment decline, market failure, low pay, and rural poverty. Most concerning is the region's projected economic decline during the period of 2018-2040 of 3.45% against a projected growth in the UK economy of 7.4%. This cycle of decline needs to be addressed urgently.

The maturity of the Growing Mid Wales partnership has enabled careful consideration of what would be best for the region in order to reverse the negative economic indicators that are described in this report. The collective and inclusive development of these proposals shows that the partnership is committed to, and owns the interventions being developed to meet the challenges identified.

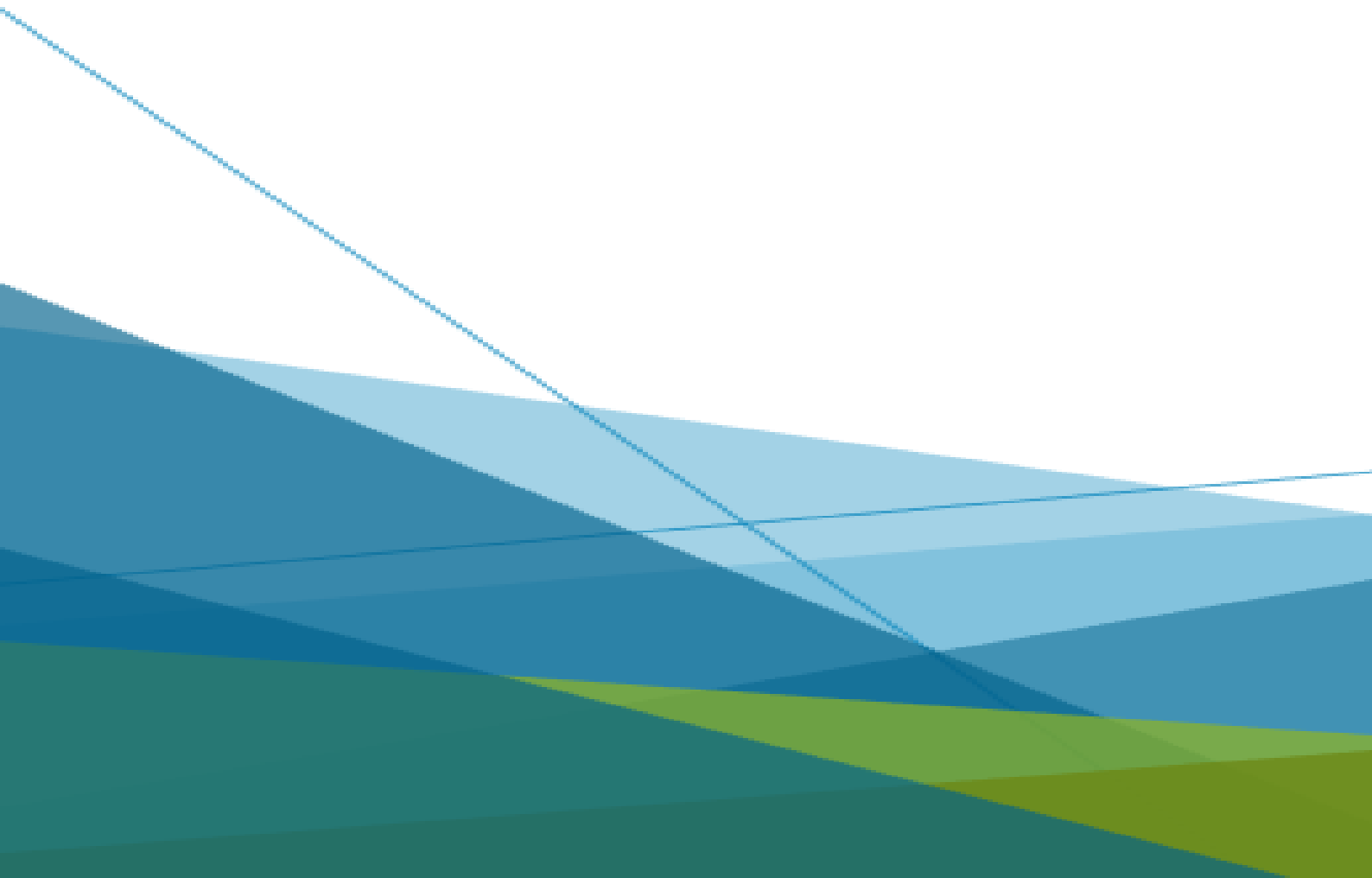
The region is bordered by fourteen local authority areas, two of which are in England. The proposals contained in this document seek to maximise opportunities with neighbouring authorities and regions. This includes the area represented by the Marches Local Enterprise Partnership with whom close links have been formed.

The region will build on existing strengths across a number of sectors which include; high value manufacturing, agriculture and food, defence and security, and tourism. The partnership will exploit a range of assets sustainably including an outstanding natural environment, research capability, the defence sector, advanced manufacturing, well developed high quality food and drink clusters, and the growth of energy generation, decarbonisation and hydrogen technology.

This document is divided into two sections; the first which sets out the economic strategy for Mid Wales. This strategy will drive the overall approach to economic improvement for the region and will be used to maximise the widest range of funding opportunities available. The second section of the document sets out the approach to bring forward a Growth Deal with Welsh and UK Governments, leading to a Head of Terms by the autumn of 2020. The document has been developed in partnership with representatives of both Governments to ensure the approach is robust, proportional and realistic.

The quantum of total investment arising from a Growth Deal has not at this point been concluded because many opportunities identified are emerging and will be subject to robust business case development and scrutiny. It is clear however, that the commitment shown from all partners and both Governments, will seek to meet the challenges described and opportunities presented, both in fiscal terms and through the spirit of partnership.

SECTION 1: GROWING MID WALES – STRATEGIC ECONOMIC PLAN



Home to over 205,000 people and over 12,500 VAT-registered businesses supporting 95,500 jobs, Mid Wales has significant sectoral strengths in agriculture, food, tourism, manufacturing and defence; with the economy on the whole contributing around £3.6bn GVA to the UK economy.



1 The Case for Investment

There never has been a more important time to maximise Mid Wales' economic potential. The region is well-known as a predominantly rural area, accounting for 34% of the land mass of Wales¹; but is less well-known as a place where there is a wealth of opportunity waiting to be unlocked.

The region has significant opportunities both to strengthen existing economic sectors and stimulate economic drivers that will create growth and investment in regional businesses and the labour market. At a time when there is considerable economic uncertainty due to a range of externalities, it is crucial that all parts of Wales and the UK play their part in strengthening the economic resilience and productivity of their regional economies.

There is significant opportunity to take advantage of existing private sector ambition to develop assets of regional importance with tangible and significant economic impact; from our strengths in our research capability, natural landscapes, skilled workforce and industry.

The region's economy however has its challenges. Market failure is prevalent following decades of under-investment and structural decline. Whilst there have been encouraging signs of employment and business growth in key sectors across the region (construction, tourism, food & manufacturing), there remains a significant productivity challenge owing to the underlying structural weaknesses of the economy (comparatively narrow economic base, poor transport links, changing population demographic) that could continue to reinforce a cycle of decline unless addressed.

This Strategic Economic Plan highlights our collective ambition and the economic potential for Mid Wales. It sets out the future that we want to build together to achieve sustainable and relevant economic growth, where our people and businesses have parity of opportunity to grow their ideas and have their potential nurtured. We have identified opportunities for direct public intervention in public infrastructure and our workforce alongside private investment opportunities in key regional assets. We are confident that this combined approach will deliver strong results as part of a team approach.

1.1 Purpose

This Strategic Economic Plan plays a key role in outlining a clear vision of how we want to see Mid Wales' economy develop for the next 15 years. It sets out clear regionally-agreed priorities that will establish the strategic context for future investment, based on detailed evidence and understanding of the needs of our businesses and residents.

Delivering our ambitions and meeting our economic potential will mean significant investment in growing the size and productivity of our economy – funded through a mix of programmes and projects. The Mid Wales Growth Deal is only one part of this jigsaw, but a crucial component to catalyse and enable investment as part of this broader economic plan.

1.2 Evidence and engagement

This document has been drawn together iteratively 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)

¹ StatsWales, 2020

- 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

Detailed work has been undertaken to refresh regional priorities to better align and take account of evolving Welsh and UK Government policies, further develop proposals, and build additional industry support.

Throughout this period of evidence-gathering and engagement, a significant number of stakeholders have been engaged to collectively shape and identify priorities that reflect our regional strengths, but are also attuned to the challenges and realities of our economy. A full list of stakeholders engaged throughout the process can be found in Appendix 1.

Building this document has been an iterative process – but it is important to recognise that engagement is a continual process. Our priorities as a region will change over time. How we will need to respond to our economic needs and challenges today will differ from our responses in the future.

Therein lies the strength of our approach. In establishing robust, effective and democratically accountable governance structures regionally alongside a strong case for change – this document articulates how we can ensure a continuing strong and collective regional voice to help shape and deliver our priorities. By Mid Wales, for Mid Wales.

1.3 Next steps

This document forms the basis upon which we intend to bring forward our Growth Deal for Mid Wales, and also make the case for further investment in a range of activities that regional partners feel are required to catalyse and implement change beyond the Growth Deal.

Some proposals are innovative, some are transformational, and some will be relatively straightforward. It is, however, this mix of activity that is required to enact change in Mid Wales' economy.

The Growth Deal will have a role to play in supporting a part of this, by bringing forward the development of those investments with the greatest growth and investment potential. But it will also require wider, sustained investment to address more deep-rooted and structural weaknesses.

Working regionally does not, and should not, inhibit working locally to support communities and local priorities or indeed working wider than Mid Wales where opportunities exist – however, regional partners have long recognised the benefits of regional partnership working to deliver results that would not be possible alone.

In the months ahead, we will continue to work with partners to continue the journey that Mid Wales has successfully started. This approach will see partners across the region working together for common cause alongside pursuing their own local priorities and interests – so that the sum of our collective efforts outweigh our individual efforts.

2 Our Economy

The Mid Wales economy is often characterised as a large and predominantly rural region, comprising of 34% of the land mass of Wales². It is known for its natural beauty, strong cultural identities and heritage.

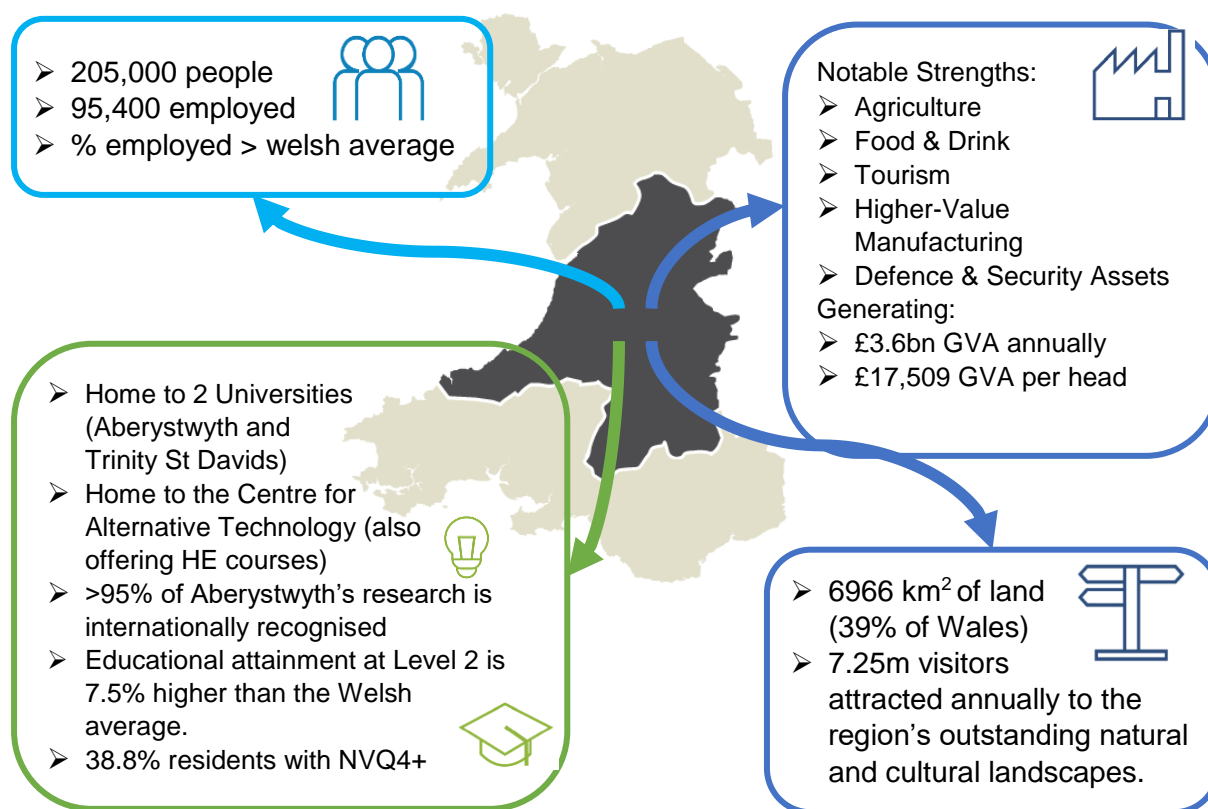
It is less well-known as a land of untapped economic opportunity - where business survival rates outclass the Welsh average; where our natural and academic assets offer an obvious choice for cutting-edge research providing strong opportunities to create new industrial clusters; where there is a strong yet diverse labour market – with strategic commuter links within and outside the region to other parts of Wales and cross-border into England.

The geography of the Mid Wales economy is a critical component in driving and supporting intra-regional growth across Wales and the UK, where the sum total of its economic impact is larger than the sum of its individual parts. The region borders north and south Wales as well as the English Counties of Shropshire and Herefordshire. The impact of other regions on the Mid Wales economy is critical and plans need to reflect this interdependence.

The region's economy has its challenges in addressing the structural weaknesses that are currently hindering the potential of our residents and businesses to flourish. Poor connectivity, low GVA per head, limited skills infrastructure, grid constraints and lack of supporting business infrastructure all play their part in limiting the region's potential to take advantage of our opportunities.

However, whilst the challenges we face are not unique – the opportunities we have are indeed distinctive and rooted within our region.

2.1 At a glance...



² StatsWales, 2020.

2.2 Our 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. 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 2020³, 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 average⁴.

Over the past five years, employment in Mid Wales has decreased by around 4%⁵Jobs are particularly concentrated in Public Administration and Accommodation & Food Services. The largest increases in employment growth were predominantly in knowledge-based services. Several sectors, including information & communication, business administration and support services, and professional, scientific and technical services and manufacturing, are currently less concentrated in Mid Wales compared to the UK, but are growing rapidly. 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).

Attracting more young people to live, work and study in Mid Wales is vital for inclusive and sustainable economic growth. For the region to thrive it must reduce the existing trend of

³ StatsWales, January 2020

⁴ ONS, Average Weekly Wage Data, October 2019

⁵ StatsWales, Workplace Employment Data, 2014-2018

young people leaving the area for education and jobs and must be able to retain and attract talent by creating new high value employment opportunities.

Deprivation

The Mid Wales region has a comparatively low level of deprivation when measured with the Welsh Index of Multiple Deprivation (WIMD), with Powys being the second least deprived Local Authority area in Wales. Statistical measures do not tend to capture the true nature of rural disadvantage however. Poverty in Mid Wales is variable and often hidden due to the rurality and demographics of the region – therefore not resulting in demonstrable concentrations of poverty in datasets (except from pockets identified in some of our larger towns). This often masks issues of rural deprivation in terms of access to services, isolation and fuel poverty across the region.

2.3 Our Businesses

Mid Wales contains 12,660 VAT registered businesses. 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 2% and has lagged significantly behind Wales (15%) and the UK (27%). Survival rates for new businesses after 5 years are however significantly better in Mid Wales than for England & Wales⁶.

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.

Sectoral Strengths

High Value Manufacturing – over 8,600 people are employed in the production sector in Mid Wales. The region has niche areas of manufacturing expertise such as automation, motion engineering and life sciences.

Agriculture, Food & Drink – of paramount importance to the regional economy, employing over 13,900 people and instrumental in the region's culture and communities⁷. The sector faces potential challenges and uncertainty in responding to Brexit. Opportunities exist to diversify and add value to the agricultural and food sectors; the processing of agricultural produce; and exploiting R&D & food industry strengths and taking account of soil, terrain and weather – such as livestock, in particular Welsh lamb.

⁶ Growing Mid Wales Baseline Report, AECOM, 2019

⁷ StatsWales, Workplace Employment, October 2019

Defence and Security – Mid Wales is an important location for UK defence operations, capitalising on the region’s geography and secure sites. Home to pioneering activity, with segregated airspace for Remotely Piloted Aircraft Systems (RPAS) off the coast of West Wales and an inland exclusion zone of nearly 500 square miles towards the Epynt. It also has research strengths that provide opportunities to secure Mid Wales’ place as a centre of the defence and security industry (e.g. Aberporth, Brecon, Derin Lines & Sennybridge).

Tourism – the tourism sector employs over 23,200 people in Mid Wales and has grown significantly over the past ten years⁸. Major opportunity lies in the regions’ natural, cultural and heritage assets to add value to the region’s tourism sector and subsequently increase the contribution to the Welsh economy, addressing Spread, Seasonality and Spend. This includes the strong cultural connections developed as part of Ireland-Wales projects, and our natural assets: Brecon Beacons National Park, our Coastal Path and Areas of Outstanding Natural Beauty (AONBs).

Productivity

Mid Wales contributes £3.6bn in annual Gross Value Added (GVA) to the UK economy (equating to £17,509 per head).⁹ 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).

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 manufacturing, real estate 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.

Employment Sites & Premises

Ensuring the right supply and location of employment land and premises to meet business needs is a vital component of supporting the competitiveness of the economy. The employment sites and premises market in Mid Wales differs from adjacent regions. Most of the demand is from businesses already established in the region. There are significant geographic variations with sub-market areas such as Aberystwyth, the Severn Valley and Brecon experiencing higher demand and an identified gap in serviced sites. This compares to more remote rural locations, some of which have seen little or no development take place over recent years. There is a recognised lack of availability and investment in modern and technical employment premises across the region with low levels of speculative development and issues of commercial viability in provision. Market failure drives an estimated viability gap of ~60%, with further detailed work ongoing to establish a case for regional investment.

Energy

Mid Wales is well placed to deliver on Wales’ ambition to capture the opportunities associated with the low carbon economy and clean growth. The region accounts for 6% of Welsh energy consumption, while total energy consumption has fallen by 14% since 2005 (average of 1% per year). The resulting emissions from energy consumption have reduced by around 20%

⁸ StatsWales, Workplace Employment, October 2019

⁹ StatsWales, December 2019

since 2005 and nearly 40% since 1990¹⁰. 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 generation¹¹.

Grid capacity in Mid Wales is a significant constraint to future growth. Access to the energy network for domestic customers is restricted whilst the significant cost associated with grid reinforcements has held back further investment. As the scale of investment to resolve this problem is well understood by the region, the focus is on local energy generation, particularly of a low carbon nature. Examples of how investment within the region can make best use of alternative energy sources is described in section 6.4. Currently the region's annual electricity demand is 0.94 Twh over 50% of which is consumed by the commercial and industrial sector. Only 12% of commercial and industrial demand is met by gas, reflecting the off-gas nature of the region. Industrial energy demand has decreased by 10% since 2005 and emissions have decreased by 37%, in large due to the decarbonisation of the UK's electricity grid¹².

Mid Wales has the highest proportion of off-gas grid properties in Wales at 62%. Domestic energy efficiency is relatively poor and 15.5% of households in the region live in fuel poverty. The region however has the highest deployment of renewable heat installations in Wales with nearly 2% of homes having a heat pump or biomass boiler.

2.4 Our Connections

Digital connectivity

Levels of digital connectivity in Mid Wales currently lag significantly behind other parts of Wales and the UK. 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%), while 14.6% of premises in Mid Wales can only access a broadband connection of 10Mbps compared to 3.4% for Wales and 2.4% for the UK¹³. The region is estimated to have over 20,000 'white premises' which are currently unable to receive superfast broadband (30Mbps) or where there are no plans to provide such service in the next 3 years (21% of the Welsh total).

Mobile coverage in Mid Wales continues to lag behind the Wales and UK average with topography and the lower density of population posing particular challenges in improving mobile coverage in the region. 9.5% of premises have no 4G services across the region while only 53.6% of premises have 4G services from all four operators compared to Wales (73%) and the UK (80%)¹⁴.

Digital connectivity is vital to the Mid Wales economy and its competitiveness to support productivity gains, innovation and improved access to services and markets. Investment in digital infrastructure needs to be prioritised if Mid Wales is to compete with other regions and capitalise on new economic opportunities.

¹⁰ Welsh Government (2019) Energy Generation in Wales 2018

¹¹ BEIS total final energy consumption (2019)

¹² BEIS sub-national emissions, Wales NAEI Greenhouse Gas Inventory

¹³ Think Broadband – accessed March 2020

¹⁴ OFCOM, Connected Nations 2019 – Wales Report

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. There are also two railway corridors (Cambrian Main line/Coast and the Heart of Wales line) which run north-south and east-west. Rail links in Mid Wales are characterised by low service frequency, slow line speeds and limited direct services to major UK cities with the only regular principal service being the two-hourly Aberystwyth to Birmingham International through services.

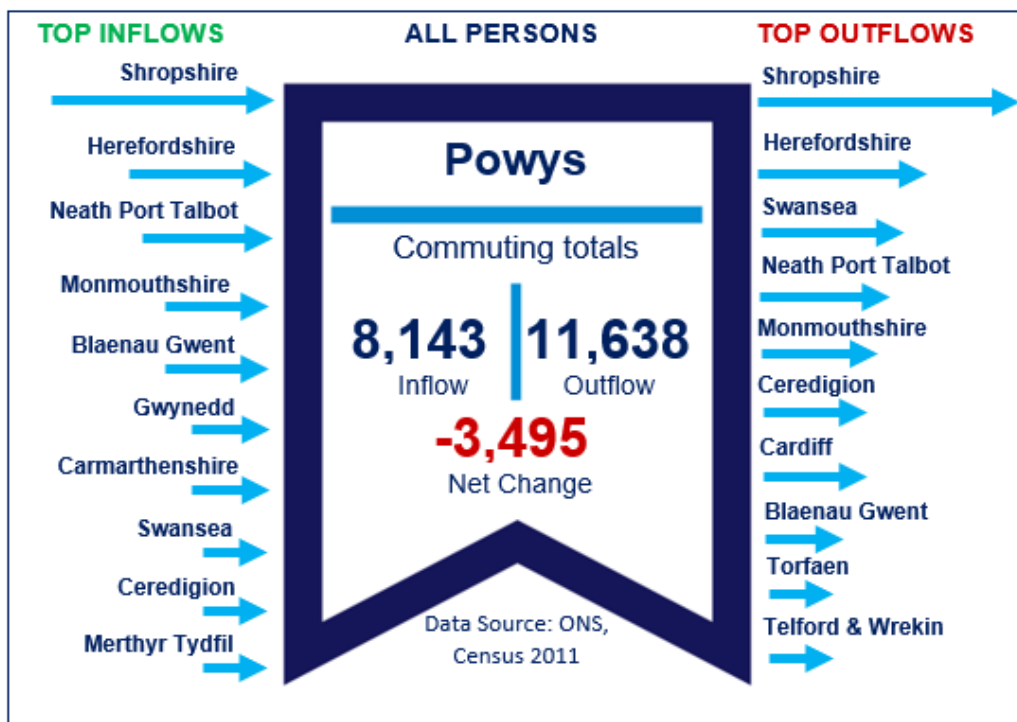
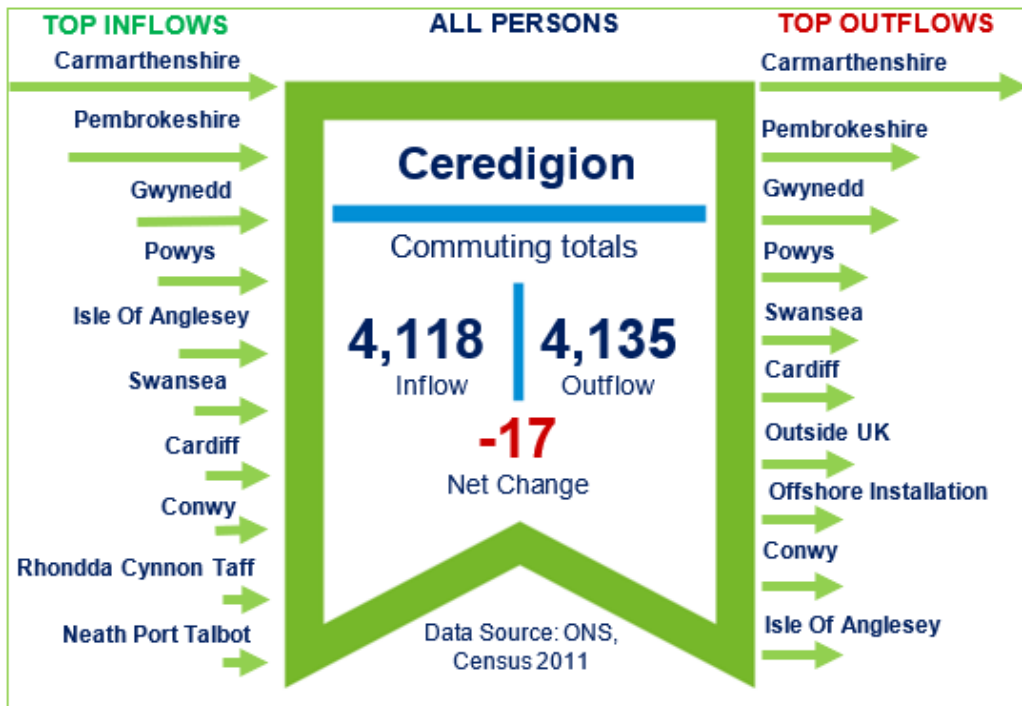
There is a need to improve journey time reliability and capacity, by improving the safety and resilience of the network to support and grow the transition to a low carbon economy. Investment in key routes such as the A483/A489 Newtown Bypass and the A487 Dyfi Bridge north of Machynlleth provide resilience to the Mid Wales' road network. Continued investment is required to secure these strategic corridors of labour and goods mobility to the future – especially in relation to the A483, A458 cross-border routes and the A44 across the region.

Due to its rurality, Mid Wales has a high dependence on the private car for transport and less than 1% of road miles are driven by buses. The region also has below average take up of electric vehicles with limited charging points compared to the UK average.

Friends and Neighbours

Mid Wales is centrally located with strong economic and social links to our friends and neighbours to the North, South and East across into England. Continued close co-operation with our neighbours will be essential if we are to achieve our mutual aspirations for the continued growth of our economies. We will work closely with all partners bordering the region and in particular the Marches Local Enterprise Partnership, so that we can each add value to our respective Growth Deals.

Mid Wales has a number of key strategic transport corridors upon which people and supply chains across Wales and England rely on daily. Within Wales, a number of our residents commute to work to areas of North and South Wales daily along key road and rail networks – with significant commuting and freights links across into England and the Marches. These cross border challenges have already been captured in the Marches and Mid Wales Freight Strategy, developed and agreed in a cross border partnership.



The importance of this cross-border link is vital to the continuing prosperity of Mid Wales and also the Marches, and a strong continued partnership exists between institutions and Government on both sides of the border.

This has culminated in a number of joint working initiatives that seek to unlock further benefits for our collective economy – the most recent being the joint Mid Wales and Marches freight strategy, which seeks to unlock £149m of funding for our economies.

The realisation of our Vision for Mid Wales will require a strong element of co-operation across Local Authority and Government borders – and a number of options will exist to realise these for the benefit of all parts of our Region and broader economic geography.

Housing

Experience shows that in order to bring about sustainable economic growth in an economy such as Mid Wales, measures intended to improve skills and ensure business are more competitive need to be underpinned. This is achieved by a strategy which seeks to create the conditions for growth aligned with a housing strategy that seeks to ensure appropriate and conveniently located housing for working families and young people.

Whilst Mid Wales has strong commuting flows with its neighbouring authorities, the containment rate within the Mid Wales labour market is high - with many people living and working locally.

Historically, house building in the region has not kept pace with demand and historical allocations – with challenges in the supply and delivery of housing in the region. Regional housebuilding is fairly static at present, with 52 completions in Powys in the last year, and a further 97 completions in Ceredigion¹⁵.

Given the ambition of growth outlined in this Strategic Economic Plan, the region will need to work with relevant policy and delivery stakeholders carefully to ensure that once proposals develop – the region can respond proactively with policy and delivery interventions.

The current housing provision figures as set out in both Local Authorities Local Development Plans are currently being reviewed by the Summer of 2020, with further analysis being undertaken¹⁶ that will help inform both policy and delivery proposals.

This will ensure that we have the opportunity to ensure the land use planning process is closely aligned and cognisant of emerging economic growth priorities that in time will transform into tangible delivery proposals.

¹⁵ Welsh Government Statistical Release (2019) New House Building in Wales, 2018-19

¹⁶ BE Group, Hatch, Per Consulting (2020) Mid Wales Employment Sites and Premises Needs Assessment and Action Plan

3 Our Opportunity

Mid Wales has strong heritage and provenance in key industries and sectors including Tourism, Applied Manufacturing, Agriculture, Food & Drink, Defence & Security. There are also significant developments in regional anchor assets providing significant opportunity to generate new growth. The importance and significant growth potential of the region's foundational economy will also provide a key opportunity to support distributed and inclusive growth.

3.1 Current Key Drivers and Assets

- The **wealth of outstanding natural assets**; from the region's harbours and waterways, mountains and designated landscapes, events and experiences, attractions and destinations, national parks and dark skies - all of which contribute to a World Class tourism offer that could increase visitor numbers and expenditure/income throughout the season.
- Capitalising on the region's **existing research capability, assets and supply chains from existing testing and evaluation activity**. With military bases; segregated airspace for Remotely Piloted Aircraft Systems (RPAS) off the coast of West Wales and inland towards the Epynt; and strong academic and research presence and local industry links.
- Catapulting growth potential of **existing industrial clusters within the advanced manufacturing sector**. Niche areas of expertise such as automation, motion engineering and biotechnology/life sciences offer high value employment and productivity growth potential.
- Enabling opportunities from sustainable and low carbon **academic and visitor potential, such as the Centre for Alternative Technology** to support the wider economy and spur further economic growth and skills development.
- Maximising the potential of **regional specialisms** in high value and research intensive sectors that have the potential to attract talent and investment – such as **emerging strengths in Spectrum, Veterinary, TB and Human (One Health) and Hydrogen**.
- **Aberystwyth Innovation and Enterprise Campus** (AberInnovation) that will open in 2020 alongside the new Bow Street Rail Station – to ensure its world-class facilities in bio-tech, agri-tech, food & drink translates into rapid, high-value economic growth.
- Capitalise on the potential development of the **Global Centre of Rail Excellence in Ystradgynlais**. This will see the only rail testing facilities of its kind in the UK, and will be the hub of research and development activity across Europe – offering the potential for significant economic growth potential amongst the local and regional supply chain.
- Building on the strengths of the **food and drink cluster across Mid Wales**, in support of the Welsh Government's Food and Drink Action Plan and adding value to agricultural produce and supporting on-farm diversification. Existing strengths in Food Centre Wales and the provenance and identity of food are showcased as part of the Royal Welsh Show.
- The economic growth potential of Mid Wales **leading the UK on energy generation and decarbonisation** interventions that can offer the strengthening of a regional cluster offering strong employment and productivity contributions.
- The significant opportunities of **shaping business support and aligning infrastructure availability** (digital, physical, land and premises) **to better support businesses across Mid Wales**. There are significant opportunities to demonstrate positive improvements to service delivery across the public sector and align support to grow our smaller businesses into medium enterprises.
- Capitalise on and further develop the region's educational assets, including the region's two universities - Aberystwyth University and University of Wales Trinity Saint David.

4 The Challenges to Overcome

Since the establishment of the Growing Mid Wales Partnership in 2015, partners have seen a strengthening of support for, and focus on growing the Mid Wales economy. While much has been achieved to ensure a strong focus on pursuing regional economic growth, more needs to be done. It will require much stronger working and recognition of the Mid Wales economy across sectors and institutions – with the full support of both Governments to not only support growth opportunities, but also to invest in our underlying economic and social infrastructure.

4.1 Economic performance

Despite a number of opportunities and positive improvements in the regional economy, Mid Wales continues to lag behind other Welsh and UK regions on a number of key issues:

- **LOW & 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.
- **A DECLINING, AGEING POPULATION:** indicating reducing population figures and a changing demographic - demonstrating the ‘pinched middle’ of a relatively high older population and a proportionately low working age population.
- **NARROW AND VULNERABLE ECONOMIC BASE:** Leading to employment and productivity imbalances. The largest GVA contributors are manufacturing, real estate and wholesale and retail – whilst agriculture employs the most, it contributes comparatively less GVA. Employment seasonality also adds vulnerability.
- **PROJECTED EMPLOYMENT DECLINE:** forecasts show the Welsh economy growing by 1.7% during the period 2018-2040 (+ 24,000 jobs) while the Mid Wales economy is forecasted to decline 3.45% (reduction of 3,352 jobs) – whilst the UK looks set to grow by 7.4% over the same period.
- **STATIC AND WEAKENING LABOUR MARKET:** gaps in skills provision and infrastructure to adequately meet industry demands are exacerbated by a lack of focus on the issue in Mid Wales. Weaknesses in regional skills infrastructure exacerbates the lack of employment and educational opportunities – leading to a reducing equality of opportunity and labour mobility whilst reinforcing out-migration. Powys’ commuting outflows of -3,495 especially highlight the need to improve employment opportunities.
- **MARKET FAILURE:** Underlying structural economic weaknesses aligned with decades of under-investment by the public sector has exacerbated market failure. Market failure is prevalent throughout the economy and can be clearly evidenced through weak and relatively static commercial and residential build rates, declining and narrowing business base and the inadequate state of our digital, road and energy grid infrastructure – which is in critical need of public sector intervention.
- **THE HIDDEN NATURE OF A RURAL ECONOMY:** relatively strong employment and low unemployment data masks low pay and underemployment. The high self-employment and home working data combined with low incomes is masking rural poverty which is a real cause for concern amongst local authorities and policy makers.

Addressing these issues will require a step change in the way we collectively work, and will require a significant set of interventions to both address these trends by providing the basis for new higher value economic growth and attract a new, economically mobile population. Tackling these issues won’t be easy, or inexpensive. However we are collectively clear that as a region if we are to see the regional economy perform as it should; and if we are to take advantage of the opportunities available to us – then it has to be the joint focus of regional partners and both Governments to address.

5 Our Ambition

Our ambition is for Mid Wales 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.

5.1 Our Vision for Mid Wales in 2035

By 2035, Mid Wales will be:

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

Through collaborative and integrated working, we will build on our unique assets to ensure that the region’s economy is recognised by the following characteristics:



ENTERPRISING – open for business, new and old. A place to start and grow enterprise to enhance regional productivity with a good quality of life.



SKILLED – a skilled and flexible labour market supported by academic and vocational learning that responds to industry demands that reverses current population trends.



INNOVATIVE – a test bed for innovation, developing new products and processes capitalising on existing research and industry strengths and creating new/strengthening existing industrial clusters.



CONNECTED – a fully connected region, unlocking its economic potential driving business growth and innovation and improving social and labour mobility.



PRODUCTIVE – a strong, productive economy providing the right conditions for business to generate better quality, higher paid jobs alongside better employment opportunity.



PROSPEROUS – a regional economy that is rooted in fairness and equality of opportunity with accessible training and employment pathways.



DISTINCTIVE – a region with a unique natural and cultural landscape & heritage, offering an exceptional quality of life and potential to lead UK decarbonisation and clean growth.

6 Our Strategic Growth Priorities

The economy of Mid Wales exists in fine balance, with a number of industries and sectors inter-dependent on each other due to the current structural make-up of its natural and economic geography.

Growing the Mid Wales economy will require a robust, focused and sustained approach to realising meaningful economic growth. However, such growth must be sensitive to its social and natural environment through pursuing a balanced approach. A balanced approach that does not solely invest in opportunity, but one that also addresses fundamental structural weaknesses alongside growth opportunities – raising ambition alongside reducing inequality.



6.1 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.

Mid Wales is home to 935¹⁷ food-related enterprises, with concentrations in Welshpool, Newtown, Llanymynech, Knighton, Aberystwyth and Felinfach. This is bolstered regionally by the presence of Food Centre Wales, a dedicated food technology centre offering advice, technical services and training to business start-ups, SME's and existing food manufacturers to develop short supply chains, add value to products, encourage product innovation and ensure a focus on quality. It forms part of the Food Innovation Wales collaboration of food centres that provide technical knowledge transfer support across the whole of Wales.

The sector is further supported in the region through the presence of 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). The Royal Welsh Agricultural Society's presence in the region is also a key driver for the economy and the sector – from its showcase of regional agriculture, and food and drink. The addition of the Aberystwyth Innovation and Enterprise Campus (AberInnovation) this year will further add to the resources available to help the sector grow, looking at future food production.

Whilst all these facilities are there to support the industry across Wales, there is an opportunity to maximise the benefit of their presence in mid Wales to drive growth in the sector, adding value to the food and farming businesses that are already important economically to the region, but could grow further with targeted support and intervention.

Economic Growth Potential

There are 10,275 people employed in the food industry in Mid Wales. As a proportion of total employment, Mid Wales (13.6%) exceeds the Wales (13.0%) and UK (11.7%) averages. This is despite the fact that the number of food businesses in relation to the total business stock is lower in Mid Wales (7.4%) than in Wales (10.2%) and the UK (8.0%).

Mid Wales generates significant employment in food and drink wholesaling (6.6%) compared with the 6.2% registered in Wales and 5.8% across the UK. The proportion of employment in food and drink manufacturing and retailing in Mid Wales also exceeds both the Wales and UK averages. Between 2010 and 2017, food-related employment in Mid Wales increased by 11.5%, higher than the 9.9% growth registered in Wales and 11.3% in the UK **Error! Bookmark not defined.**

The Welsh Government has launched a revised strategy with ambitious targets for the development and growth of the food industry in Wales. The initiatives and investments planned for Mid Wales will take advantage of the wider Welsh investments and initiatives, and will add value to them, thus achieving higher growth in productivity, employment and prosperity from the mid Wales agri-food sector.

Mid Wales already has a strong and dynamic food and drink processing sector, supporting a strong traditional farming sector. Mid Wales is also home to a varied range of support organisations. Yet there is a strong belief and evidence to show that the sector's contribution to the food and drink economy of Wales and the UK could be further strengthened by a set of targeted investments to tackle some of the key challenges and unlock the potential for growth.

¹⁷ AECOM (2019) Evidence Based Programmes of Interventions Baseline Report

The current profile of the food and drink industry in Mid Wales shows that the industry demonstrates a high rate of inclusivity in that business owners and employees come from a broad range of demographic groups¹⁸. Further growth opportunities, particularly for start-up businesses, provide inclusive opportunities for sustainable career developments in a sector that can capture market opportunities that come from a growing interest in food and drink provenance as a means of achieving better environmental sustainability.

What We Want To Achieve

OBJECTIVE	WHAT NEEDS TO HAPPEN
Enabling and Supporting Market Growth	<ul style="list-style-type: none"> • Enhanced support for new/existing business to identify and access new market opportunities domestically and internationally. • Targeted support and investment in initiatives that develop market opportunities for local produce in the hospitality sector. Emerging concepts include a local food retail experience and a University of Gastronomy. • Supply chain development and review – exploring new routes to market to inform wider targeted investments (linking small producers to markets locally, regionally and nationally)
Fostering Innovation	<ul style="list-style-type: none"> • Building on regional innovation strengths and assets to develop & scale new business opportunities (e.g. Controlled Environment Agriculture, Vertical Farming, Pharmaceuticals from Agriculture, Manufacturing and product development, and trialling new processes and methods responding to automation/AI through Agri-tech). • Opportunity to invest in facilities across the region through publically-owned farms. • Co-invest in specialist liquid processing innovation capacity in the region – this will capture specific opportunities identified by private sector partners to establish a unique innovation facility that will add value to the dairy industry, as well as the soft drinks, beer and wine sectors.
Developing the Right Business Environment	<ul style="list-style-type: none"> • Ensure there are sufficient opportunities for start-up and growth businesses through an adequate supply of food-grade piloting and manufacturing facilities across Mid Wales in key strategic locations. • Ensure the right provision of business development support and information across Mid Wales by considering outreach/satellite facilities. • Ensuring water, energy and waste infrastructure investments are recognised by providers and Government to enable the sector to grow.
Labour Market Development	<ul style="list-style-type: none"> • Development of training and career pathways and experiences to raise awareness and take-up of opportunities across the sector, with a focus on higher-value jobs. • Ensure strong alignment across industry and providers by strengthening industry input and aligning skills & employment provision appropriately – with a view to strengthening regional take up of support.

¹⁸ AECOM (2019) Evidence Based Programmes of Interventions Baseline Report

6.2 Applied Research & Innovation

Mid Wales is home to internationally-significant industries and internationally-recognised research & development assets and expertise that offer opportunities to catapult regional productivity growth.

Capitalising on our existing strengths, harnessing emerging specialisms, alongside strengthened industry engagement and development – could lead to a wealth of untapped opportunity in the region.

Existing strengths that offer opportunities to further strengthen and develop, include:

- **Agri-tech, Food and Bioscience:** We have leading research and development expertise in the agri-tech and bioscience sectors and are home to world leading research centres such as the Institute of Biological, Environmental and Rural Sciences (IBERS). The development of Aberystwyth Enterprise and Innovation Campus (AberInnovation) will add capacity to commercialise innovations – but further investment opportunity lies in scale up/grow on space co-located with the R&D cluster and new rail links via Bow Street station.
- **Centre for Alternative Technology (CAT):** We are home to CAT, an educational charity dedicated to researching and communicating positive solutions for environmental change. It is currently a significant academic and tourism driver – with plans to grow. Given the demand for more innovative approaches to sustainable energy supply and reduced CO2 emissions it could provide a wide range of economic and environmental benefits.
- **Veterinary Science and Bovine TB:** Mid Wales has 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. Aberystwyth University will start delivering veterinary training in conjunction with the Royal Veterinary College from 2020. Further investment in veterinary science is needed and Mid Wales is ideally placed to become a leader in providing services to the agricultural sector and training the next generation of vets, addressing a UK wide challenge of recruiting and retaining vets.
- **Advanced Manufacturing:** Mid Wales is 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%)¹⁹ 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 growth²⁰.

Emerging regional specialisms and clustering activity include:

- **Global Rail Centre of Excellence:** There is a well-supported proposal to establish a testing complex with 2 electrified oval tracks, which will allow for testing speeds of up to 110mph with the option for a tunnel section and a full track. This would be a world class train testing facility in the UK, and would be a significant attraction to investors and provide a vital service to UK and overseas based train manufacturers, the wider industry and the supply chain. This is a Joint Venture between Welsh Government, Powys County Council and Neath and Port Talbot County Council and the private sector.
- **Radio Spectrum:** Mid Wales is an important location for UK defence operations, offering segregated airspace for Remotely Piloted Aircraft Systems (RPAS) off the coast of West

¹⁹ ONS Business Register and Employment Survey 2017; ONS UK Business Counts

²⁰ AECOM (2019) Evidence Based Programme of Interventions Baseline Report

Wales. A National Spectrum Centre offers the potential to promote innovation, develop new products and applications, supporting resilience, integrity and security to place Mid Wales at the centre of UK Government’s Spectrum Strategy. The potential applications of Spectrum technology into Mid Wales’ key sectors are wide ranging. They include the defence and security sector, the use of robotics, drones and smart machinery in agriculture. This is currently being investigated more fully under a separate funding agreement by Welsh Government.

- **Hydrogen:** home to existing research and manufacturing expertise in automotive hydrogen, there is potential to develop the Hydrogen cluster further to support wider industrial and social applications in Energy. Recent research investment indicates a manufacturing base in the area is a real possibility with the right support and development.

Economic Growth Potential

The strengths of the region’s research and industrial base offers significant opportunity to drive transformational change with the right investment in the right places that both respond to the research opportunity and drive industrial growth.

There are well-known challenges in industry in terms of skills challenges linked to automation and AI, changing product demand and market opportunities, all requiring strong academic/industrial collaboration and cross-fertilisation if the sector is to remain competitive.

With the right investment, the opportunity exists to strengthen existing clusters alongside encouraging new clusters from existing assets and strengths that will drive increased investment levels, boost regional business confidence, strengthen skilled labour supply and help businesses to adapt and capitalise on new opportunities to drive higher value growth.

There is evidence that take up of research and development knowledge and innovation is lower than average here – with opportunity to address R&D tax credits²¹, and partly as a result of this, productivity remains stubbornly low compared to the UK on average. The proposed investments below aim to address this weakness by adding value to existing programmes and capability, ensuring increased knowledge transfer rates and supporting regional growth.

What Want To Achieve

OBJECTIVE	WHAT NEEDS TO HAPPEN
Investment in Regional Infrastructure and Assets	<ul style="list-style-type: none"> • Building on research strengths to develop the appropriate facilities and infrastructure to further knowledge and skills development and strengthen industrial links to enable business start-up & growth. • Targeted investment in strategic opportunities to strengthen academic/industrial clustering.

Table continues on next page

²¹ AECOM (2019) Evidence Based Programme of Interventions Baseline Report

<p>Strengthening Networks and Ways of Working</p>	<ul style="list-style-type: none"> ● Establish an innovation partnership consisting of academia, the business & investment community and the public sector, to: <ul style="list-style-type: none"> ○ Identify R&D needs of businesses in the region and communicate with relevant Research institutions. ○ Identify new trends that may benefit businesses operating in Mid Wales – ensuring strong industry links. ○ Identify relevant R&D activity within or outside the region to help industry with their key innovation challenges. ● Enable R&D bodies in the region to participate in knowledge transfer activities with businesses within the region, and enabling businesses in the region to access knowledge transfer activities from R&D bodies outside the region. ● Strengthen awareness among regional professional service providers of the opportunity to engage with a tech-based cluster.
<p>Labour Market Development</p>	<ul style="list-style-type: none"> ● Career pathway development in tech-based innovation and industries supporting higher-value jobs – including entrepreneurship and intrapreneurship.

6.3 Strengthened Tourism Offer

Mid Wales is a distinct region with a rich heritage, culture and outstanding natural assets that underpin a vibrant tourism sector – offering a strong platform to drive new growth.

During 2014-2016 Mid Wales accounted for 18% of overnight domestic (GB) trips, 10% of international visits, and 12% of day visits to Wales. The industry employs 23,000 within the region²², and was worth an estimated £1.08 billion in 2016²³.

The tourism economy of the region is intrinsically linked with agriculture and food production which are vitally important to the identity, culture, and economy of the region; and has often featured in a number of well-known film and TV productions – a notable example being the Hinterland TV series²⁴.

The region includes National Park and areas of outstanding natural beauty such as the Brecon Beacons National Park and the Cambrian Mountains whilst its unspoilt coastline offers five blue flag beaches, and access to a wide variety of marine wildlife. Mid Wales has a network of local and national recreational routes, and a rich cultural heritage that offer opportunities for accessing and exploring the regions natural beauty with notable locations including Ystrad Fflur and significantly historical architecture – yet are largely unknown outside the region (e.g Knighton, Presteigne, Talgarth, Hay, Brecon & Tregaron).

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.

Mid Wales towns and villages are attractive assets in their own right, and are bustling hubs for independent businesses and enterprises, all of which support both the circular and foundation economies. The regions' coastlines are home to networks of harbour facilities, providing distinct visual identities, supporting tourism and commerce with a canal network inland – offering significant development potential.

Economic Growth Potential

When compared to other regions of the UK, Mid Wales has a lower occupancy rate in tourism accommodation, being around 6% lower than Scotland and 10 % lower than England. In addition, productivity and wages in the Mid Wales tourism sector remain lower than the overall average for the economy in Wales. This results in reduced revenue for the sector in Mid Wales, and in order for the industry to capitalise on its potential, it is vital that Mid Wales is able to strengthen the shoulder season occupancy and maximise visitor spend.

Throughout the region, the tourism offer needs investment to generate higher value returns for the economy that is delivered in partnership and aligned with Government and key stakeholders to develop Mid Wales' distinctive offer through addressing seasonality, spend and spread.

Our strength of nature, culture and heritage provides a strong platform for us to play our part in raising the game of the Welsh and UK visitor market. Given the distinctive geography of Mid Wales, a significant opportunity exists to utilise our natural assets and resources to develop a unique selling point that strengthens tourism in the region. Under the ambition of strengthening

²² StatsWales, Workplace Employment, October 2019

²³ AECOM (2019) Strategic Economic Priorities for the Mid Wales Region.

²⁴ <https://www.visitwales.com/things-do/attractions/tv-film-locations/hinterland-inside-guide-tv-shows-secret-locations>

tourism for the region, high quality, year-round experiences that are beneficial to both visitors and host communities will be invested in.

Mid Wales has higher levels of sustainable practice built on the strengths of our natural and institutional assets – offering the opportunity for the region to excel in tourism focused on sustainability, the circular economy, in addition to supporting health and wellbeing actions. The focus must be on quality and value, not volume.

Capitalising on opportunities to strengthen our tourism offer will also spur wider economic growth potential. As stronger focus will be given to showcasing what Mid Wales has to offer, this will in turn provide a boost for the food and drink sector and help home-grown businesses to flourish. This will change perceptions of Mid Wales and will attract new business to the region, give indigenous businesses and people the confidence to invest, strengthen career pathways and enable longer-term assurances for investment and support.

What We Want To Achieve

OBJECTIVE	WHAT NEEDS TO HAPPEN
Investment in Strategic Regional Infrastructure and Assets	<ul style="list-style-type: none"> • Investment in sustainable, experience driven flagship attractions that significantly enhance the regional tourism offer to attract visitors throughout the year and ensure greater local spend. • To promote the special outdoor experience Mid Wales has to offer including coastal, mountaineering and leisure experiences and the development of outdoor leisure attractions. • Targeted investment in key strategic opportunities that attract significant investment in key infrastructure and assets to drive new tourism markets that would attract private investment and drive new business and employment opportunities (e.g. Harbours, Canals and Waterways). • Develop the concept of a Welsh Centre for Rural Life that would celebrate rural life, heritage and culture.
Investment in Supporting Infrastructure	<ul style="list-style-type: none"> • Investment in the supporting infrastructure and facilities of key sites across the region to improve accessibility of key assets (e.g. Dark Skies Discovery Sites, Water Attractions, and our iconic Coasts & Mountains). • Further investment in flagship walking and cycling routes, including the Wales Coastal Path, National Trails, mountain bike centres, traffic free and cycle touring routes & Wales Way. • Strengthening the ability of the region to hold and attract events and conferences by direct investment in key strategic opportunities alongside targeted investment in accommodation and network infrastructure.
Labour Market Development	<ul style="list-style-type: none"> • Development of training and career pathways and experiences to raise awareness and take-up of opportunities across the sector, with a focus on higher-value jobs. • Ensure strong alignment across industry and providers by strengthening industry input and aligning training provision appropriately – with a view to strengthening regional take up of existing/planned provision.
Strengthened Awareness of the Mid Wales Offer	<ul style="list-style-type: none"> • A strengthened brand/marketing identity for Mid Wales as a destination and the experience/offer within (that aligns with Visit Wales and Visit Britain) – highlighting the distinctive opportunities of the region. • Develop a specific support package for regional businesses to enable strengthened marketing of the regional tourism offer, aligned to and adding value to existing national support.

6.4 Energy

Mid Wales is extremely well-placed to lead Welsh and UK efforts in developing and generating solutions to address the challenges of a future energy system.

Natural resources in Mid Wales are well placed to produce green and renewable forms of energy. The region's environmental assets and expertise in low carbon technologies form part of its key strengths that will play a fundamental role in its future economic growth and that of Wales and the UK. Mid Wales has a distinctive opportunity and environment to deliver growth potential through innovative and low carbon related business opportunities. Anchoring the strong expertise and ambition of the region to key target growth sectors will create innovative solutions to overcoming grid constraints, whilst supporting economic growth within the region. Supporting businesses and communities to develop and utilise renewable energy will create and add value to supply chains, and circular economy networks across the region. Nurturing and creating a strong skills base and network, linking innovation with academic institutions and businesses will create inward investment opportunities. Simultaneously opportunity and aspiration focusses on creating commercial opportunities for generation of renewable energy from the region contributing to UK 2050 aspirations. Maximising these opportunities will provide economic development and value-added opportunities for the region's businesses and communities, whilst demonstrating the regions ability to lead on energy production and storage at the UK level.

Economic Growth Potential

There are several energy-related issues Mid Wales must tackle in order to fulfil its economic potential. A primary concern is grid capacity which has been identified as a significant constraint to future growth. Access to the energy network for domestic customers is restricted whilst the significant cost associated with grid reinforcements has held back further investment for new developments and energy generation assets.

Mid Wales also faces significant challenges in terms of fuel poverty with 17% and 14% of households in Ceredigion and Powys respectively living in fuel poverty. Significant areas of Mid Wales are off the gas grid with 72% of properties in Ceredigion and 52% in Powys having no connection to the gas grid. In a wider context, average earnings for Mid Wales residents fall 5.5% below the Wales average in Powys and 12.2% below the Wales average in Ceredigion, exacerbating the impact of fuel poverty.

The UK has committed to legally binding targets of a reduction in carbon emissions of 80% by 2050. Welsh Government has said that it wants to go further and reach net zero by 2050. Mid Wales is abundant in the natural resources that, if harnessed properly, can help both governments achieve their targets.

Partners in Mid Wales are currently working with Welsh Government and the Carbon Trust to produce a regional energy vision and action plan that will develop proposals further.

What We Want To Achieve

OBJECTIVE	WHAT NEEDS TO HAPPEN
Addressing Network Capacity & Grid Constraints	<ul style="list-style-type: none">• A Mid Wales Grid Capacity Programme, linked to strategic employment sites and premises, composed of:<ul style="list-style-type: none">○ Using batteries and hydrogen to avoid grid capacity issues○ Establish energy generation hubs (getting multiple developers to share cost of reinforcement)○ Allow power companies to invest in infrastructure in advance of demand, identifying strategic investment ahead of need and providing evidence base (linked to L&P strategic sites)

	<ul style="list-style-type: none"> ○ Exploration of innovative tech/models of delivery such as micro-grids in our most rural communities. ○ Strategic consideration of energy demands of major infrastructure investments aligned to generation/supply.
Decarbonisation of our Energy Supply & Use	<ul style="list-style-type: none"> • Investing in public-sector opportunities from their assets and resources for renewable generation through viable technologies (e.g. wind, solar, biomass, energy from waste etc). • Building on existing regional strengths in biomass generation to strengthen industrial cluster development potential. • Mid Wales Battery Storage Innovation Programme: linked to industry, agriculture & skills. Demonstrator technologies to produce renewable energy and store on site to supplement the grid in peak hours or to link to the circular economy such as provide Hydrogen for automotive. • Mid Wales Low Carbon Business Incentive Programme - offering incentives such as favourable finance and reduced business rates to business who implement low carbon practices. A grant scheme to support low carbon project development or transition to low carbon could also be made available.
Developing the potential of Agriculture	<ul style="list-style-type: none"> • Investment in key strategic opportunities to test/trial new farming methods/techniques aligned to opportunities for energy generation (e.g. energy from waste, electrification of agriculture trials, anaerobic digestion, and battery storage). • Building on the existing bio-refining cluster in IBERS to explore the potential of grass bio-refining for energy. • Strategic approach to join-up regional demand and generation opportunity with innovation.
Harnessing Regional Innovation	<ul style="list-style-type: none"> • Exploration of potential policy levers to encourage clustering and industrial development in key strategic sites in the region. • Mid Wales Hydrogen study. • Explore Carbon Capture Utilisation and Storage.
Reducing Fuel poverty	<ul style="list-style-type: none"> • Mid Wales Low Carbon Building Ecosystem training network/hub • Exploring the “Energiesprong”²⁵ for Mid Wales. • Energy Efficiency retrofit of energy poor dwellings. • Planning policy interventions/lobbying. • Exploration of local private sector driven District Heating Networks.
Decarbonising transport	<ul style="list-style-type: none"> • Strategic Electric Vehicle charging network: potential to follow tourist and commercial routes & key strategic sites. • Train/Bus Hub Electric Vehicle charging points • Public Sector Ultra Low/No Emission Fleets: regional approach to reduce costs and scale.

²⁵ <https://www.energiesprong.uk/how-does-it-work>

6.5 Supporting Enterprise

Our vision is for a strong, resilient and diverse Mid Wales economy that enables enterprises to start, grow and prosper with the right support and infrastructure.

We will achieve this by creating the conditions to drive enterprise growth, investment and competitiveness which will raise regional productivity. We want to ensure enterprises are supported to be dynamic and entrepreneurial, to identify and target market opportunities, exploit innovation, automation, training and digitalisation as key drivers of growth - creating higher value employment opportunities in the process.

Strong, capable and resourceful social enterprises are also vital for economic growth and the sustainability of communities in Mid Wales. They generate economic activity, have an important social impact and are key to attracting new talent to the area. Our ambition for the social enterprise sector is to be strong and confident, addressing market opportunities and social need, supporting fair work practices and building resilience.

Economic Growth Potential

The Mid Wales business base contains almost 13,000 businesses. This represents growth of 2.2% since 2010 (Wales-14.8%; UK- 27%). Micro and small businesses are the backbone of Welsh economy, even more so in Mid, with 95% of businesses micro (<10 employees) (Wales 89.2%, UK 89.4%) while just 0.8% of businesses are Medium or Large-sized (having 50+ employees) (Wales 1.6%, UK 1.9%).

The large proportion of micro-businesses across Mid Wales is likely driven by the high number of agricultural enterprises, representing ~37% of all businesses across the region, with high self-employment levels. Medium sized enterprises are seen predominantly in the health and manufacturing sectors, representing 6.2% and 4.9% of the total business stock respectively. Notable sectors generating employment include accommodation and food services (12.2%) and retail (10.6%). These reflect the importance of the foundation economy to Mid Wales.

Since 2010, there has been a reduction in retail – falling from 920 to 785 (-14.7%). Conversely there's been a rise in professional, scientific & technical from 755 in 2010 to 880 (+16.6%) in 2017 and a significant rise in the number of public administration and defence enterprises from 15 in 2010 to 85 in 2017 (+466.7%). The five year survival rate for businesses start-ups in 2011 was higher in Mid Wales (48.1%) than both Wales (43.2%) and the UK (44.1%).

Mid Wales faces several distinct challenges in supporting its businesses, including a dispersed settlement pattern that can make traditional views of sectoral clusters difficult. The region's narrow economic base makes it particularly vulnerable to economic shocks - with agriculture a key sector likely to face changes as a result of leaving the EU.

It is widely acknowledged there is a lack of good quality employment sites and premises to meet business requirements and expectations. There is minimal activity in terms of speculative building of such sites by the private sector due to market failure. An ageing stock of premises exists that require significant investment to become an attractive proposition.

In order to improve the productivity of Mid Wales and narrow the gap with the rest of the UK, it is vital to deliver targeted and transformational support to businesses, be that through infrastructure, finance or wider business support. In this regard, a recent report by the Development Bank of Wales noted the importance of interventions to encourage productivity growth and innovation irrespective of firm size²⁶.

²⁶ Welsh Economy Research Unit / Economic Intelligence Wales (November 2019) Medium-sized businesses and Welsh business structure

What We Want To Achieve

OBJECTIVE	WHAT NEEDS TO HAPPEN
Enabling Business Growth	<ul style="list-style-type: none"> • Strategic Business Innovation Sites: invest in a small number of high-quality employment sites and centres of excellence in target sectors (eg. agri-tech, high value manufacturing, food innovation & low carbon). • Mid Wales Business Growth Incubation Network: build on existing provision to deliver high quality shared business accommodation targeting start-ups and micro enterprises providing business support, professional services, networking, training, gigabit digital connectivity, flexible terms, co-location etc. • Develop and implement a Mid Wales Employment Sites & Premises Action Plan that would deliver the following outputs; <ul style="list-style-type: none"> ○ A regional portfolio of good quality business incubation units and grow on space for start-up and micro enterprises ○ An advanced build programme of good quality commercial property for SMEs ○ Allocation and servicing of next generation employment sites ○ Commercial property refurbishment / energy efficiency renewable energy financial incentive scheme ○ Accelerated Property Infrastructure Fund
Strengthening the Support Offer	<ul style="list-style-type: none"> • Work with business support & finance providers to ensure accessible financing options to support business growth that is relevant to the market demands and opportunities of Mid Wales. • Work with relevant providers to strengthen and tailor the support offer for enterprises in Mid Wales by working with and adding value to existing/planned investments as part of a multi-agency approach. • Strengthen the support offer to develop social enterprise in the region by working with existing providers and mapping future demand. • Consideration of specific support for key industries to respond to potential changes as a result of leaving the EU. • Explore the potential for a regional Clean Growth Programme to support businesses in transitioning to a low carbon future and take advantage of low carbon technologies. • Strengthening Inward Investment – providing a single point of contact and gateway for inquiries, business support and marketing. • Support the development of higher-level business skills and ensure access to high-quality professional services and training. • Enable and support Higher Education commercialisation of R&D and knowledge transfer programmes for technical and business solutions. • Develop a comprehensive and informed regional careers advice service to compliment regional skills activity
Procurement	<ul style="list-style-type: none"> • Explore a Mid Wales regional procurement programme focusing on 'anchor' institutions such as local authorities, health boards, colleges, universities that will support regional business through purchasing. Provide support for businesses to tender and identify collaborative opportunities, alongside development of local supply chains.
Policy	<ul style="list-style-type: none"> • Business rates and rate relief – highlight the impact of business rates on rural businesses in town and village centres. • Explore the potential for streamlined planning processes in identified regional enterprise sites.

6.6 Digital

Digital connectivity is an essential part of modern life, influencing how individuals work, communicate and access services. In Mid Wales, it is even more vital we capitalise on the economic opportunities that can be unlocked by investing in our digital infrastructure.

Having good quality, reliable digital connectivity is essential for residents, businesses and visitors to support a thriving Mid Wales economy. It is now recognised as a fourth utility, a critical component to support modern life. Co-ordinated investment in digital infrastructure will act as a catalyst for high quality business growth, innovation within our targeted sectors and provide communities with enhanced access to employment, education and services.

Economic Growth Potential

While Mid Wales has seen improvements in digital infrastructure coverage over recent years, deployment of high speed broadband, fibre to premises provision and mobile coverage in most parts of the region still lags significantly behind that of Wales and the UK. The remote rural nature of the region, its geography, commercial viability and the nature of technologies means that ‘not spots’ are prevalent particularly in hard to reach locations.

Enhanced, good quality digital connectivity and accelerating its deployment is fundamental to transforming the Mid Wales economy and enabling growth. Confidence in digital infrastructure will be vital to support future business investment in the region. Digital technologies are transforming communications, services, learning and business opportunities at an ever-increasing pace. New digital technology like 5G plus the Internet of Things, Artificial Intelligence and data analytics have the potential to open up new businesses and improve the lives of communities.

Investment in digital infrastructure and supporting the adoption and exploitation of next generation digital technologies will be critical to improving productivity, capitalising on innovation and becoming more competitive as a region. Improved connectivity will provide businesses with access to markets, information sources, services and opportunities both in the UK and globally. Public interventions will be key to addressing non-commercial areas that are unlikely to receive private sector investment.

Ensuring access to good quality digital connectivity and supporting digital skills will help bridge the ‘digital divide’ and give people the freedom to live and work more flexibly while making the region a more attractive place to live. It will also remove constraints on business growth.

What We Want To Achieve

OBJECTIVE	WHAT NEEDS TO HAPPEN
Broadband	<ul style="list-style-type: none">• Programme of measures to extend the coverage of Superfast and Ultrafast Broadband in the region focusing on fibre to the premises.• Feasibility work on extending Welsh Government publicly owned “Fibre Speed” network to Mid Wales.• Digital Corridors – linking and contribute to North Wales’ programme for full fibre ultrafast connectivity along strategic transport corridors.
Mobile technology	<ul style="list-style-type: none">• Programme of measures to extend good, reliable 4G coverage across the region.
Innovation	<ul style="list-style-type: none">• Rural test bed and application of new technology / research and development e.g. 5G, RWAS, internet of things, Spectrum.• Create a Long-Range Wide Area Network (LoRaWAN), for sending and receiving low power signals from digital sensors across the region. This will enable business, public sector, educational

	organisations and individuals to explore, trial and implement Internet of Things (IoT) technology and aspire to have complete coverage in region and exploitation in e.g. transportation, agriculture, tourism, environmental management, social care and housing.
Infrastructure	<ul style="list-style-type: none"> • Network of public sector gigabit hub business incubation centres to support new enterprise and the delivery of public services. • Use of public sector land and buildings and assets to help facilitate deployment of digital infrastructure.
Business Support	<ul style="list-style-type: none"> • Strengthen capacity in Mid Wales to provide additional resources to help unlock digital connectivity issues on the ground. • Drive uptake & provide support and training for the exploitation of digital services and technology by businesses.
Policy	<ul style="list-style-type: none"> • Policy Ask: During peak usage period guarantee a minimum mobile phone network speed of 10mbs on basis of 50% signal strength in Mid Wales. • Policy Ask: Availability of Openreach fibre on demand product to all parts of Mid Wales with no order limitations. • Review of planning policy and permitted development for digital infrastructure to support private sector deployment. • Development of a regional digital strategy and action plan.

6.7 Transport

To drive economic growth and attract new investment we need to improve connectivity both to and within the region. We will build on our existing linkages to help deliver the transport network required to help grow the economy and raise productivity.

Reliable, resilient, sustainable and connected transport networks are fundamentally important to economic growth and communities in Mid Wales. Good quality infrastructure is vital in linking people up with opportunities, companies with markets and labour supply – and improving our approach in Wales to how we enable and invest in infrastructure is widely recognised²⁷. Enhanced transport connectivity will play a critical role in supporting economic flows, improving accessibility, attracting investment and enabling development.

Economic Growth Potential

The size, remoteness and the dispersed pattern of settlements in Mid Wales presents challenges in both the transport of goods and people. The network of strategic road and rail corridors in the region is large because of the vast area covered and constrained by the geography of the region. Roads are predominantly single carriageway, causing poor average speeds, long journey times and poor reliability.

The resilience of the transport network is vitally important to the regional economy. Investment is needed to address fundamental transport issues that constrain movement around the region. The Marches and Mid-Wales Freight Strategy, for example, highlights a number of issues for business that will require a combination of interventions that support and improve the network, making Mid Wales better connected. The promotion of sustainable travel modes and the decarbonisation of transport are also significant ambitions for the region.

²⁷ FSB Wales (September 2019) "Are we there yet?" A Roadmap to Better Infrastructure for Wales

Our aim is for an integrated and affordable regional transport system that facilitates economic growth, ensures access for all to services and opportunities, sustains and improves the quality of communities, and supports the transition to a low carbon future.

This will look to:

- Improve journey time confidence, reduce transport costs and increase reliability, to ensure freight, travel to work and public transport movements can make a step change
- Enable business growth / investment / development
- Support a modal shift to sustainable travel and the transition to a zero-carbon economy
- Improve the safety of the transport network

What We Want To Achieve

OBJECTIVE	WHAT NEEDS TO HAPPEN
Road	<ul style="list-style-type: none"> • Improve connectivity of the region addressing cross-border strategic routes and onward connectivity through the Strategic Roads Network into other parts of Wales and into England. • Improvement measures to strategic road corridors for the trunk / county road network including pinch point programme and linkages to key markets. <ul style="list-style-type: none"> ○ Cross Border Corridors into England (e.g. A458, A44 and A483) and other Welsh regions (A487, A489 & A486). ○ A44 West of Llangurig. ○ Key arterial routes within the region (A470, A483 and A487/A486)
Public Transport	<ul style="list-style-type: none"> • Strategic rail corridor improvements such as line speed enhancements on the Cambrian Line; encouraging lightweight freight being carried on passenger services on Cambrian Coast / Cambrian Main Line; and the development of strategic hub interchanges at key rail stations. • Service connectivity interventions such as a full hourly service on the Cambrian Line to Birmingham International; Connectivity to London including extension of the Heart of Wales Line and selected Cambrian Main Line services to Crewe for connectivity to HS2 / Manchester Airport; and TrawsCymru strategic route development and long distance bus strategic hubs / interchanges with Integrated responsive transport.
Behaviour change	<ul style="list-style-type: none"> • Active travel packages of support to encourage walking and cycling • Dissemination of information using digital information networks & education to seek behavioural change
Decarbonisation	<ul style="list-style-type: none"> • Decarbonisation of transport – strategic approach to provision of electric vehicle charging infrastructure, feasibility work on hydrogen potential. Potential pilot towns. • Supporting modal shift to public transport.
Integration	<ul style="list-style-type: none"> • Rural connectivity measures such as smart highways, road and rail hubs and integrated ticketing and integrated responsive transport.

6.8 Skills & Employment

An effective, functioning labour market is essential for Mid Wales economy to grow and prosper. Ensuring the appropriate supply of skills and a capable workforce to meet business and industry demands and needs will be fundamental to our future success.

We have significant strengths regionally in our workforce – but we have structural weaknesses in the skills infrastructure that currently inhibit the regional labour market.

It is imperative that our skills institutions work effectively together to drive regional productivity and growth, underpinning the future success of our employment centres. There is a need to improve the quality and relevance of provision to become industry-led, and responsive to the opportunities regionally to support high-value and productive jobs. This will mean changes to the way we collectively work in the region, from educational provision to career pathways and industry engagement to enabling our residents to access opportunities, regardless of their location in Mid Wales.

Economic Growth Potential

Mid Wales has a highly qualified and skilled workforce. 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. These strengths provide Mid Wales with the right foundations for enabling growth.

Mid Wales also faces challenge related to the uniqueness of the region. The region has a declining workforce, emphasising the need to retain and attract economically active people to Mid Wales. 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. Local young people who move away to study find it difficult to find local employment that would enable them to return to the region, leading to a brain drain from Mid Wales.

The scale of Mid Wales and its dispersed population challenge the delivery of education provision. There is a need to develop a skills pipeline in construction, ICT and business skills. Skills and recruitment challenges exist in the following sector-based areas²⁸:

- **Advanced materials, Manufacturing and Energy:** recruitment difficulties focused on key occupations such as engineers, welders, CAD/drawing office roles and electro-technical.
- **Agriculture and Food:** Potential impact of Brexit, combined with the seasonality of agricultural employment could lead to skills shortages. Also known shortages of vets, dairy technicians, scientists and micro-biologists.
- **Tourism and Leisure:** Recruitment difficulties for chefs and catering roles, cleaning and housekeeping and maintenance roles.
- **Health and Social Care:** Staff retention is a key issue, whilst recruitment is a continuing problem for care support workers, nurses, domiciliary care staff and kitchen/cleaning staff.

As our changing demographics regionally progress towards an ageing population, this will bring its own challenges to skills & employment:

- **Ageing workforce:** due to increases in state pension age.
- **Multi-skilled workforce:** as people remain in work longer, there will need to be a number of opportunities for life-long learning to ensure individuals remain employable and skilled.

²⁸ South West & Mid Regional Skills & Employment Plan 2018
www.growingmid.wales

- **Health and Care:** an ageing population will drive demand for health and social care skills – putting increased pressure on the sector’s ability to successfully recruit the required workforce.

Mid Wales’ businesses are less likely to arrange training for their workforce and are more likely to report hard to fill vacancies compared to employers in other Welsh regions.²⁹ Over half of local employers also report that young entrants to the labour market are not considered ready for work.**Error! Bookmark not defined.** The nature of work and demand for skills is changing and will continue to do so over the next 15 years. One in three jobs in Wales³⁰ is at risk from automation by early 2030 with lower skilled jobs being most at risk. At the same time as automation, digital technology and more flexible ways of working generate opportunities for growth in areas that offer high quality of life such as Mid Wales.

What We Want To Achieve

The first and foremost requirement for Mid Wales is to ensure a dedicated, evidence based skills system that can put the necessary focus by education providers across the spectrum to better respond to industry demands and maximise future opportunities for both young people and the existing economically active population.

Gaps currently exist in our existing skills and employment provision that is putting the future viability of our young people at risk. This has to change.

OBJECTIVE	WHAT NEEDS TO HAPPEN
Better strategic alignment of provision with industry	<ul style="list-style-type: none"> • A dedicated and responsive skills ecosystem in Mid Wales that drives institutional and cultural change to align learning and skills provision to economic needs (such as a Regional Learning & Skills Partnership for Mid Wales).
Strengthened industry intelligence	<ul style="list-style-type: none"> • Strengthened FE & HE presence across the whole region. Recognising the role of wider institutions (e.g. CAT) and exploring opportunities to strengthen provision. • Strengthened intelligence on skills and training demands by employers to inform academic/vocational provision. • Identification of future demands/trends and key opportunities. • Developing apprenticeships that are driven by local business intelligence for future workforce strategies.
Tailoring regional skills & employment support	<ul style="list-style-type: none"> • Industry-led tailoring of provision across academia, private and third-sector provision. • Development of career pathways and guidance to drive growth in key regional economic sectors. • Development of a skills and employment pipeline of activity to support regional activity.
Targeted support	<ul style="list-style-type: none"> • Flexible and responsive skills programmes to support the supply of labour aligned to our key strategic sectors and projects.
Capital Investment in Skills Infrastructure	<ul style="list-style-type: none"> • Investment in training centres and specialist facilities across Mid Wales alongside the creation of rural academies.

²⁹ UK Commission's Employer Skills Survey (UKCESS) 2015

³⁰ The Impact of AI in UK Constituencies: Where will automation hit hardest? Future Advocacy, 2017
www.growingmid.wales

7 Our Contribution

This document has been prepared at a time of considerable economic and political uncertainty, both globally, nationally and regionally. However, partners in the region are clear that Mid Wales has significant potential to contribute to the Welsh and UK economy – but there is more to do if the regional economy is to reach its full potential and remain resilient to any challenges, and if we are to level up.

It also offers a new way of working to address the shared challenges whilst capitalising on our opportunities for growth, making a strong and credible regional offer to help contribute and deliver national ambition.

7.1 Economic Outlook

The latest economic forecast by PwC³¹ predicts a modest and slowing economic growth rate for the UK in 2019 into 2020. This is assuming an orderly exit from the EU – but with relatively little known about our future trading relationship post withdrawal.

Consumer spending has continued to drive the UK economy with stronger real earnings growth in 2019 overall. However, the housing market and business investment has seen a decline due to uncertainty – with interest rates expected to remain fairly static until there is more clarity around Brexit and the global economy.

Productivity in Wales remains far below the UK average, being identified as the region with the lowest productivity in the UK –18% lower than the UK average.

It is acknowledged in the PwC report that variations in UK regional productivity can be attributed to comparatively poorer skills levels, whilst transport connections are also a key factor in explaining these regional variations – making them both a clear target for public and business interventions. It notes that if areas with lower than average productivity were to make up even half of their current gap, the boost to UK GDP could be as much as 4% or around £83bn.

We have outlined a Vision that addresses both our growth priorities alongside proposals for basic economic infrastructure. Our analysis in section 3 shows that Mid Wales is comparatively further behind the Welsh and UK averages – making the need for sustained, tangible investment critical if we are to address our ambitions and unlock our potential to help grow the UK economy.

7.2 Strategic Fit with National Policy

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.

UK Government

There is recognition that whilst the UK economy has significant strengths; opportunities and growth remain unevenly distributed across the country. The UK Industrial Strategy 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.

³¹ <https://www.pwc.co.uk/economic-services/ukeo/ukeo-november-2019-full-report.pdf>
www.growingmid.wales

There is a clear recognised role for Local Authorities, working individually and in partnership across sectors and Government to drive regional economic growth and productivity enhancements. Collaboration to address shared challenges is a central theme, with a commitment to build on the work ongoing in developing and delivering City and Growth Deals across the UK.

Recent emerging priorities around a future UK Shared Prosperity Fund also reinforce the aspiration to address uneven regional economic growth across the UK.

Welsh Government

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 its national strategy "Prosperity for All" - Prosperous and Secure; Healthy and Active; Ambitious and Learning; United and Connected.

It outlines key priority areas that articulate a national policy ambition aligned to the Wellbeing of Future Generations Act that is focused on the integration and collaboration between services to enable early intervention and prevention – delivering better outcomes for the long-term.

Prosperity for All: Low Carbon Wales – our economic vision cannot sit in isolation to environmental and climate change concerns, but embraces Decarbonisation and a Low Carbon economy at its heart.

The Economic Action Plan specifically outlines the Welsh Government's ambition to grow the economy and reduce inequality. It represents a significant policy shift to acknowledge the importance of partnership working to build resilience and future proof the Welsh economy. It outlines a new Economic Contract between Government and business; Calls to Action; Support for Thematic Sectors and the Foundational Economy, alongside a new approach to supporting regional economic development.

Regional partners are working closely with the Welsh Government to develop the Regional Economic Framework that will sit alongside this document, both documents will closely mirror each other in terms of content to articulate our collective priorities for the Mid Wales economy.

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.

6.3 Conclusion

We face considerable uncertainty. The need to be flexible and quick to adapt our approach will be essential. Our approach has been developed with this fully in mind.

However, it must be recognised that significant intervention is required to ensure that we address the imbalance between our economic performance and other areas of the UK and if we are to level up with the rest of the UK economy. We must collectively ensure that we are as resilient as possible to any potential changes in economic circumstances that could further hamper what is already a comparatively weak performing economy. It must be our ambition that we seek to close this gap.

8 Making it Happen

Realising our strategic economic priorities that will create sustainable change in the Mid Wales economy will require a new way of working with strong co-ordination and support from a wide range of stakeholders, across political, institutional and sectoral interests.

8.1 Mid Wales Growth Deal

The region has been given the opportunity to negotiate a Growth Deal for Mid Wales between the UK and Welsh Governments. This not only provides Mid Wales with the opportunity to achieve key objectives identified within this document, but also establishes and galvanises new and improved long term working relationships.

8.2 Supporting and Enabling Mid Wales

Alongside the Growth Deal and the new ways of working, we seek to work differently with both Governments to unlock further investment opportunities across Mid Wales. Regional partners have expressed and demonstrated a wish to collaborate, integrate and innovate to achieve better, more strategic outcomes for Mid Wales' residents that are based on long-term aspirations.

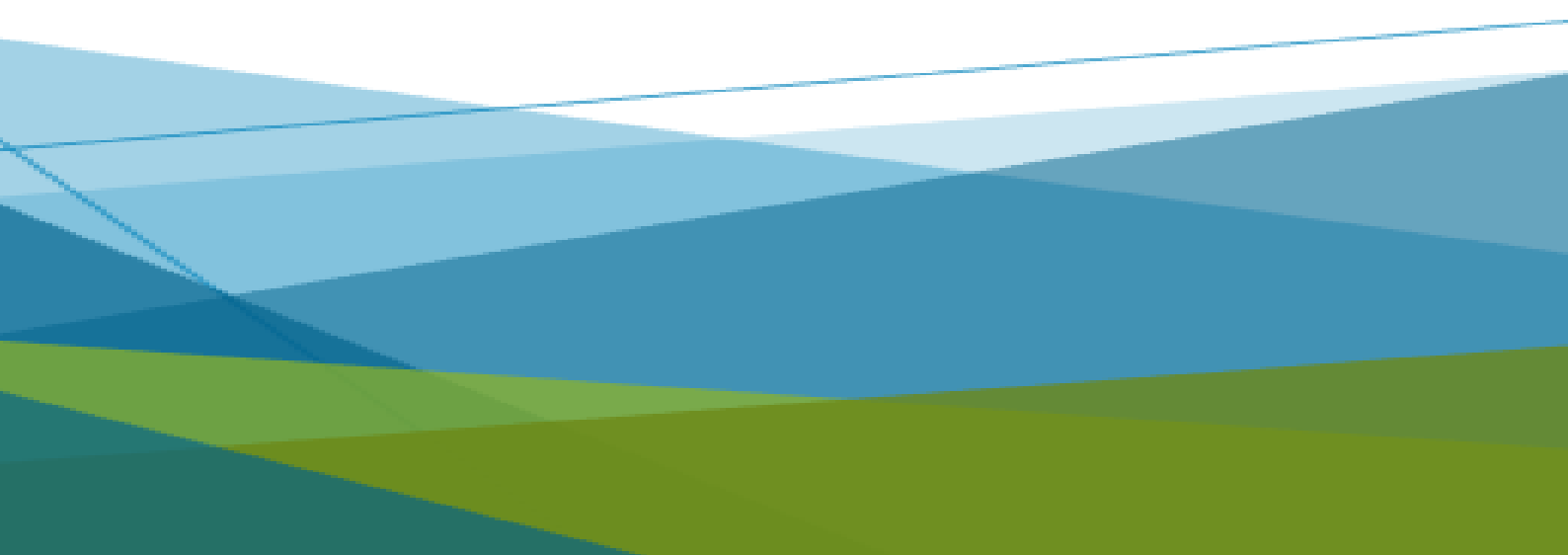
In the months ahead, we will continue to work with our partners to progress our Growth Deal alongside current and future funding opportunities to realise our vision. Work is ongoing to address capacity challenges regionally, and we will continue to work with both Governments to ensure the right capacity is in place to develop, manage and deliver our collective ambitions.

8.3 Governance

Partners in Mid Wales have gone to significant lengths to establish robust and accountable governance structures with clarity of decision-making, assurance of representation, and transparency of process. An Inter-Authority Agreement has been signed between Powys and Ceredigion County Councils, putting in place clear governance and management arrangements to bring forward the development of the Growth Deal:

Group	Membership	Role
Growing Mid Wales Board (Joint Committee)	Local Authority Cabinet Members; Chair of the ESG (all voting); + non-voting co-opted Members	Leadership, strategic decision making, and accountability for the Mid Wales Growth Deal.
Economic Strategy Group (ESG)	Nominated business leaders across Mid Wales	Private sector advisory, support and advocacy mechanism for the development and delivery of the Growth Deal. The group has an active role in advising the GMW Board to ensure that the voice of the private sector is central to the work.
Regional Learning and Skills Partnership (RLSP)	<i>To be confirmed</i>	The region is currently seeking to establish its own arrangements that would better align and address the needs of the people and businesses in Mid Wales.
Growing Mid Wales Partnership	Broad cross-sector membership.	A cross-sector partnership; ensuring broad input and engagement that will help advise on the Growth Deal – but also discuss broader issues in pursuit of regional economic opportunities.

SECTION 2: A ROADMAP FOR THE MID WALES GROWTH DEAL



1. Introduction

This document outlines our intended roadmap to bring forward a Growth Deal for Mid Wales with both UK and Welsh Governments.

In November 2019, the UK Government announced an initial investment of £55m, described as down-payment in lieu of receiving the region's ambitions and more detailed proposals. The Welsh Government has also indicated its continuing support for a Growth Deal for Mid Wales with the quantum yet to be negotiated.

Traditionally, Growth Deals in Wales have come forward with a pre-determined set of projects that are agreed at the outset. Mid Wales however, has learned the lessons of other regions across both Wales and the other devolved nations that the programme environment can change over time. Projects may not develop as originally intended, external circumstances will change, and not all projects will be at the same level of maturity at once. This has led to a significant amount of abortive effort and time delays – we have taken the time in recent months to plan our approach, getting the governance right and trying to minimise risks from the outset through good management and engagement mechanisms.

It is also important that we develop the Growth Deal and our ways of working to be able to respond flexibly to a changing economic, policy and funding landscape. Global challenges, leaving the EU and political shifts will all require us to be flexible.

Section 1 of this document outlines our Strategic Economic Plan. It identifies the regions' key priorities for investing in our people, businesses and places inclusively and sustainably. We have articulated a strong case for investment, based on the continuing economic underperformance due to our structural challenges – but aligned to strong private sector opportunity and ambition. This represents a strong case for public investment to help achieve transformational change.

Our Growth Deal proposals will play a key role in delivering elements of this strategy. There is currently strong interest in the region to develop activity around a number of the key opportunities – we have developed this roadmap so that we ensure the right investments come forward, that will deliver our vision and make a genuine difference to Mid Wales' economy.

We have set out three Programmes with clear Investment Objectives that will be managed as a Portfolio approach. This will ensure we can manage the Growth Deal flexibly to respond to opportunity, and changing economic circumstances – whilst ensuring that we are investing in the right things and that we have clear governance, management and assurance processes with effective engagement throughout. It also ensures the Portfolio is scalable as further investment and funding becomes available

We propose this develops as three inter-connected and mutually dependent Programmes:

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

The publication of this document sets in train the formal development of activity that will further progress our Growth Deal for Mid Wales that will culminate in a formal Proposition to both Governments in 2020 to agree our Heads of Terms.

2. The Strategic Context

Section 1 of this document outlines the strategic context and broad case for change in the Mid Wales economy.

This section specifically outlines the scope and defines the role that the Growth Deal can play in delivering the required outcomes for the Mid Wales economy.

The Need for Public Investment in the Mid Wales economy

The outcome of our development work to date clearly articulates a strong and overwhelming case for public investment in the Mid Wales economy to tackle decades of under-investment and market failure.

Mid Wales has a wealth of opportunity that is currently being hampered by underlying structural economic weaknesses that need to be addressed urgently.

The evidence tells us quite clearly that we have challenges to overcome, that can only be addressed through significant and sustained public sector intervention to address market failure:

- **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.
- **A DECLINING, AGEING POPULATION:** evidence of reducing population figures and a changing demographic - demonstrating the 'pinched middle' of a relatively high older population and a proportionately low working age population.
- **NARROW AND VULNERABLE ECONOMIC BASE:** Leading to employment and productivity imbalances. The largest GVA contributors by sector are manufacturing, real estate and wholesale and retail – whilst agriculture provides the biggest employment numbers, but contributes comparatively less GVA. Seasonality of employment also adds to the economy's vulnerability.
- **PROJECTED EMPLOYMENT DECLINE:** forecasts show the Welsh economy growing by 1.7% during the period 2018-2040 (+ 24,000 jobs) while the Mid Wales economy is forecasted to decline 3.45% (reduction of 3,352 jobs) – whilst the UK looks set to grow by 7.4% over the same period.
- **STATIC AND WEAKENING LABOUR MARKET:** gaps in skills provision and infrastructure to adequately meet industry demands are exacerbated by a lack of focus on the issue in Mid Wales. Weaknesses in regional skills infrastructure exacerbates employment and educational opportunity – leading to a reducing equality of opportunity & labour mobility and reinforcing out-migration.
- **MARKET FAILURE:** Underlying structural economic weaknesses aligned with decades of public sector under-investment has exacerbated market failure. Market failure is prevalent throughout the economy and can be clearly evidenced through weak and relatively static commercial and residential build rates, a declining and narrowing business base and the inadequate state of our digital, road and energy grid infrastructure – which can only be addressed with public sector intervention.
- **THE HIDDEN NATURE OF A RURAL ECONOMY:** relatively strong employment and low unemployment data masks low pay and underemployment. High levels of self-employment and home working combined with low incomes is masking rural poverty which is a real cause for concern amongst local authorities and policy makers in Mid Wales.

The Changes We Need To See

Outlined here is our initial set of Strategic Change Indicators that we propose to manage our Portfolio with. They will form a key role in the assessment and development process to ensure we are supporting the right investments that will deliver the right outcomes – and will be central to our monitoring and evaluation activity.

We can only be clear on the contribution of our activity towards these Indicators when economic modelling is undertaken as part of the development of the Programme Business Cases – and at a stage when we have Outline Business Cases for individual projects. For commercial and business developments, a demand appraisal will also need to be undertaken as part of the analysis – to ensure we account for potential displacement, substitution and leakage.









As the Mid Wales Growth Deal develops there will be a requirement for additional indicators to allow for effective analysis of how planned regional interventions affect productivity across the localities that make up the sum of the Growing Mid Wales region – for example, gross disposal of GVA across the region.

We will also explore broader considerations to monitor impacts on our regional economy beyond traditional economic indicators, factoring in social mobility and wellbeing, environmental and health data.

As regional interventions are developed and delivered it will be important to form and monitor an economic baseline to assess the impact of interventions. The data must be made available at a granular level where possible in order to provide a meaningful and useful level of intelligence.

Economic data is only starting to be made available on a regional basis by Welsh and UK Governments and their relevant departments e.g. Office for National Statistics. Much data is still made available by NUTS3 areas, making it impossible to disaggregate data and form an economic picture of Mid Wales. Ongoing work is needed to ensure that relevant and useful data is made easily available.

Aligning the efforts of our collective interventions in Mid Wales across the public sector, and look at improving the intelligence and collective understanding of the Mid Wales economy will be crucial going forward.

Mid Wales Growth Deal – Strategic Change Indicators³²						
Indicator	2014	2015	2016	2017	2018	Change
Regional Productivity Growth						
GVA (£ million)	3,182	3,410	3,596	3,621	3,597	
GVA per head (£)	15,291	16,451	17,430	17,613	17,509	
GVA in high value sectors (£ million)*	478	551	620	636	581	
Increase in proportion of working age population (%)	-0.7	-0.5	-0.5	-0.5	-0.4	
Increased Employment and Skills						
Employment Growth (%)	+2.3	-0.8	+1.6	+1.6	-0.6	
Employment in High Value sectors	19,500	19,300	17,300	22,000	20,800	
Increase in proportion of the population with qualifications at Level NQF 4 and above (%)	+2	+1.8	+2.5	-3.2	+1.5	
Increased Employment and Skills						
Gross Disposable Household Income (£ per head)	16,050	16,389	16,351	16,539	n/a	

*High value sectors identified as Manufacturing, Information and Communications, and Professional, Scientific and Technical activities

³² 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>

3. The Case for Change

The Vision for Mid Wales by 2035 has been outlined as:

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

Strategic Outcomes

To deliver long-term change to the Mid Wales economy, there needs to be a strong focus on delivering strategic outcomes that relate directly to the Vision and the Strategic Change Indicators so that we are confident that we invest in the right activity to deliver change.



Positioning the Growth Deal as a core component within wider regional economic recovery efforts.



Attracting and developing industries that drive regional productivity, earnings and employment growth – capitalising on the strengths of our research, industrial and skilled assets.



Attracting and unlocking private sector investment within the Region by ensuring the right environment for growth.



Positioning Mid Wales as a rural powerhouse that develops existing industrial strengths to generate new industrial and employment opportunity.



Reducing outward migration and retaining a skilled workforce through industry-led employment and skills support combined with clear employment pathways.



Utilising Growth Deal investments to influence and catalyse further investments and policy changes to ensure equitable, inclusive growth across the whole region.

These Strategic Outcomes establish the overall direction and scope of the Growth Deal Portfolio. They will help define and guide the region’s approach to determining the Programmes and Projects that are developed to respond to the needs of the Mid Wales economy.

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 contribute to all the Strategic Outcomes collectively – ensuring a Growth Deal that is genuinely inter-dependent and cohesive, where the sum of the whole is greater than the sum of its individual parts.

Managing Business Needs

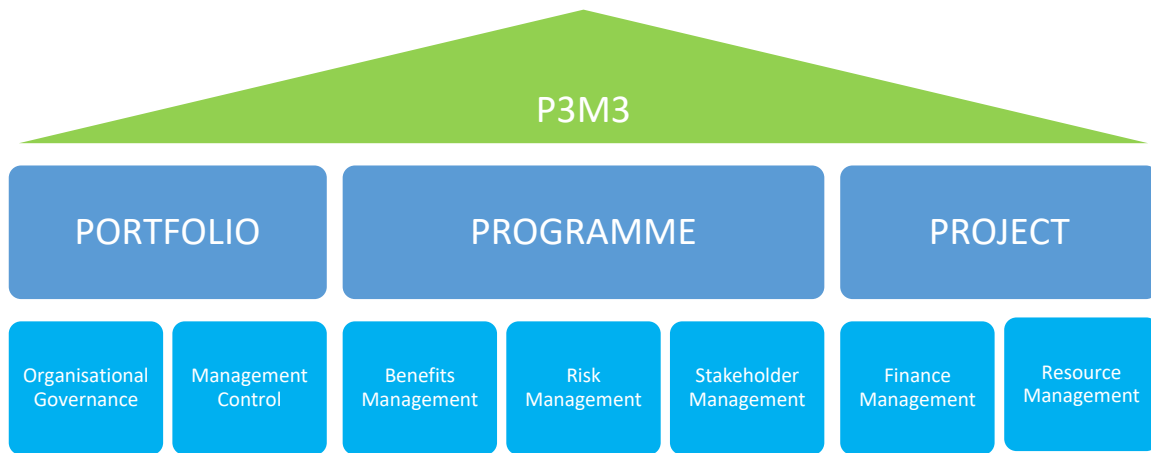
One of the key lessons of the Swansea Bay City Deal (and to some extent the North Wales Deal), is that a number of factors can change over the development timeframe of a Growth Deal. Whether it be changing global forecasts affecting private sector risk/investment appetite, changing project circumstances, or changing national policy/funding landscape.

Actica Consulting’s Independent Review of the Swansea Bay City Deal³³ outlines clear findings in relation to the structuring and development of the Deal – with the clear

³³ Actica Consulting (2019) Swansea Bay City Deal Independent Review - PC828D002 v1.0
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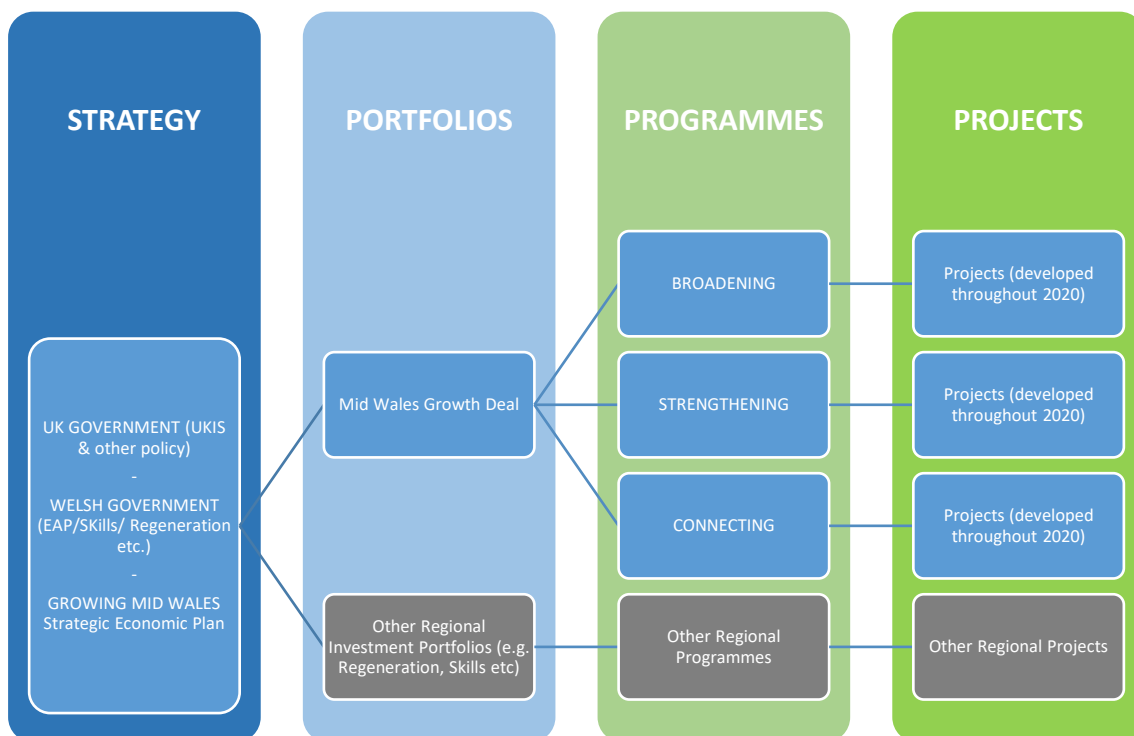
recommendation of undertaking a Portfolio approach to the management and delivery of the Deal going forward.

The Mid Wales Growth Deal will therefore be structured with the principles of Portfolio, Programme and Project Management (P3M3) at its heart from the outset.



This will ensure there is a clear approach and methodology to create the right environment that enables the region to:

- respond to the challenges and opportunities of the Mid Wales economy through continuous review ensuring the right activity is being developed and delivered to meet our outcomes.
- ensure that any new investment opportunities are not missed.
- support robust governance and management arrangements to provide clear and accountable decision making and assurance.
- maintain a clear and credible ongoing role in governance and engagement arrangements throughout the lifecycle of the investment.
- give confidence to potential Delivery Partners to bring forward development activity – that minimises the risks of potentially abortive development activity.

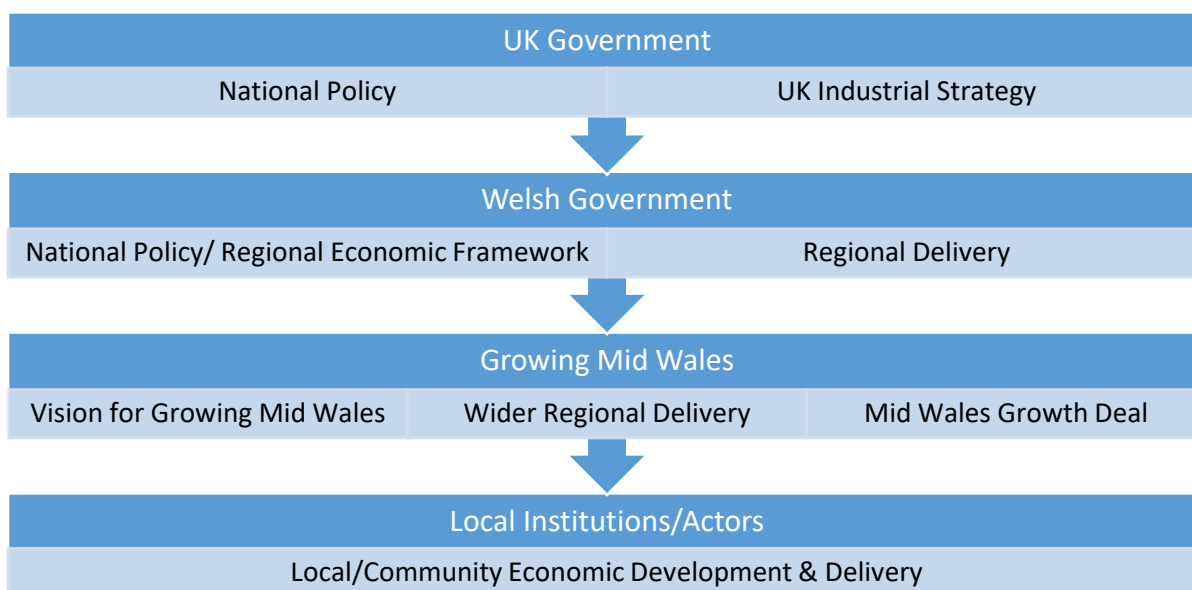


Clarifying the Growth Deal Principles

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 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.

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



Underpinning Principles

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 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.

4. Emerging Economic Case

Programme Areas and Investment Objectives

To develop the Mid Wales Growth Deal, we are proposing three interconnected programme areas. These have been shaped and aligned to the scope of Growth Deal funding, whilst also being aligned to the overall Strategy – and are clearly linked to our Strategic Outcomes:

Proposed Programme Area	Potential Investment Objectives
<p>Broadening our Economy</p> <p>Developing new opportunities from our assets – focusing on high value and growth supporting opportunities.</p>	<ul style="list-style-type: none"> ▶ Targeted capital investments that strengthen regional research and innovation assets to create/strengthen industrial clusters that drive higher-value employment opportunity and skills development. ▶ Targeted capital investment in existing natural/environmental assets that will achieve significant economic growth and catalyse sector improvements to address spend, spread & seasonality within the tourism sector. ▶ Targeted capital investment in key opportunities to strengthen the food & drink sector regionally to drive additional business and employment growth.
<p>Strengthening our Economy</p> <p>Supporting our existing industries and workforce to become more resilient through capacity building and creating the right conditions for future growth.</p>	<ul style="list-style-type: none"> ▶ Ensuring an adequate supply of high quality sites & premises to encourage expansion and innovation – aligned to business needs of all three Programmes. ▶ Provision of high quality Skills Infrastructure – aligned to wider emerging Regional Employment & Skills Priorities ▶ Strategic investments in low carbon and clean growth opportunities through innovation, development and delivery of new initiatives.
<p>Connecting our Economy</p> <p>Improving digital and connectivity within, across and outside the region to ensure the region is attractive to work, live and play.</p>	<ul style="list-style-type: none"> ▶ Strategic investments to improve digital infrastructure connecting/supporting key employment sites. ▶ Targeted investments in priority road/rail infrastructure to unlock opportunities. ▶ To lead on activity to develop new economic opportunities through the decarbonisation of the transport network (aligned to low carbon and clean growth objective).

However, it must be re-iterated that the Growth Deal can only be delivered alongside tangible Government investment and re-shaping of priorities that will enable:

- Tailoring regional access to business support & finance to enable and drive growth.
- Significant public infrastructure spending programmes to unlock further road/rail opportunity, both in terms of social and economic mobility. Supporting movement of labour and supporting business supply chains.
- Strengthening of the skills and employment ecosystem in Mid Wales. Co-ordinating infrastructure combined with responsive skills and employment programmes that adequately support the Mid Wales economy will be essential.
- Setting out a clear expectation by the Region in which we intend to bring forward our Growth Deal proposal to Government to agree our Heads of Terms.

Critical Success Factors & Assessment Methodology

It is important to establish a clear methodology at the outset, to enable the Region to determine the appropriate investments across its Portfolio of Programmes and Projects.

The following assessment methodology is proposed:

Critical Success Factors & Assessment Methodology		
Strategic Fit	<ul style="list-style-type: none"> • Strategically aligned and ambitious • Aligns with Growth Deal principles • Aligns with Growth Deal Strategic outcomes • Demonstrates additionality - not business as usual • UK/Welsh National Policy Alignment • Fit with economic geography (i.e. regional supply chain capacity/capability) 	25%
Deliverability	<ul style="list-style-type: none"> • Delivery Partner commitment/track record • Supply Chain and Skills • Timeframe • Key Constraints (e.g. Ownership, Planning, Regulatory etc) • Dependencies • Risks & Uncertainties 	20%
Affordability	<ul style="list-style-type: none"> • Aligns with Growth Deal funding principles • Funding availability (whole package) • Value for Money - Benefit Cost Ratio (project cost vs economic output) 	20%
Tangible Outcomes – Project	<ul style="list-style-type: none"> • Modelled outcomes • Projected impact & displacement matrix • Local/Regional/National Impact Assessment 	25%
Tangible Outcomes – Programme	<ul style="list-style-type: none"> • How outcomes contribute to the Mid Wales Growth Deal Objectives and overall impact. 	10%

5. Emerging Economic & Commercial Cases

Throughout the development of this document – it is clear that Mid Wales has no shortage of good project ideas, and realistic prospects of private sector investment.

However, structuring the Mid Wales Growth Deal requires a clear process by which interested parties can bring forward their proposals for consideration that can be assessed according to their potential to deliver tangible outcomes for the Mid Wales economy.

Developing the Cases

Project Strategic Business Cases (SBCs) will be invited from the date of publication of this document.

The opportunity will be available to all potential delivery partners following an initial sifting process (criteria aligned to the contents of this document).

Project SBCs will be collated and assessed by the Programme Management Office (PMO) according to the outline assessment methodology.

Workshops between civil servants and PMO officers will then need to be undertaken to challenge, shape and affirm a preferred way forward.

The PMO will play a strong Assurance role alongside colleagues in Welsh and UK Governments to guide and manage the development process. An Integrated Assurance and Approval Plan (IAAP) will need to be in place from the outset – that clearly establishes and defines the role of PMO officers alongside civil servants. This will clarify the expectations from Government in relation to assurance (e.g. Gateway reviews).

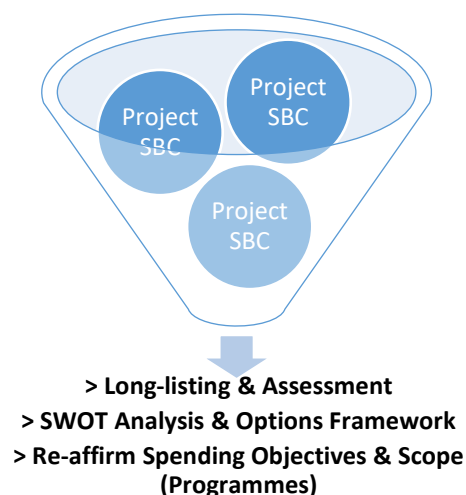
Ensuring State Aid assessments will need to feature strongly alongside robust Due Diligence of proposals. This will also need to feature in the Assurance model as part of the PMO approach.

The result of this process will result in a developing Economic Case for the three Programmes. This will inform the next stages of development as the short-list is developed.

It will be likely that the maturity of project proposals may still be variable at this stage. The option, however, will be available here for the PMO to take a decision to group “front-runner” projects that are more developed to seek the Authority of the Joint Committee to proceed to Outline Business Case (OBC). The remaining short-listed projects not yet ready for OBC development will be featured in the Programme Business Case – but with project detail to follow at a later timescale.

In practice, this will mean that Mid Wales will be ready to agree their Heads of Terms on the basis of the three programmes managed as a Portfolio within a defined funding envelope.

Consideration of the Commercial Case for the three programmes will need to be undertaken as a view on emerging programme activity becomes clearer. There will need to be strong consideration of the procurement and supply of goods and services required as part of programme activity.



6. Establishing the Financial Case

In November 2019, the UK Government announced an initial investment of £55m, described as down-payment in lieu of receiving the region's ambitions and more detailed proposals. The Welsh Government has also indicated its continuing support for a Growth Deal for Mid Wales with the quantum yet to be negotiated.

Precedent from other City/Growth Deals in Wales indicate that Welsh Government investment will match UK Government investment in full. It is also precedent from other deals that we seek to structure a deal that also leverages similar investment levels in terms of match funding (from the private sector and other sources).

As the UK Government have described an initial investment of £55m as a 'down-payment' it would be appropriate for this to be matched initially by Welsh Government in the short term whilst the Proposition proposals are developed further. Only when the overall ambition of the investment proposals become clear will the UK and Welsh Governments be able to consider the overall quantum of Growth Deal support.

Working on the assumption of the "thirds principle" that other Growth Deals have worked on, this would amount to an initial funding package consisting of:

- UK Government: £55m
- Welsh Government: £55m
- Leveraged Match Funding: £55m

Our Strategic Economic Plan in Section 1 of the document clearly describes a broad range of investment opportunities that Mid Wales desperately requires – that indeed far exceeds a total value of £165m.

Delivering our ambition to recover and grow our economic potential will mean significant investment in growing the size and productivity of our economy via a single and ambitious vision for economic and employment growth in the region – of which a Growth Deal will play a key part as part of a broader funding mix.

The realisation of the joint freight strategy with the Marches LEP is one example of a package of investments in transport infrastructure that would far surpass the figures mentioned above.

Responding to the economic implications of the Coronavirus pandemic will be paramount, but we are under no illusion that public and private finance will be in limited supply. It is critical therefore that our collaborative approach brings the relevant actors together to make best use of resources for common purpose.

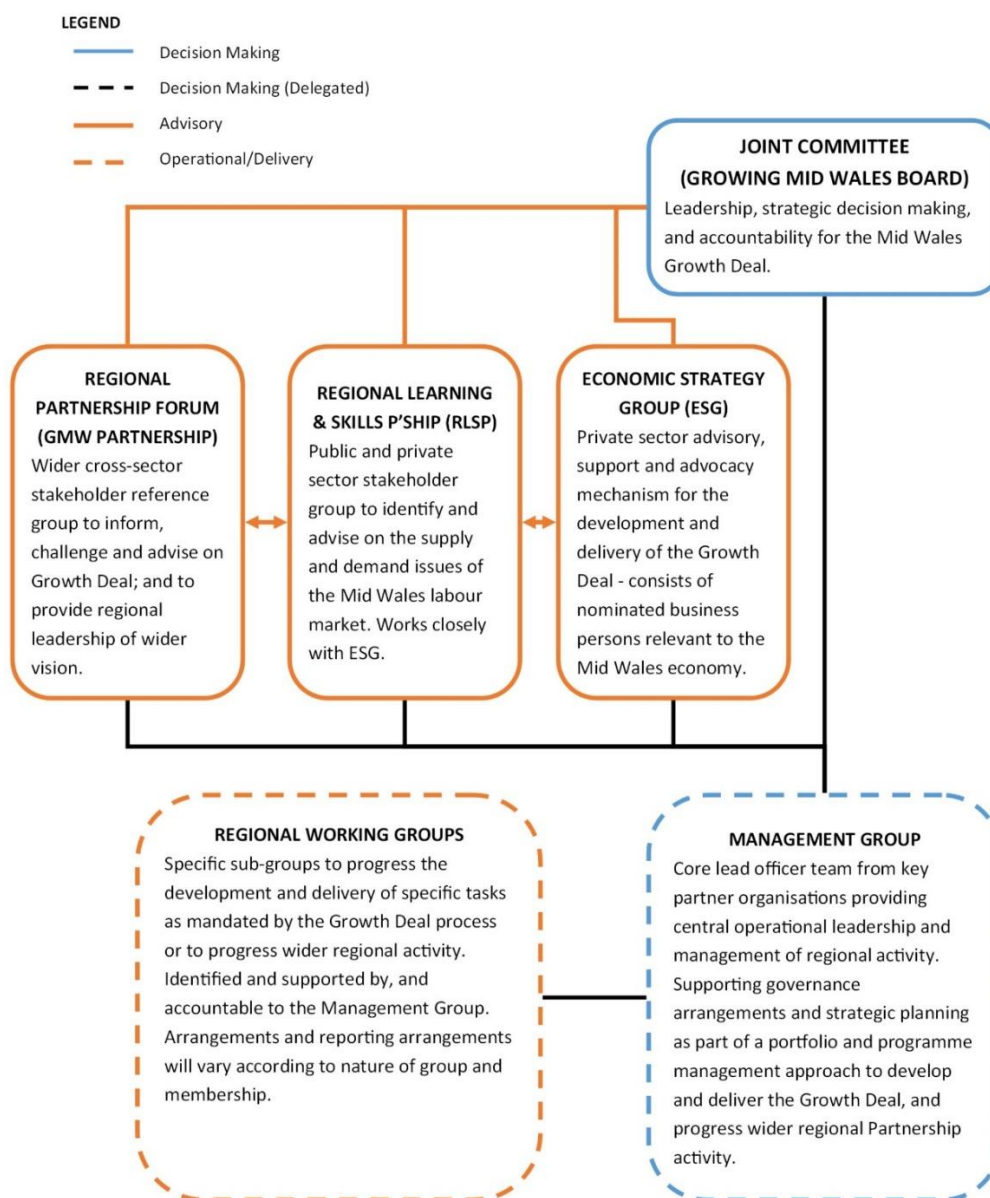
The Region will therefore look to discuss the funding package formally with both Governments, alongside collaborative development and alignment of strategic investments – that will all play their part in strengthening the Mid Wales economy.

7. The Management Case

Mid Wales partners have invested significant time and effort in ensuring the appropriate governance and management arrangements are in place to deliver the Growth Deal from the outset. This includes the signing of an Inter-Authority Agreement³⁴ between Powys and Ceredigion County Councils, alongside clear governance and management arrangements to bring forward a Heads of Terms.

Established arrangements

The Inter-Authority Agreement puts in place clear arrangements by which the two Local Authorities will work together, the terms of reference for key decision-making and advisory forums – and Host Authority functions.



A secondary inter-authority agreement (governance agreement) will be developed as we near Heads of Terms to ensure we continue to evolve and develop these arrangements to meet the needs of the Growth Deal for the delivery phase.

³⁴ Copy available in Appendix 2
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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.

Programme Management Office (PMO)

Alongside regional governance, the development of a Programme Management Office (PMO) to support the development of the Growth Deal that sits underneath the GMW Management Group is currently underway.

To date the PMO has remained flexible in its design and operation – as requirements evolve over time. Proposals for further development and expansion will be considered utilising officers from both Local Authorities and relevant regional partners working together as one team.

The PMO will play 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 Development:** Organising and co-ordination of workstreams, project engagement, and project development/sponsor support.
- **Communication & Stakeholder Engagement:** Co-ordinating key messages and communications activity.
- **Co-ordination across wider regional activity:** EU funding (RET), Transport (TRaCC) & Regeneration Funding.

Establishing the right capacity and capability to deliver our business needs as part of developing and delivering the Growth Deal has been deemed essential by the Board.

Initial funding from the Local Authorities alongside Welsh Government will help further develop this capacity, with active proposals being developed through the Welsh European Funding Office.

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.

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.

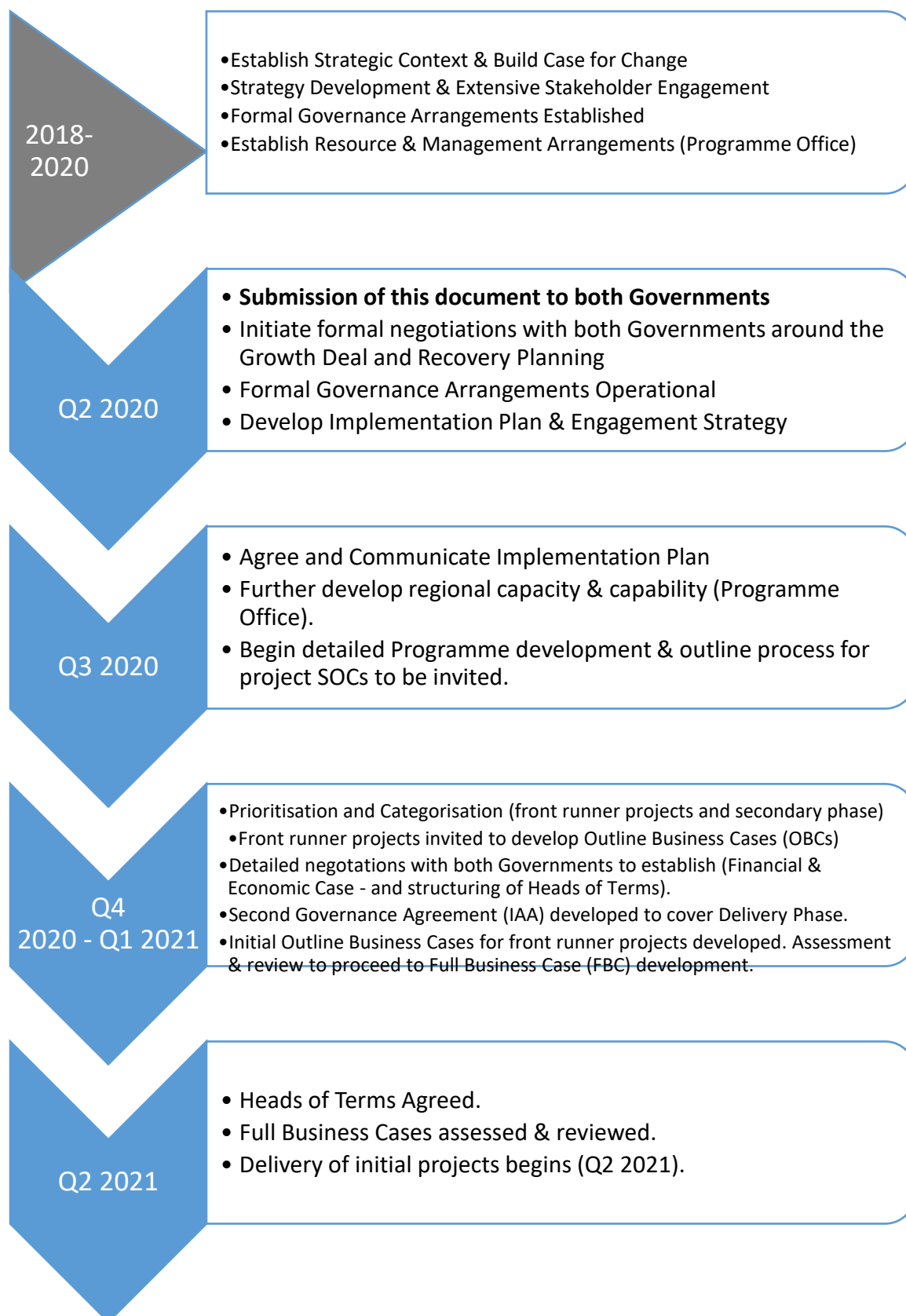
Our governance and management structures have been established to accommodate a way of working and an approach that enables a continuous cycle of assurance and review, through:

- A clearly defined Programme Management Office (PMO).
- An Integrated Assurance and Approval Plan (IAAP) that will establish clear processes.
- Robust and continual monitoring and evaluation that will continue to inform and shape the direction of the Portfolio.



8. Indicative Timeline

The proposed process and indicative timeline of how we intend to structure our progress over the coming months is outlined below. It is indicative and subject to change throughout the coming period as the detail is formally negotiated and developed with both Governments, and as delivery partners start shaping potential project activity.



9. Our Commitment

The two Local Authority partners are united in their determination to develop and deliver the Mid Wales Growth Deal, to work positively with Governments and to leverage further opportunities for the region. We have recognised the strengths of our shared challenges, and have agreed that we must improve collaboration if we are to be successful to realise these aims at a scale we cannot achieve on our own. We are committed to working together across the region with both Governments, wider industry and key stakeholders to achieve these goals and how we form new collaborations to support our economy.

We will do our utmost to help shape private sector ambition to co-invest and develop our potential, and will also look at our capital and revenue programmes to identify how we can make investments alongside Government and the private sector to unlock Mid Wales' economic potential.

This document has clearly articulated the extent of progress in the Region, but has also outlined a significant programme of work ahead of us.

The timescales are optimistic, but achievable if the efforts of Government align to our commitment and determination to deliver this vision.

10. Our Ask of Government

With the impact of the Coronavirus on the global economy, with a significant and lasting impact on unemployment, supply chains and potential rebalancing of economic sectors as supply and demand changes as a result of changed consumer and business behaviour and confidence – we are already set for a recession, and the resulting implications on the sustainability of public finance will be significant.

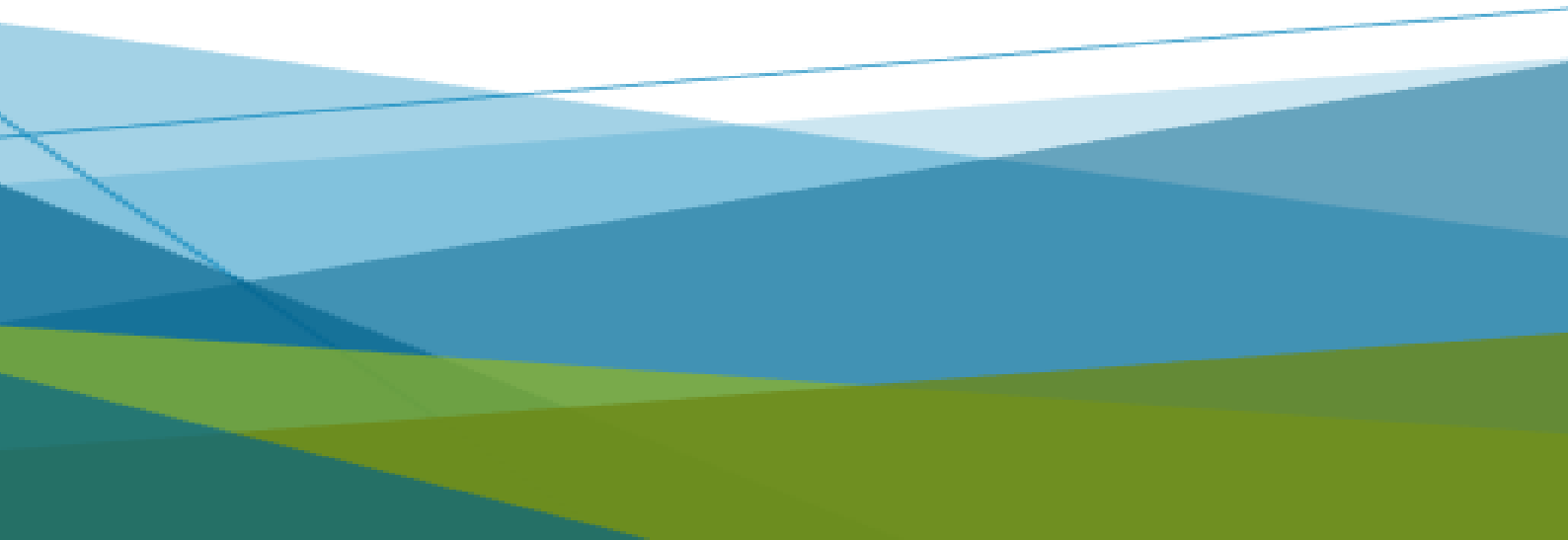
Making best use of scarce resources and expertise must be central to our approach as a public sector going forwards. We must strongly consider the role of government and governance approaches across multiple tiers. We must be clear and unambiguous in our ability to work together as one team across UK, Welsh and Local Government for the betterment of the Mid Wales economy.

This approach will require clear, unambiguous support – commitment in both time and resource from both Governments.

Mid Wales Authorities have recently committed significant initial resources alongside the Welsh Government to enhance regional working arrangements on the economy and skills.

This will need boosting further to go beyond short term funding arrangements in isolated packages – to genuinely co-designed policy and delivery at the regional level.

APPENDICES



APPENDIX 1 – List of Stakeholders Engaged

Stakeholders were consulted iteratively throughout the development of this document, or previously as part of wider published work & engagements, on which this document is based.

<ul style="list-style-type: none"> • Aber Instruments • Aberystwyth University • AEIC • Agroceuticals Ltd. • Antur Teifi • BIC Innovation • Black Mountains College • Boys and Boden • Brecon Beacons National Park Authority • Business Wales • BVG Airflo Group • Cadno Comms • Cambrian Training • Carbon Trust • CastAlum • CAVO • Celtic Energy Group • Centre for Alternative Technology • Chemostrat • Coleg Ceredigion • Compact Orbital Gears • Cyngor Sir Gwynedd • Dawson Shanahan • Development Bank of Wales • Defence Science and Technology Laboratory • Dulas Ltd • Dunbia • Dwr Cymru • Dyfodol Cambrian Futures • Ecodyfi • Environment Systems • Evabuild • Forest Holidays • Freedom Green Energy • Fre-energy • Federation of Small Businesses • Farmers Union of Wales • G Jones Construction Ltd • Germinal • Going Green for a Living Community Land Trust • Green Man Festival • Growing Mid Wales Partnership • Heritage Hub for Mid Wales • HSBC • Ingram Networks • Innogy Renewables UK Ltd • Invertek Drives • Lantra • Lanyon Bowdler • Larkhill Consulting • Leonardo Company • Local Partnerships 	<ul style="list-style-type: none"> • Makefast • Marches LEP • Marine Group • Menter a Busnes • Mid Wales Chamber of Commerce • Mid Wales Joint Health Committee • Mid Wales Manufacturing Group • Mid Wales Tourism • Montgomery Canal Partnership • Motif Creative • Natural Resources Wales • Newmor • National Farmers Union • Northern Industrial Battery Services (NiBS) • NPTC Group • Paramgan Hutchinson • PAVO • PCI Pharma • Potters Waste Management • Princes Foundation • Qinetiq • Rachel's Dairy • Radnor Hills • Randall Parker Foods • Rebo UK • Res Group • Riversimple • Royal Welsh Agricultural Society • Rural Health and Care Wales • Scottish Power Energy Networks • Severn Trent Water / Hafren Dyfrdwy Severn Wye Energy Agency • Snowdonia National Park Authority • South West and Mid Wales Regional Learning and Skills Partnership • Stagecraft • Strata Florida Trust • Tastetraders • Thales • The Green Valleys CIC • Trax JH • Tregoes Waffles • TSR Surveyors • University of South Wales • University of Wales Trinity Saint David • Visit Wales • Volac International • Welsh Government • Welsh Sausage Company • Western Power • Westflight • WLGA • Wynnstay Plc
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APPENDIX 2 – Growing Mid Wales IAA

Attached separately