

COMMUNITY & ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 16 th March 2016
Report Subject	Regional Economy
Cabinet Member	Cabinet Member, Economic Development
Report Author	Chief Officer, (Community & Enterprise)
Type of Report	Strategic

EXECUTIVE SUMMARY

To share with Committee the progress at local, regional and sub-regional level to grow the economy and increase prosperity (for Flintshire).

RECOMMENDATIONS

1	<p>Committee is asked to note the work being undertaken to grow the Flintshire economy and in particular to:</p> <ol style="list-style-type: none"> 1. Support the ongoing work to ensure that Flintshire can both, contribute to and gain from the Mersey Dee spatial part of the Cheshire and Warrington Local Enterprise growth proposal. 2. Support the work to influence and develop the contribution North Wales can make to the Northern Powerhouse
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REPORT DETAILS

1.00	EXPLAINING THE REGIONAL ECONOMY
1.01	Flintshire has a relatively buoyant economy with 1.0% of the population claiming JSA compared to 1.9% across Wales, and with average gross weekly pay of £528 against a Wales average of £484. However when compared to the South East of England, the economy in the North is some way off in terms of GVA, productivity etc.
1.02	Flintshire is a member of a number of regional and sub-regional partnerships which are all aiming to ensure (by joint working) that economic growth in the medium term can outstrip growth in recent years. These include the Economic Ambition Board and the Mersey Dee Alliance. This report describes current priorities, opportunities and challenges for each of these Partnerships.
1.03	More recently, Flintshire has been working closely with colleagues in Cheshire West and Chester to develop a growth bid for the Mersey Dee Area as part of the Cheshire and Warrington Local Enterprise Partnership (LEP) growth bid to the UK Government. North Wales (EAB) councils have also been meeting with LEPs, and officers and elected members from across the North of England, who are developing the Northern Powerhouse, to discuss the contribution that North Wales could make to economic growth. This report describes the discussions to date, key risks and next steps.
1.04	Finally, Flintshire has an Enterprise Zone at Deeside which is a geographically focussed area for delivering economic growth with financial incentives and capital investment support funded by Welsh Government. The DEZ has been the most successful in Wales to date. This report describes outputs to date.
1.05	Economic Ambition Board
1.06	The Economic Ambition Board comprises the 6 North Wales Councils, education establishments, and private sector business representatives, and is chaired by the Leader of Conwy. It has received regional collaboration funding from WG for the last 2 years to help fund the costs of its growth objectives and currently has a bid in with WG for continuation funding from April 2016.
1.07	<p>The priority areas of focus, which are each led by an assigned officer from across the region are:</p> <ul style="list-style-type: none"> • Skills (to ensure that North Wales has a labour market with the right skills to meet the future comic growth areas) • Supply Chain (to ensure that local and often smaller businesses can benefit from the key strategic growth projects such as Wylfa Newydd, Prison etc. by growing themselves to meet supplier needs. • Infrastructure- (to ensure that road, rail, and port infrastructure can meet current and future needs to promote economic growth and to ensure that the right type of premises are provided in the right

	<p>locations for new investors and those wishing to grow and remain in North Wales).</p> <ul style="list-style-type: none"> • Destination management- work to market and promote (North Wales as a great place to do business and invest). • European Funding- to make sure that European funding is maximised to promote and support economic growth. • Cross Border work- to work with UK Local Authorities and the Growth areas of the North of England to ensure that North Wales can contribute to, and gain from economic growth and investment opportunities taking place across the region and can advocate well for the contribution North Wales is already making. This work stream is led by Flintshire.
1.08	<p>The EAB has provided the opportunity to develop a single narrative for the economic priorities for North Wales. Continuation funding for 2016 has been identified and is subject to final approval by WG. The Assembly elections provide a period of uncertainty for the next few months about the economic priorities and respective roles of local and national Government in supporting economic growth.</p>
1.09	<p>Mersey Dee Alliance</p>
	<p>The MDA board comprises Flintshire, Wrexham, Cheshire West and Cheshire, and Wirral councils, and education establishments. It recognises the porous nature of the Welsh/English border for business and for people and that growth potential will be best achieved by collaboration. It is funded by a small (7k) annual contributions from each of the partners. This provides for a part time Programme Manager, Skills officer and administration resource. The MDA has a prospectus document which describes its ambitions, growth opportunities and investment requirements (mainly transport infrastructure) to achieve its growth potential.</p>
1.10	<p>The key challenges at the moment include, securing annual funding contributions from some partners (all partners are under considerable financial pressure), but more importantly, ensuring that the Welsh geography of the MDA area can make the full potential contribution to economic growth in the cross border growth bid and gain the investments needed in infrastructure to support that growth.</p>
1.11	<p>LEP Growth Bid</p>
1.12	<p>Local Enterprise Partnerships are quangos established to support economic growth with budgets set to support achievement of these objectives. They have staff Teams to deliver their priorities and boards to lead their governance. Cheshire and Warrington LEP has submitted a tier 2 growth bid to the UK Government.</p>
1.13	<p>The LEP has asked for the devolution of powers such as business support functions, establishment of an urban development corporation, local tax raising (keeping new business rate tax growth), the creation of a Public Assets Investment board to manage Government and LA owned land and recycle growth in value locally, support to deliver transformation of health commissioning, payment by results for reducing worklessness and</p>

	providing GVA growth and reductions in welfare costs. The bid will require the establishment of a combined authority to manage the programme. Work is ongoing to establish the detail of the governance structure.
1.14	There are three geographic parts to the growth bid, Crewe (linked to HS2), Warrington (completion of the new town growth in housing and jobs to achieve "city" status and the Mersey Dee Area.
1.15	The Mersey Dee area encompasses Chester, Wrexham, Wirral and Flintshire alongside a cross cutting theme of energy related growth which stretches across North Wales. For Flintshire, key priorities for growth are to ensure Warren Hall is brought forward alongside other areas of land within Deeside which as yet are undeveloped. To achieve the potential of these areas infrastructure investment in road and rail is needed.
1.16	Key risks at the moment are that the border creates a barrier to involvement in delivery of the growth bid. This could be a barrier in achieving match funding, or a legislative barrier or a devolved powers issue which provides difference in operating environment and could negatively impact on achieving Flintshire's growth potential.
1.17	The governance arrangements for the growth bid are under development. The MDA North Wales Councils will need to negotiate this in the coming months.
1.18	Northern Powerhouse
1.19	<p>The Northern Powerhouse is a concept which is achieving a lot of media and political interest across the UK. It's origins exist in a need for a number of North of England councils to collaborate to build a strong case around the need for infrastructure improvements in predominantly rail and road as key drivers for economic growth and conversely key inhibitors should it not be provided. As a result of the need to build a strong case for a Transport for the North submission to the UK Government by March 2016, consultants have been appointed to gather data on areas of economic strength (at the moment) and areas of potential future economic growth. There is synergy with the North Wales economy in a number of areas but predominantly advanced manufacturing, energy sciences and a key offer around quality of life. U.K. Government may wish to see growth projections which match the South East to create a strong case for prioritisation of capital investment funding.</p> <p>North Wales can add to the planned increase in GVA and is currently seeking support for Wales to be considered a formal part of the "Northern Powerhouse".</p>
1.20	The risks of not being involved are that North Wales could fail to maximise economic growth opportunities and not gain the traction needed for infrastructure investment funding which requires cross border solutions to be prioritised appropriately.
1.21	Deeside Enterprise Zone
1.22	On 2 nd April 2012, Deeside Enterprise Zone (DEZ) was officially launched

	as Wales' designated area for Advanced Manufacturing and Materials. DEZ had the ambition to create and safeguard 5,000 sustainable jobs, to grow Welsh GDP, to drive the economy of North Wales and to deliver an advanced manufacturing hub to underpin economic renewal in the area. DEZ is attracting established business expansion and new investment interest from local, national and overseas sources.
1.23	Of the seven such zones in Wales, Deeside leads the way. In the four years since its designation, DEZ has seen 2,728 new jobs created and a further 1,946 safeguarded (total 4,674), with a conversion rate of 63% of business enquiries into actual investment.
1.24	Development at the Northern Gateway site (200 hectares in total) is well under way with flood defence mitigation completed and the road infrastructure, facilitated and co-funded by Welsh Government, is due to be completed by 2020. Between now and 2030 the ambition is for the creation of 7,000 new permanent jobs and investments in both new housing and the improvement of existing social housing in the surrounding residential areas. £85m of private and £10m of public investment is forecast for the Northern Gateway, and £98m of private and £22m of public investment for the DE.
1.25	The proposed Deeside Advanced Manufacturing Centre (DAMC) will be pivotal. Now at an advanced stage for Ministerial approval and public sector investment, and with a partnership with Swansea University emerging, the University having just opened its considerable new engineering and technology faculty, the prospects for the vision becoming a reality are positive. DAMC will be a centre of excellence for advanced and sustainable manufacturing and technology, built upon a unique partnership of industry, education and government with access to research and development facilities. The centre will build and retain a high value skills base and develop an enterprise culture where all businesses are valued and supported with opportunities for new starts, rapid commercialisation and inward investment.
1.26	Next steps
1.27	Continue with this work to develop a role and influence in both LEP and Northern Powerhouse and work collaboratively across North Wales to achieve mutually beneficial economic growth.

2.00	RESOURCE IMPLICATIONS
2.01	Flintshire Council contributes £7k per year to fund the Mersey Dee Alliance and £30k for the EAB.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	There is no immediate consultation requirements

4.00	RISK MANAGEMENT
4.01	Key risks are identified throughout each section of this report.
5.00	APPENDICES
5.01	None.
6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Clare Budden Chief Officer (Community & Enterprise) Telephone: 01352 703800 E-mail: clare.budden@flintshire.gov.uk
7.00	GLOSSARY OF TERMS
7.01	EAB – North Wales Economic Ambition Board
7.02	MDA – Mersey Dee Alliance
7.03	GVA – gross value added, a term for measuring economic growth
7.04	LEP – Local Enterprise Partnership, (England)