



**NILGA POLICY PAPER**  
**DELEGATION VISIT TO WALES**  
**CITY and GROWTH DEALS in PRACTICE**  
**15-16 November 2018**  
**OUTCOME REPORT**

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## Background

NILGA is clear in its corporate view that the 11 councils, given the right powers, resources and legislative / financial levers, can drive and sustain Northern Ireland's economy, forging local, national and international partnerships to deliver this ambition.

A NILGA delegation of elected members and officers from ten NI councils visited Wales at the invitation of the Welsh Local Government Association, to examine and bring back learning from the City & Growth Deal process that could be relevant to councils in Northern Ireland. The group also explored post-Brexit funding opportunities (including the replacement of EU funding), moves towards regional coordination of economic development in Wales and the role of councils in place-shaping.

The visit was inspired by the visible ambition of all 22 councils in Wales to form sub regional partnerships to develop and deliver City and Growth Deals. NILGA's policy paper of June 2018 recommended that councils in Northern Ireland build on initial and substantial work by learning from neighbouring regions, as well as enabling a "whole sector" outcome accommodating the aspirations of our 11 local authorities. Policy interaction should additionally take place between leaders of deal initiatives to further develop understanding of the potential, the governance, the measurement and the impact of City and Growth deals for all local authorities, sustaining our economies and avoiding "two tier" fragmentation of the local government landscape in Northern Ireland.

At the time of organising the visit only the Belfast City Region Deal and Derry – Londonderry / North West City Region Deal were in preparation, yet NILGA chose to invite a range of political and officer representatives from across all councils. This approach yielded substantial impact, with representatives from all five of the main political parties and one independent member participating. Ten councils were represented on the visit at either elected member or senior officer level. Shortly before the visit a further three councils announced their intention to collaborate on a Growth Deal.

*A list of participants is included in the annexes.*

## The Emergence of City & Growth Deals

The UK Government White Paper on Unlocking Growth in Cities outlined the importance of city regions for the national economy and identified governance changes to devolve greater powers to city regions. Deals give areas certain powers and freedom to take charge and responsibility of decisions that affect their area; do what they think is best to help businesses grow; create economic growth and decide how public money should be spent. The paper suggested that success would mean:

- empowered local leaders that are able to drive real change in their city by looking outwards to the private sector, rather than up towards central government;
- businesses that benefit from dynamic new partnerships with civic leaders that yield new opportunities for investment and growth;
- and local people gaining access to new job opportunities, better local transport and a housing market that is more responsive to local needs.

City and Growth Deals represent a new model of financing regional growth which can accelerate delivery of economic and infrastructural projects, tackle regional inequalities and be a catalyst for social renewal and inclusive growth. The **OECD** describes inclusive growth as "*Economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society*".

The **Joseph Rowntree Foundation** asserts that addressing problems of inequality at city region level may produce a more effective effort since many of the issues associated with poverty and inequality require service responses across a range of agencies dealing with education, health, housing and advice. There is therefore an opportunity to ensure that inclusion and well-being priorities are factored into future deals, in order to deliver inclusive growth.

A **City Deal** is agreed with government at portfolio level around a series of key themes. The Deal's Joint Committee can then decide how to bring the deal to life.

A **Growth Deal** is agreed with government at project level. A 5-part business case for each project must be submitted to and signed off by UK Government. This offers less local discretion over the composition of the deal.

## Devolution

Devolution (below Stormont) in Northern Ireland presents a very different, limited outcome comparative to neighbouring regions, an outcome which is creating a competitive disadvantage for NI council's comparative to other regions. In England, over 30 devolution deals which incorporate city deals have been agreed to date – these generally cover large metropolitan regions but it is worth noting that a Town Deal has been agreed for Grimsby alone (population c.90,000). In Wales, all 22 council areas are part of a City or Growth Deal or are in the process of bidding for one.

In Scotland all 32 councils have either agreed or are progressing plans for a City Region Deal, Growth Deal or Island Deal.

All eleven councils in Northern Ireland have included ambitions for place-shaping and economic growth within their community plans yet as above mentioned are constrained by the failure to transfer further devolved responsibilities. The emergence of three City / Growth deal sub regions is evidence of local authorities' desire for greater devolution, with decisions being made closer to the citizen to bring about economic change.

The local authorities of Belfast, Antrim and Newtownabbey, Ards and North Down, Lisburn and Castlereagh, Mid and East Antrim and Newry, Mourne and Down have secured UK Government funding for the Belfast City Region Deal. This will result in a 10-year investment plan to improve infrastructure, digital connectivity, tourism assets and innovation hubs as well as delivering a major skills programme. The aim of the deal is to create more and better jobs across all of the area's growth sectors.

Derry City & Strabane District Council area has been preparing for a City Deal for over four years. The Council's Strategic Growth Plan states that *"A successful Derry ~ Londonderry / North West City Region is critical to the future wellbeing of everyone living within Northern Ireland and the North West of the island of Ireland"*. The plan refers to the council area along with Donegal forming the only functional economic region of its scale on the island that straddles a national jurisdictional border.

In October 2018 Armagh City, Banbridge & Craigavon Borough Council, Fermanagh & Omagh District Council and Mid Ulster District Council announced their intention to collaborate on a growth deal for the southern region of Northern Ireland.

## Different Landscapes, Same Ambition: Setting the Scene

### Welsh Local Government context

There are 22 Local Authorities in Wales delivering over 700 local services, covering:

- Education
- Housing
- Social Services
- Highways & Transport
- Waste Management
- Leisure & Cultural Services
- Consumer Protection
- Environmental Health
- Planning
- Economic Development
- Emergency Planning

Local Government has borne the brunt of austerity in recent years - core grant funding has reduced by 22% after adjusting for inflation. If schools funding is not included (as is the case in England) core funding has fallen by 35%. Just to stand still on providing current services, local government would need a revenue increase of £264m (5% of net spends) in 2019-20 and 4% the year after.

### Welsh Government Strategy

Welsh Government Strategy is based around the 4 key themes of Prosperous and Secure; Healthy and Active; Ambitious and Learning; and United and Connected. Its five priority areas are Early Years, Housing, Social Care, Mental Health and Skills

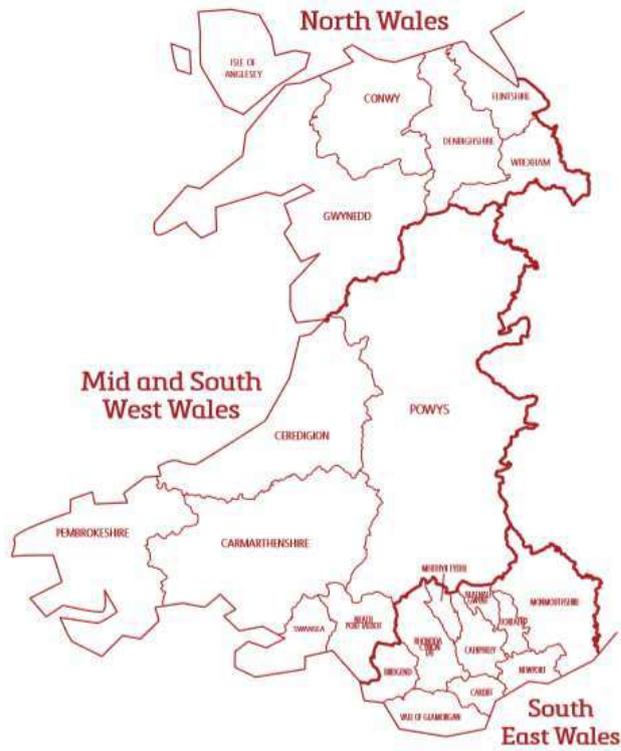
Economic Policy is devolved to Wales and Welsh Government's "Prosperity for All: Economic Action Plan" establishes an Economic Contract (based on growth potential, fair work, promotion of health, skills and learning in the workplace and progress in lowering carbon footprint) with all projects it funds. It focuses its Calls to Action on

- Decarbonisation
- Innovation, entrepreneurship and headquarters
- Exports and trade
- High quality employment, skills development and fair work
- R&D, automation and digitalisation.

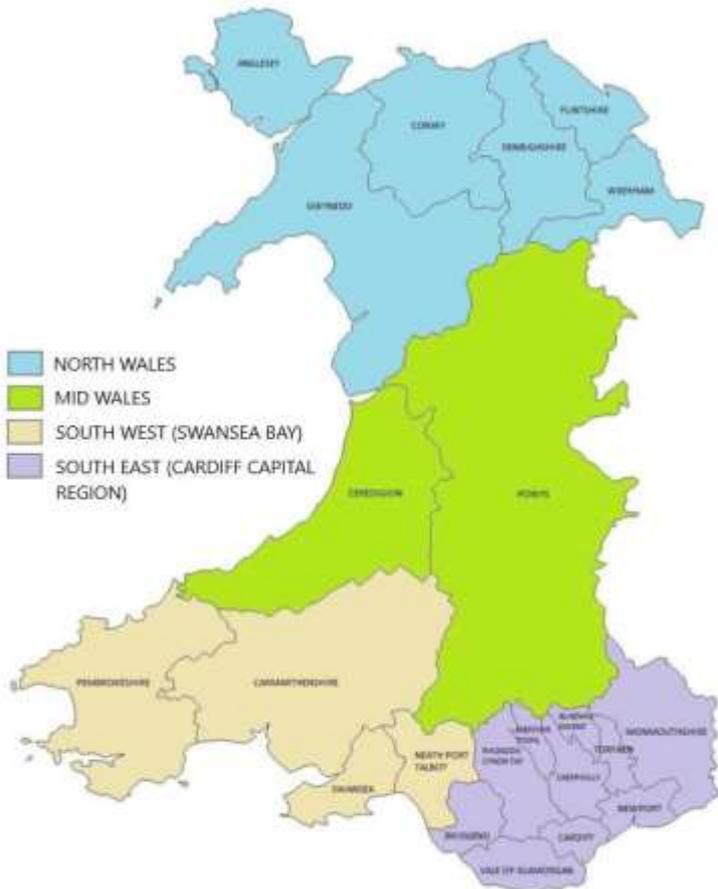
Welsh Government has established 3 regions for economic development purposes. Mid Wales and the Swansea Bay City Deal areas are in one economic region.

This map shows the economic regions as specified by Welsh Government.

**Our Regions**



This map shows the City & Growth Deal regions as agreed between local authorities.



An overview of the City & Growth Deals is provided below.

South East – Cardiff Capital Region	South West – Swansea Bay City Deal	North Wales – North Wales Economic Ambition Board	Mid Wales – Growing Mid Wales
Type: City Deal	Type: City Deal	Type: Growth Deal	2017 Autumn Budget – proposals welcomed for a Mid Wales Growth Deal
Value: £1.2bn	Value: £1.3bn	Value: £670m ( <i>anticipated</i> )	
Status: Agreed January 2017	Status: Heads of Term agreed March 2017	Status: In development	Economic vision in development for the region to identify elements that could form a Growth Deal
10 Local Authorities	4 Local Authorities	6 Local Authorities	2 Local Authorities
Governance: Joint Committee	Governance: Joint Committee	Joint Committee formally established	
Additional Flexibilities	Additional Flexibilities	Additional Flexibilities	
<b>THEMES:</b> <ul style="list-style-type: none"> <li>- Infrastructure</li> <li>- Regional Transport Authority</li> <li>- Digital &amp; Innovation</li> <li>- Skills: Regional Board</li> <li>- Business Enterprise &amp; Growth</li> <li>- Housing &amp; Regeneration</li> </ul>	<b>THEMES:</b> <ul style="list-style-type: none"> <li>- The Internet of Economic Acceleration</li> <li>- The Internet of Life-Science and Wellbeing</li> <li>- The Internet of Energy</li> <li>- Smart Manufacturing</li> </ul>	<b>THEMES:</b> <ul style="list-style-type: none"> <li>- SMART: Innovation &amp; high value sectors</li> <li>- RESILIENT: employability, skills and labour market development</li> <li>- CONNECTED: enhancing strategic connectivity in both physical and digital infrastructure</li> </ul>	<b>THEMES (emerging):</b> <ul style="list-style-type: none"> <li>- Tourism</li> <li>- Skills</li> <li>- Infrastructure</li> <li>- Agriculture / Bio-security</li> <li>- Business Growth</li> <li>- Low Carbon Energy</li> </ul>

## North Wales Economic Ambition Board

Flintshire, Denbighshire, Wrexham, Anglesey, Gwynedd and Conwy councils are united behind the North Wales Growth Bid. The six councils involved aim to create 5,300 jobs and attract private sector investment to the value of £1.3bn in the region over the next 15 years.

North Wales Economic Ambition Board's Growth Deal bid was a reaction to what was occurring in neighbouring areas. Councils and the private sector were looking with envy and trepidation at developments around the Liverpool and Manchester City Deal regions and the conversations around the Cardiff and Swansea Bay regions were gaining momentum. It was felt that a counterbalance was needed in North Wales, but a collective voice on economic matters was missing. Devolution was taking place, but the region was falling back in comparison to the NW England devolution deals. It was however clear that the UK Government's expectation that a directly elected mayor would not be acceptable from a North Wales perspective as it was a devolved issue.

They were starting from a strong base, unemployment was falling but high value employment was underrepresented in the economy. The region was affected by outward migration, proximity to cities in NW England, an ageing population and skills & labour market shortages. The advanced manufacturing sector was an anchor in North East Wales, but the North West Wales area was dependent on public sector employment. Opportunities were identified around a nuclear power project in the North West.

The North Wales Economic Ambition Board was set up on a voluntary basis by the 6 councils, private sector and education sector. A vision was agreed by all six councils in 2016 which was the basis and foundation for the Growth Deal.

### Aims

The Board seeks to increase GVA from £13.6bn in 2013 to £26.6b by 2035 however it is forthright in asserting that its aim isn't growth for growth's sake. It wants to particularly include growth that addresses spatial irregularities and the barriers to growth in North Wales (including access to land, infrastructure and transport). Its overriding aims were to empower the region, take responsibility for further devolution, improve transport and inward investment opportunities.

UK Government asked for 3 key straplines to easily sell the deal, these were agreed as:

- Smart North Wales – focus on high value sectors including nuclear, advanced manufacturing & adventure tourism
- Resilient North Wales – focus on retention of talent and increasing employability and skills
- Connected North Wales – focus on transport, digital infrastructure and connectivity

Job creation targets (5-6,000 jobs) are modest as they are almost at full employment in parts of North Wales – it is more about the value of jobs and sustainability of industry in the face of the migration challenge.

The board is determined that their work on the growth deal bid is only a catalyst for the region – it has provided a voice for North Wales and a vehicle for future funding streams. It has already made strides in accessing sector deals in the UK Industrial Strategy including Nuclear and Enterprise Parks. It has also collaborated with the Mersey Dee Alliance in North West England to improve rail connectivity in the region.

## **Funding**

The Treasury has recently announced it will allocate £120m towards the North Wales Growth Deal. This falls short of the £150 -170m expected. The board's initial expectation was that Welsh Government would match the UK Government's contribution, but it is now coming under pressure to increase their contribution and show its commitment to the area.

Useful precedents about how to offset costs can be shared with NILGA. The Private Sector and Further & Higher Education sectors are contributing in equal tranches over 15 years. Financial risks to local authorities are quite low as it is mostly capital delivery in the first 3-5 years. There are questions over who pays for skills programmes, given that Regional Skills Boards have been established.

Officer costs to deliver programmes are more of a concern, both programme management and specialist officers.

The final deal will be announced in March / April 2019 and at this point the board will have to advise councils on what the revenue costs will be. This could be politically difficult in the current environment, although the councils could choose to spread borrowing over 50 years.

## **Governance**

A Joint Committee comprised of the 6 council Leaders has been established to deliver the Growth Deal as well as the wider aspirations of the board. The 2 university Vice Chancellors, 2 college principals and business council chair are non-voting members of the Joint Committee. The members have legally committed to sharing the work load. The 6 council Chief Executives support the work of the Joint Committee – it was felt that senior council staff were needed to show commitment to the Board.

The governance agreement lays out how the 6 council Leaders are accountable - this has ensured that other council members feel connected to the board & the Growth Deal.

The Programme Office is a collective resource, involving lead officers from all partners. One council has taken the lead, but the board wishes to establish a permanent programme office. They have seconded people in to use their own resources more effectively.

## **Communication**

Keeping all elected members on side has been critical to the success of the board so far. The cohort of leaders are working together – they have put aside parochialism to put North Wales on the map. They have created an expectation and are carrying people along by regularly updating members through briefings, Q&A sessions and the creation of a specific communications plan.

This helped with managing the press, who formed a collective view which had not been seen before in North Wales. There is a feeling that the region does not get a fair deal and the press have played a role in generating self-belief and momentum which has been infectious in the region. Coupled with this, the voice of business has been key in persuading political leaders and decision makers.

## **Political change**

Changes in regional government have meant that continuity at political level has been difficult, however the good personal relationships between the six leaders has been vital to keeping momentum going. Before the Growth Deal Bid was negotiated, the leaders came to a view on the growth vision for the region – three of the leaders were different at that point.

## **Private Sector involvement**

The private sector has taken a strong lead and all sectors believe working as one is a genuine opportunity to generate transformational change in North Wales. A private sector stakeholder group was established to challenge, be a critical friend and be advocates of the board's work. It includes representatives from all sectors in the region, including the care sector and social enterprise.

The board has become a strong lobbying voice for North Wales and the alignment of the private sector has made it stronger.

## **Growing Mid Wales Partnership**

The Growing Mid Wales Partnership covers the two county council areas of Powys and Ceredigion. The region comprises 39% of the land area of Wales and is characterised by dispersed small market towns. It includes a substantial part of the Brecon Beacons National Park and is well known for its ability to deliver large scale tourism events.

Growing Mid Wales is a regional partnership and engagement arrangement between the private and public sectors. The initiative seeks to represent the region's interests and priorities for improvements to the local economy. It includes significant membership drawn from the private sector including partners representing manufacturing, agricultural and tourism businesses, together with higher and further education, the voluntary sector, Welsh Government and local government representatives.

While GVA is an important measurement, productivity in Mid Wales is the lowest in the UK. The area is characterised by low rates of high value jobs, yet it has more learners at A-level than some of the city regions in South Wales. These learners tend to leave Mid Wales for high end jobs in South Wales or England. Depopulation is affecting the language, culture and heritage of Mid Wales. The Growth Deal is an opportunity to make sure public services are viable by increasing the rates base and keeping businesses and people in Mid Wales.

### **Aims**

The partnership agreed a set of principles to guide its work:

1. A regional and balanced approach that both Lead Councils can support that is underpinned by a need to have a 'fair' impact on both Authorities (but not necessarily equitable).
2. The Deal must avoid having too many small projects. By adopting a thematic approach, the region has been able to identify its USPs and this has generated interest from the private sector. Significant impact will come from a maximum of 6 projects that have the following key criteria against which they will be assessed:
  - a) 'transformational', ambitious and achievable
  - b) integrated and show a regional approach
  - c) demonstrate private sector investment and buy-in
  - d) clear economic impact
3. Wider links will need to feature in the approach – for example, other Welsh Growth Deals and the Midlands Growth Engine. Welsh Government however does not necessarily agree on the need to link to the Midlands.

While still at an early stage, some of the potential projects will include:

1. Tourism (including added value tourism and capacity to hold major events, development of harbours & marinas).

2. Increasing skills opportunities leading to increased regional GVA and productivity (including producing career route maps, clear mapping of future skills and linguistic demands, private sector involvement in curriculum planning and innovative new provision arrangements for Post 16)
3. Infrastructure (including Broadband).
4. Agricultural/bio-security.
5. Supporting business growth to include technical innovation centres (cyber etc.)
6. Low carbon energy.

### **Funding**

While work on the bid is still at an early stage, a figure of £200m has been suggested by Westminster but this could include assets and in-kind contributions. This has forced both councils to have a look at what they have and decide if assets are in the right place. The partnership has to submit business cases to Westminster in one year and now the pace will begin to pick up. Both councils agreed to demonstrate commitment to the work of the partnership and both have invested the same amount to date.

### **Governance**

The partnership decided it wanted to have the strongest form of governance and opted to constitute a Joint Committee which is supported by an Economic Strategy Group and an Officer Delivery Group. A Regional Learning & Skills Partnership will be established shortly.

### **Private Sector involvement**

Council Leaders and officers have visited all of the region to get to know businesses and engage in various forums. This has been instrumental in developing a culture of trust with the private sector and has resulted in a change of mindset at grassroots level – the input of the private sector has influenced the projects being explored by the partnership (as opposed to the sector being consulted on a list of projects agreed by the councils).

Engaging the private sector has been crucial, particularly around the work on skills development. It is also worth noting that the proposal by the Royal Welsh Site will shortly have 1 Gigabit connectivity – this private sector initiative (which has proven economic benefits elsewhere) will be rolled out to the local area and could lead to a similar approach elsewhere as part of the Infrastructure theme.

## Cardiff Capital Region City Deal

The Cardiff Capital Region is comprised of ten local authorities: Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taff; Torfaen; and Vale of Glamorgan. It is the largest city-region in Wales and accounts for approximately 50% of the total economic output of the Welsh economy, 49% of total employment and has over 38,000 active businesses.

However, the region is faced with the challenges of low productivity & levels of employment, low GVA per capita, low R&D investment, few 'anchors' and a large public services sector.

### Aims

The Cardiff Region has the 2<sup>nd</sup> lowest GVA in the UK. Over its lifetime (to 2030), local partners expect the City Deal to deliver up to 25,000 new jobs and leverage an additional £4 billion of private sector investment. The strategic themes of the deal include:

- Connecting the region.
- Support for innovation and improving the digital network.
- Developing a skilled workforce and tackling unemployment.
- Supporting enterprise and business growth.
- Housing development and regeneration.

The jobs, GVA and private sector leverage targets initially proposed in the Deal bid were substantially increased by UK Government.

### Funding

The deal is the largest in the UK and is valued at £1.29bn This is made up of £503m from Welsh Government, £500m from UK Government, £120m from local authorities and £106m from ERDF.

### Governance

A lot of time was spent on getting the governance agreement right. The Joint Cabinet for the deal is underpinned by a binding legal agreement based on reciprocity and its aim was to ensure all who signed up to the deal were committed going forward.

The governance structure of the City Deal will be used for a regional approach for significant future funding opportunities (e.g. the Shared Prosperity Fund and Industrial Strategy). There are also discussions on whether the deal partners can agree one strategic development plan for the region.

### Private sector involvement

At the outset the deal leaders understood that the private sector must be behind the deal. A Business Council was established to bring forward ideas and express the business voice. This group has grown in capacity and will represent the region at MIPIM in 2019.

An Economic Growth Partnership was also created to bring together key investors in the deal to consider emerging issues and shape how the investment funds are invested and promoted. It includes business, higher & further education and two of the local government leaders. Its recommendations are not binding but advisory.

## Swansea Bay City Deal

The Swansea Bay City deal was launched in March 2017 and covers a population of 688,000 across the four council areas of Neath Port Talbot, Swansea, Carmarthenshire and Pembrokeshire. The City Deal is expected to give the Swansea Bay City Region a permanent uplift in its GVA of £1.8 billion and will generate almost 10,000 new jobs up to 2035.

*Due to the unavailability of representatives from the Swansea Bay City Deal, an overview of the deal was given by the Welsh Local Government Association. NILGA has secured the commitment of WLGA and Swansea Bay partners to develop further corporate policy and investment partnerships with any or all of NI's councils.*

### Aims

The deal partners want the region to become a “test bed” –a living laboratory where innovation can be encouraged, proven, embedded and taken to regional, national and global marketplaces. The deal was agreed with government at project level, 11 project business cases were signed off by UK government:

#### *Economic acceleration:*

1. Digital infrastructure
2. Swansea City and Waterfront Digital District
3. Centre for Excellence –next generation digital
4. Yr Egin –Creative Digital Cluster
5. Skills and Talent initiative

#### *Life science and well-being*

6. Life Science and Well-being campus
7. Life Science and Well-being village

#### *Energy*

8. Homes as Power Stations
9. Pembroke Dock Marine

#### *Smart manufacturing*

10. Factory of the future
11. Steel science centre

### Funding

The total value of the deal is £1.3bn, with Welsh Government and UK Government contributing £241m each and the private sector contributing £600m. Local government and other partners will contribute £394m.

### Governance

A Joint Committee with the four local authority leaders, universities and wider stakeholders has been established. A separate private sector-led economic partnership advises the Joint Committee and engages with the business community.

### Private Sector Involvement

A large percentage of private sector funding was secured for this deal and the catalyst for this was that the partnership was chaired by an industrialist who was able to lever additional funding.

## Key learning points

### City & Growth Deals

The research visit to Wales was an opportunity to hear first-hand, the experience of four Local Authority groups in a neighbouring devolved administration. It was evident that Councils in Wales have made City & Growth Deals one of their absolutely top priorities.

Westminster has been clear that it will not fund more of the same initiatives. Councils and partners have been challenged to identify **innovative, transformational & achievable projects which will** generate real & tangible impact and have the commitment of the private sector. A criterion in the development of sector specific approaches is that they should demonstrate world trade opportunities. There has to be a change in the views of economic development policy makers – only projects with high value job creation prospects will be approved.

All council representatives were acutely aware that this was a one-off opportunity to draw down money for City & Growth Deals – a further round of funding is not to be expected. Councils have also been firm in stating that **City & Growth Deal funding cannot replace the funding of Welsh Government** – for example on skills, regeneration of brownfield sites, roads etc. They see the deal as leveraging additional money. Indeed, in the Mid Wales area the councils are unlikely to invest in road schemes as this could be seen as simply replacing Welsh Government funding.

There are different approaches in the 4 Local Authority-led City & Growth Deal models and there appear to be conflicts between these models and the centrally-controlled counter-regional structures & priorities as imposed by Welsh Government. From our discussions in Wales it is clear that the local authorities see **potential** for the City & Growth Deals to be possible building blocks for further devolution of funding post-Brexit, as well as to leverage further funding through the Industrial Strategy.

### **Elected Member Leadership**

The **leadership of elected members** has been a critical factor in the Deals being developed and delivered. The role of the Deal leaders in gaining the buy-in of elected members across all councils informed involved must not be underestimated. All participants on the visit remarked on the strong leadership provided from the Welsh council Leaders. Blending the (very different, multi-party) politics with the sense of emotion about their places & region has helped consolidate the views of elected members across the councils.

Local Authorities in Wales have demonstrated their capability to **capitalise on the influence of their elected members** on a party basis with Westminster & Welsh Government. This has helped sub regions receive support, communicate need and has further enabled the WLGA to be considered as **“the national voice of local government”**. Each element has an interdependent role to the other parts. Collectively, this approach succeeded in getting tetchy issues over the line at critical moments, but also influenced the financial aspects of the deals.

**Deal leaders have taken responsibility** for devising, negotiating, promoting and delivering the deals. Sometimes the deal leaders need to take a calculated risk and back key projects. But they also must be “healthy sceptics” to be able to challenge and scrutinise government and council officers.

In the Cardiff City Region the **commitment of the leaders** to clear their diaries to thrash out the key issues before and during the Deal's development was a major factor in agreement being reached on the deal. Once the leaders agreed it gave a firm message to the officers that they should support the deal going forward.

There was robust evidence that the **partnership between elected members and officers** in Wales was reaping rewards – these partnerships valued participation on an equal basis across the councils. They had reached the point of maturity when all involved talk about the region and not simply the benefits for their particular council area. City & Growth Deals have been a test of whether councils can overcome tribalism and parochialism.

**Communicating the benefits** of the deal and keeping has been extremely important. Considerable efforts were made across all four regions to increase **understanding of the potential of City & Growth Deals** among elected members, council officers, civil servants, the private sector and education sector. This was particularly important at times of change, including changes in UK and Welsh Government and in the run up to local government elections. But it has also be critical in ensuring that rural areas are not left behind – the physical infrastructure and development is likely to be most visible in urban areas, so it is important to communicate what the ripple-effect of these investments is for rural areas.

### **Chief Executive led commitment**

The **commitment and flexibility of Chief Executives and other senior officers** has been substantial to get the deals and projects agreed and moved to delivery stage. Councils have reviewed the traditional role of their economic development teams by developing new competencies and capabilities in order to exploit the potential of deals. In other words, traditional interventions and roles are being taken out and new portfolios of work are being developed on a “shared service” model.

### **Resources**

Councils in NI should not underestimate the **resources** required, both in terms of finance and staff / elected member time. Councils in Wales identified & addressed **skills gaps** at an early stage to get onto the front foot - skills for developing 5 case business models are not usually prevalent in local authorities and elected members and officials had to change the way they communicated on the deal.

In the early stages of bid development, all councils contributed an equivalent financial amount. Once the deals were agreed the financial commitments were based on a pro-rata share of population. There are differing views on the **financing of bid teams** and this merits further investigation.

The phasing of expenditure must be addressed by deal teams in order to manage risks and financial implications for councils.

### **Private Sector engagement**

All councils have placed a high value on **early, continual and real engagement with the private sector**. This has been instrumental in shaping the deals, ensuring buy in, leveraging additional funding, gaining credibility with the private sector and helping the councils gain a better understanding of business needs.

Councils in Wales are beginning to develop a **better relationship with research agencies**, in particular with UKRI and Innovate UK to exploit the opportunities arising from the four productivity grand challenges. They are positioning people in those decision-making bodies who can alert councils to opportunities.

## **Governance**

The **governance arrangements**, agreements and joint mandate in Wales have enabled mature relationships to develop. It is crucial that strong governance arrangements are in place from the outset. The governance model must be credible, functional, legal and not overcomplex.

It is essential that **transparency** is central in both the consultation process to develop deals and in the governance arrangements for the agreed deals. It was apparent that goalposts have shifted in Wales as each deal has been negotiated – one process should be used for all deal regions.

## **A catalyst for further regional collaboration**

Work on the deals in Wales has been a **catalyst for wider strategic regional collaboration**. This is particularly evident in North Wales where the North Wales Economic Ambition Board has been successful in accessing sector deals through the UK Industrial Strategy. NI councils could use a similar collaborative approach to maximise the opportunities from the future Shared Prosperity Fund and the UK Industrial Strategy in the post-Brexit era.

There is a recognition that the economic hinterland of councils and regions does not respect **borders** – Welsh deal areas are benefitting from collaboration with North West England and Midlands areas and there are lessons to be learnt here for Northern Ireland councils.

## **Brexit**

### **Preparedness**

The Welsh Local Government Association has received £150,000 from Welsh Government to develop a **Brexit transition support programme** for local government. This includes the development of toolkits, seminars, networking, briefings, shared learning with other devolved nations

One of the key pieces of work under this programme has been the development of a high-level framework for local authorities to use to assess the implications of Brexit deal scenarios on various issues (procurement, funding, legislation etc) across the organisation, service delivery and place. This is expected to be finalised at the end of November and will be shared with NILGA.

WLGA Members are participating in a range of internal and external Brexit coordination groups and providing input to Welsh Government planning through the First Minister's EU Advisory Group. They continue to engage at a political level with the Secretary of State and WLGA is now represented on the Secretary of State's EU Exit Group.

The four local government associations (LGA, WLGA, NILGA and COSLA) continue to collaborate with each other and DEXEU to understand and communicate the local impacts of Brexit, ensure Local Government has a role in future legislative arrangements, ensure the devolution of EU powers to local level, maximise future funding for local government and mitigate workforce issues.

## Future of EU funding

Local authorities in Wales are concerned about the impact of the loss of EU funding post-Brexit, particularly in terms of ERDF, ESF, RDP and the Ireland-Wales Interreg programme. In addition, councils have been availing of wider EU-managed funds, for example Horizon 2020; Erasmus; URBACT and as yet there is no indication that access will be guaranteed post Brexit.

The UK government has indicated it will replace EU funding in the form of a UK Shared Prosperity Fund, the amount of funding and mechanism for allocating this is a matter of current debate. However, there are outstanding issues around respecting Devolution & the different institutional and policy landscape in Wales (for example English LEPs manage the majority of EU funding as well as local industrial strategies. This structure does not exist in Wales or in Northern Ireland).

Both WLGA and NILGA responded to a recent All-Party Political Group call for evidence on the future of EU funding (links available in the annexes).

## Outcomes

It is evident that participants on the visit gained a lot from hearing about the progress, preparations, challenges arising from deal development in Wales. The general consensus was that the joint approach of both elected members and officers was optimal as it *“added balance to the visit and reflected the host’s approach”*. On return, all participants were surveyed on what **actions** they had taken or would take as a result of their learning and the responses included:

- Meeting with Council group leaders, MPs, Council Chief Executives & Senior Officers to brief them on learning from and strategic observations of the study visit
- Meeting to be arranged here in NI with WLGA / Welsh deal areas
- Reports and presentations to council / deal partners
- Further research work on governance
- A potential follow-up visit to Wales to look more closely at governance structures, resourcing administration units, strategies for working with central government and engagement with the private sector.

There was strong support from all respondents on the **need for**:

- Dissemination of the learning gained within their councils, parties and regions.
- Further regional coordination work, including:
  - the promotion of a Northern Ireland wide collaborative approach to dealing with UK government
  - Increasing understanding of governance issues within deals
  - developing understanding of other City & Growth Deals (in particular more mature deal areas)
  - developing strategic pan-regional projects (e.g. digital infrastructure & transport networks)
- NI councils to collaborate to develop regional plans to take advantage of the Shared Prosperity Fund and access opportunities within the UK Industrial Strategy more effectively.
- The deal process in Northern Ireland to be politically led, with an appropriate leadership & development programme for elected members
- Upskilling of economic development teams in the core skills required to develop and deliver Growth Deals, particularly on developing 5 case business models

## Recommendations

NILGA has considered the policy learning from Wales and feedback from the study visit and recommends that:

- 1) A **strategic economic leadership group** be established at political and official level to advise on and coordinate regional economic growth opportunities and to share learning from the City & Growth Deal and Brexit processes, existing all council vehicles could be modified to achieve this simply and effectively in conjunction with Councils, NILGA & SOLACE.
- 2) NILGA coordinates a **reciprocal visit** by mid-2019 from Welsh councils to council regions in Northern Ireland on areas of common interest, including future funding, rural development, broadband and strategic growth opportunities. Collaboration with Welsh councils (and others) on economic growth initiatives should continue on an individual council to council basis or via the secretariat services of NILGA and WLGA.
- 3) An application be made to the Local Government Training Group for a **development programme for deal leaders** to increase existing skills in political leadership, influencing, scrutiny, communication and governance.
- 4) Further **research** be conducted into the skills required by officers and partner bodies to ensure that City & Growth Deal programme offices are fully driving the deals, are well-equipped and effective.
- 5) NILGA should continue to develop its policy guidance role, highlighting **best practice and partnership opportunities** in Wales & Scotland as appropriate, with specific work at regional (all NI) level on cost benefit analysis, Industrial Strategy benefits, etc., being commissioned upon request.
- 6) Councils await a further **Policy Guidance Paper** from NILGA on economic opportunities and spatial synergies with the newly formed (2015) three Irish Regional Assemblies to identify North South collaboration between municipalities.
- 7) A request for funding towards a **Brexit Support programme** for local government be submitted to the relevant government department.

## Conclusions

We have been left in no doubt that City & Growth Deals have the potential to be a real gamechanger for local government and the economy of Northern Ireland with the provisos that councils control the resources, delivery and governance.

City & Growth Deals can be a catalyst for big picture thinking, doing things differently, creating efficiencies and unlocking difficult issues. They offer an opportunity for regions to highlight their competitive advantages on the global stage. They offer councils – mindful of the absence of the Legislative Assembly in regard to decisions affecting the economy and Brexit– an opportunity to step up and show their credentials, competencies, and ambition.

The emergence of three sub-regions working on growth deals is evidence of local authorities' desire for greater devolution, with decisions being made closer to the citizen to bring about economic change.

Following the Review of Public Administration in Northern Ireland, a commitment to further devolution was enshrined in the Local Government (NI) Act 2014 through an 'augmentation review' once the eleven new councils had taken shape and their services consolidated. NILGA notes the recommendation from the Northern Ireland Affairs Select Committee (NIAC) for local government finances and devolved powers to be reviewed. NIAC states that if the Executive is not formed by May 2019 NILGA and councils should require the Secretary of State to commission an Independent review as well as develop an All-Party group on local government's development and investment. This can be evidence based as a result of NILGA's Devolution Report and the work required as a consequence of it, namely, to show evidence that powers, services and resources transferred to councils is good for the public and good for the public purse.

By giving local authorities the right responsibilities along with appropriate resources they can deliver transformational change and contribute to regional economic growth. In a population of 1.8 million, roughly the size of Birmingham, avoiding a two-tier system whereby councils within deal areas have formal partnerships with central government and greater responsibilities than those outside deal areas can be avoided with enabling legislation, amendments to the NI Local Government Act (2014) and a whole sector approach.

## Conclusions *(continued)*

NILGA notes the recent announcement from Armagh City, Banbridge & Craigavon Borough Council, Fermanagh & Omagh District Council and Mid Ulster District Council to collaborate on a Growth Deal for the sub-region as a positive step, something that undoubtedly will be underpinned by very thorough evidence of economic synergies, enterprise / infrastructure potential and good governance.

In the absence of the legislative assembly it is now crucial that local authorities are given more control over their future to unlock growth in our local and regional economies. There is a clear role for the Central / Local Government Partnership Forum co-ordinated by NILGA and embracing 11 councils as well as “go to” MLAs to be an engagement vehicle to ensure that strategies, responsibilities and outcomes from the Programme for Government are aligned to the City Deal / Growth Deal planning process. If they are, further investment should flow to councils.

The importance of shared learning between councils and between elected members and officers must be recognised and supported if councils are to be empowered to drive real change and provide new opportunities for investment, growth and employment. NILGA is ready to provide the vehicle to build on the momentum gathered to date on, e.g. Charter, accredited member development courses on Leadership and planning and facilitate low cost, relevant, accessible, high quality learning across the sector.

We would like to thank our sister organisation, the Welsh Local Government Association, for organising and joint funding the visit through their Brexit Support programme. The visit has strengthened bonds between the two organisations by providing an opportunity for dialogue & learning between the elected members and officers of the two regions. As global and national complexities radically alter the democratic and economic landscape, the advocacy and actions of local government working as one voice will strengthen and sustain all councils in Northern Ireland.

## Testimonials

A very worthwhile visit full of important information on governance and most importantly a good lesson on how all the political parties and the council Chiefs Executives in all the three regions we met are working together for the good of the region.

*Cllr Audrey Wales MBE, Member of Mid & East Antrim Borough Council.*

Our visit to Wales was extremely worthwhile and beneficial. I think that the range of deals in place in Wales and the understanding which each of the representatives we met brought to the subject, provided a very useful insight into both the development and delivery phases which comes with such funding. I was particularly interested in the differing approaches brought to infrastructure development and how rural areas sought a very clear "added value" dimension to their Growth Deal work. I very much appreciated the opportunity to participate and thanks to NILGA and WLGA for their coordination of a meaningful programme, which will certainly have benefits in our Council progressing its work on a Growth Deal with our partners.

*Alison McCullagh, Director of Regeneration & Planning, Fermanagh & Omagh District Council*

This was the most beneficial, well organised & busy study visit I have been on. The presenters were honest and have provided us with valuable information.

*Cllr Patricia Logue, Member of Derry City & Strabane District Council*

The visit was extremely well organised and efficient given the geography to cover. Would like to have had more time to look at the Swansea bid but time wasn't on our side.

*Paul Kelly, Head of Economic Development, Antrim & Newtownabbey Borough Council*

The two days spent in Wales to learn about the experiences of Welsh Councils in their City and Growth Deals was very worthwhile. The opportunity to speak to both councillors and officers who were undergoing the process or had successfully navigated the process provided an insight in the potential offered by City /Regional Growth Deals. The honesty of the discussions and the insights offered was refreshing and the frankness of the challenges ahead was very much welcomed as was the offer of assistance and direct contact. It was also interesting to hear how these councils, who may be similarly impacted by Brexit were facing up to this challenge. The openness about potential future opportunities be it from tourism or IT was also welcomed.

*Cllr Kate Mullan, Member of Belfast City Council*

It was a well organised visit with something relevant to all participants.

*Arnold Hatch, Member of Armagh City, Banbridge & Craigavon Borough Council*

## NILGA Delegates

Cllr Dermot Curran	Newry, Mourne and Down District Council	NILGA President, SDLP
Ald Arnold Hatch	Armagh City, Banbridge & Craigavon Borough Council	NILGA Vice President, UUP
Cllr Patricia Logue	Derry and Strabane District Council	Sinn Fein
Ald Stephen Martin	Lisburn and Castlereagh City Council	Alliance Party
Cllr Kate Mullan	Belfast City Council	Independent
Cllr Audrey Wales MBE	Mid and East Antrim Borough Council	DUP

### Council officers

Richard Baker	Causeway Coast and Glens Borough Council	Director of Leisure and Development
Paul Kelly	Antrim and Newtownabbey Borough Council	Head of Economic Development
Paul McCreedy	Mid Ulster District Council	Strategic Project Officer
Alison McCullagh	Fermanagh and Omagh District Council	Director of Regeneration and Planning
Jonathan McGilly	Newry, Mourne and Down District Council	Assistant Director; Enterprise, Employment and Regeneration
Richard Osterhus	Derry and Strabane District Council	Funding Manager; Strategic Finance and Funding
Nicola Wilson	Armagh City, Banbridge and Craigavon Borough Council	Head of Economic Development

### NILGA officers

Derek McCallan	Chief Executive
Lisa O’Kane	Programmes Manager (Partnerships and Investment)

## WLGA Delegates

### WLGA officers

Jon Rae	Director of Resources
Tim Peppin	Director of Regeneration and Sustainable Development
Lowri Gwilym	Team Manager – Europe and Regeneration
Carwyn Jones-Evans	Policy Officer - Economic Development and Regeneration

### North Wales Economic Ambition Board members

Cllr Aaron Shotton	Flintshire CC, Chair
Cllr Dyfrig Siencyn	Gwynedd, Vice Chair
Colin Everett	Flintshire CC, Lead Council Chief Executive

### Growing Mid Wales Regional Partnership

Cllr Rosemarie Harris	Powys, Joint Chair
Cllr Rhodri Evans	Ceredigion Cabinet Member for Economy & Regeneration
Eifion Evans	Chief Executive Ceredigion
David Powell	Deputy Chief Executive Powys

### Cardiff Capital Region

Cllr Andrew Morgan	Rhondda Cynon Taf CBC, Chair
Cllr Peter Fox OBE	Monmouthshire CC, Vice Chair
Paul Matthews	Monmouthshire CC Chief Executive

N.B. A representative from the Swansea Bay City Deal was unable to attend due to an urgent matter but the sub region and WLGA are committed to developing greater knowledge and partnership with NILGA / NI councils as appropriate.

## Replacement of EU funding post Brexit

The UK government has announced that the Shared Prosperity Fund will replace EU funding, with the aim of reducing inequalities between communities across the four nations of the UK. There is little detail available about the fund, other than that it will be “cheap to administer, low in bureaucracy and targeted where it is needed most”.

NILGA responded to the call for evidence from a Westminster All-Party Political Group on post Brexit funding. A link to a copy of NILGA’s full response has been included in the recommended reading list, the key points made were:

- UK government must engage with the Devolved Assemblies to agree the broad guidelines for the Shared Prosperity Fund. In the absence of Stormont, the Central – Local Government Forum can provide input and scrutiny in this process.
- The new budget allocation must not leave Northern Ireland worse off – additional weighting should be given to regions most negatively impacted by Brexit.
- A single funding pot, on a multiannual funding framework would allow the sector to plan for longer term investments. There should be a strategic and flexible approach to delivery facilitating partnerships across all sectors and boundaries (including cross-border)
- The council Community Plans (and any future City / Growth Deals agreed in NI) should provide the basis for identifying local priorities.
- Audit & compliance regimes should be simplified & proportionate and they should focus on the outcomes for beneficiaries – examples of best practice in other funding streams should be examined.

A link to the final report from the All-Party Political Group is also included in the reading list.

UK Government is expected to issue a formal consultation in early 2019.

## Reading list

### City / Growth Deal issues

#### **NILGA paper on City & Growth Deals**

<https://www.nilga.org/media/1650/nilga-paper-on-city-and-growth-deals-300518.pdf>

#### **Report from Welsh Assembly on City Deals and the Regional Economies of Wales:**

<http://senedd.assembly.wales/documents/s68161/Report.pdf>

#### **North Wales Economic Ambition Board - bid**

[www.northwaleseab.co.uk](http://www.northwaleseab.co.uk)

#### **Strategy Document (Growth Vision):**

<https://democracy.cyngor.gwynedd.gov.uk/documents/s14828/Item%2010%20%20Appendix%201%20-%20North%20Wales%20Growth%20Deal%20Bid.pdf>

[https://northwaleseab.co.uk/sites/nweab/files/documents/growth\\_plan\\_doc\\_5\\_final.8.feb\\_.2018english.cleaned.pdf](https://northwaleseab.co.uk/sites/nweab/files/documents/growth_plan_doc_5_final.8.feb_.2018english.cleaned.pdf)

**Twitter:** <https://twitter.com/NorthWalesEAB>

#### **Growing Mid Wales Partnership**

<https://customer.powys.gov.uk/article/5547/Growing-Mid-Wales>

<https://powys.moderngov.co.uk/documents/s28443/Appendix%203%20-%20Regional%20Regeneration%20Plan%20draft.pdf>

[https://docs.wixstatic.com/ugd/8155ad\\_32453884dc1743ca9c62b017f6ef9f36.pdf](https://docs.wixstatic.com/ugd/8155ad_32453884dc1743ca9c62b017f6ef9f36.pdf)

#### **Swansea Bay City Deal**

<http://www.swanseabaycitydeal.wales/>

#### **Heads of Terms:**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/611685/Swansea\\_City\\_Deal\\_-\\_English.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/611685/Swansea_City_Deal_-_English.pdf)

**Twitter:** <https://twitter.com/SBCityDeal>

### **Cardiff Capital Region City Deal**

<http://www.cardiffcapitalregioncitydeal.wales/>

Heads of Terms: <https://www.gov.uk/government/publications/city-deal-cardiff-capital-region>

Twitter: <https://twitter.com/ccrcitydeal>

### **Regional Skills Partnerships**

North Wales: <http://nwef.infobasecymru.net/IAS/>

South West (& Mid) Wales: <http://www.rlp.org.uk/>

South East: <http://www.lskip.wales/>

### **Belfast City Region Deal**

[www.belfastcity.gov.uk/buildingcontrol-environment/regeneration/city-growth-deal.aspx](http://www.belfastcity.gov.uk/buildingcontrol-environment/regeneration/city-growth-deal.aspx)

Links to the 4 proposition documents:

<https://www.midandeantrim.gov.uk/business/economic-development/belfast-region-city-deal>

### **Derry~Londonderry City Region**

<http://www.derrystrabane.com/citydeal>

**Press release on Growth Deal for Armagh City, Banbridge & Craigavon, Mid Ulster and Fermanagh & Omagh**

<https://www.midulstercouncil.org/Council/News/Three-Councils-Call-On-Chancellor-For-Bespoke-Grow>

### **Shared Prosperity Fund issues**

**NILGA response to APPG on Post Brexit Funding for Nations, Regions & Local Areas**

<https://www.nilga.org/media/1648/nilga-response-appg-post-brexit-funding-inquiry-14092018.pdf>

**WLGA response to APPG on Post Brexit Funding for Nations, Regions & Local Areas**

<https://www.wlga.wales/SharedFiles/Download.aspx?pageid=62&mid=665&fileid=1846>

**Final report from the APPG on Post Brexit Funding for Nations, Regions & Local Areas**

<https://www.industrialcommunitiesalliance.org.uk/blog/2018/11/19/new-post-brexit-funding-report>

**WLGA / Bevan Foundation report on post-Brexit regional policy**

<https://www.bevanfoundation.org/publications/brexit-regional-economic-policy-wales/>

**LGA report on post Brexit funding**

<https://www.local.gov.uk/beyond-brexit-future-funding-currently-sourced-eu-lga-discussion-document>

**Locality Report on replacing EU funding**

[https://locality.org.uk/wp-content/uploads/2018/05/Locality\\_EU-Replacement-Fund\\_Future-Places\\_FINAL.pdf](https://locality.org.uk/wp-content/uploads/2018/05/Locality_EU-Replacement-Fund_Future-Places_FINAL.pdf)

**NILGA response to NI Future Agricultural Policy Framework**

<https://www.nilga.org/media/1649/ni-future-agricultural-policy-framework-stakeholder-engagement-final-submission.pdf>

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