

**Senedd Cymru**

**Pwyllgor yr Economi, Masnach a Materion Gwledig**

**Ymchwiliad:** Bargeinion Dinesig a Thwf

**Cyf:** CGD10

**Ymateb gan:** Cyngor Sir Ynys Môn

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**Welsh Parliament**

**Economy, Trade, and Rural Affairs Committee**

**Inquiry:** City and Growth Deals

**Ref:** CGD10

**Evidence from:** Isle of Anglesey County Council





**CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL**

**The Senedd's Economy, Trade and Rural Affairs Committee**

**Welsh City and Regional Growth Deals**

**Isle of Anglesey County Council Written Evidence**

**June 2025**

**Status: Official**

## **1.0 Introduction and overview**

- 1.1 The Isle of Anglesey County Council (the Council) – through myself as the Council Leader – welcomes the opportunity to respond to the inquiry being conducted by the Senedd’s Economy, Trade and Rural Affairs Committee on Welsh City & Regional Growth Deals.
- 1.2 The Council continues to strongly support, as it has from the outset, the aims and objectives of the North Wales Growth Deal. The region (and Island) needs jobs and economic activity, and for that it needs to attract private sector investment. Using public funds to leverage private sector investment to drive transformational change is the right thing to do.
- 1.3 The Council has been heavily involved with Ambition North Wales since its inception in 2012 ensuring that its priorities and projects reflected the need and were appropriate across and for the Region. Council Officers have continued to collaborate in delivering the Growth Deal, with officers and members contributing across a number of boards representing different decision-making levels.
- 1.4 I have personally sat on the Economic Ambition Board of Ambition North Wales, which is now the Economic Wellbeing Subcommittee under the North Wales Corporate Joint Committee (CJC). I welcome the opportunity to feed into the inquiry. I am also the Lead Member for the Growth Deal’s Low Carbon Energy Programme.
- 1.5 The Council’s evidence to the Committee can be summarised as:
  - a. The Growth Deal has identified good projects which demonstrate a need for public funding and together create the potential for transformational change across North Wales.
  - b. The complexity of large capital projects, public funding, and the broader economic climate has resulted in progress not being aligned with the original timescales and expenditure profiles.
  - c. The original timescales and expenditure profiles were in my view too optimistic..
  - d. Ambition North Wales (now the CJC) has identified new projects to be funded by the decommitted funds and looked to simplify and accelerate the funding application process, providing more certainty and allowing for shorter timescales to delivery.
  - e. I welcome this and that the focus is now very much on delivery and pace of implementation.
  - f. It is important we grasp this opportunity and ensure the money is spent – and spent well – to support much needed investment and private sector-led economic growth in North Wales.

## **2.0 Progress to date and pace of delivery – including progress made against targets, and any pressures or challenges affecting delivery**

- 2.1 Delivery has been slower than anticipated at the outset, and there are some lessons that have been learnt from the projects to date. Some of these have led to the streamlining of the funding application process and others may be lessons we can learn for future funding arrangements or deals (including estimating expenditure profiles).
- 2.2 When the Growth Deal was signed in December 2020, inflation was low (inflation in the construction industry was 1.8%) and interest was cheap (the Bank of England 'bank rate' was 0.1%). Since then, we have experienced much higher construction inflation (peaking at 11%) and higher interest rates (the Bank Rate peaked at 5.25% and is now 4.25%). This has had two consequences that are important to the Growth Deal. Firstly, the delivery had become more difficult with rising costs and fixed budgets, meaning viability is more of a challenge and there is more need for value engineering. Secondly, the private sector is incentivised to move more quickly, before conditions become more difficult.
- 2.3 This means that it has become even more important to provide the private sector with the certainty, confidence and pace they need to invest.
- 2.4 The original Growth Deal business case process asked for considerable detail I am aware that this ask has now been simplified as they seek to include new projects.
- 2.5 The Growth Deal overlaps with the local planning process, for example with different requirements for carbon and biodiversity at different stages of the processes. This is another area that could be streamlined.
- 2.6 The changes made recently to streamline the process are crucial to ensuring that we can move at pace, maintain and attract private sector investment. Attracting private sector investment is rightly one of the Growth Deals targets, and as set out above this has become more difficult as the time cost of money has increased because of rising prices and rising interest rates. Facilitating private sector investment is particularly important in Ynys Môn where its peripheral location makes attracting private sector investment hard. There is market failure and as such public policies and interventions to stimulate economic development are of critical importance.
- 2.7 The Growth Deal, combined with the Ynys Môn Freeport and the Flintshire and Wrexham Investment Zone, are strategic, overlapping Government interventions that can complement, add value and provide transformational change across the whole region.

### **3.0 Consideration of some of the most significant projects and investments – including any key successes or potential risks**

- 3.1 The Growth Deal is supporting some transformational projects, both on the core list and on the reserve list (projects that may come forward as a result of the decommitted funds from other projects). The target sectors both build on the strengths of North Wales and help to address some of the challenges.
- 3.2 The low carbon energy sector focus in particular builds on the strengths of Ynys Môn, and there are three low carbon energy projects on the Island: the expansion

of MS-Parc science park with a focus on low carbon energy, a grid connection to the Morlais Tidal Zone, and a Hydrogen Hub. Combined with the Freeport, we expect the Energy Island Programme's purpose of establishing Ynys Môn as a centre for low carbon energy (for R&D, manufacture and deployment) to be progressed, contributing to green energy security of supply, and facilitating the digital economy.

- 3.3 The Land and Property Programme is crucial to attract the private sector in the context of low land values and rising building costs making it hard to make projects viable (market failure). Using Growth Deal funding to deal with abnormal costs, and decontaminate legal employment land, to make sites ready for private sector investment is important. I am pleased to see this continuing to be a priority in the reserve list projects (the projects lined up for the decommitted funds). From an Ynys Môn perspective, private sector market failure has been a challenge for over a decade, with the Council and other public bodies heavily investing in our industrial and commercial portfolio to ensure that the correct conditions exist for business.
- 3.4 One of the aims of Growth Deal funding is to leverage private sector investment, it is important that the simplification processes attract the private sector.

#### **4.0 Understanding the impact of the deals – including the regional spread of activity**

- 4.1 There is a broad spread of activity across the region. This has been a key consideration for the Board. Whilst there are opportunities and private sector interest in the cross-border area, and along the A55, it is far more difficult to generate meaningful impacts in the rural areas. This continues to be an area of focus and discussion.
- 4.2 The Regional Skills Partnership (RSP) has been effective in bringing together regional stakeholders across the private and public sector. Our experience from both the Growth Deal and the Freeport has been of the RSP facilitating effective collaboration and planning across the region. This approach, together with broader focus on enabling access to employment across the region remains important.

#### **5.0 Governance and democratic accountability – including the role of Corporate Joint Committees**

- 5.1 Good governance is crucial for all public funding. Ultimately the decision-making power for the Growth Deal lies with the Economic Wellbeing Subcommittee (or what was the Economic Ambition Board). I am one of the six local authority leaders with a vote.
- 5.2 Under the CJC process, decisions need to be endorsed by the Project Management Office (PMO), the Programme Board and the Portfolio Board ahead of approval by the Economic Wellbeing Subcommittee.
- 5.3 There may be opportunity to streamline the process by reducing the number of decision points ahead of the Economic Wellbeing Subcommittee and/ or to enable some decisions to be delegated to earlier Boards. I am confident that lessons have been learnt as we now move into a different delivery phase. There are a number of Councils and public sector bodies aligned to the objectives and in the delivery of the ANW and with public sector bodies there is an opportunity for us to be seen

as trusted delivery partners that are used to operating within context of public rules and processes and recognised governance structures especially when it comes to statutory duties.

- 5.4 Aligned to the above point is that there is also an opportunity that where projects are low risk and being delivered by trusted delivery partners a further, more streamlined approach is adopted that reflects the nature of the scheme.

## **6.0 Availability of private sector investment**

- 6.1 It is difficult, but not impossible, to attract private sector investment to Ynys Môn. It is probably more difficult in Ynys Môn than elsewhere across the region, but the challenges are similar. Low land values and rising construction costs means that there is a lack of incentive for the private sector to invest, particularly where there are abnormal costs (which is common on brownfield sites in North Wales given its industrial past).

- 6.2 The time that it takes for projects to get through the application process also risks disincentivising private sector investment.

- 6.3 There is however not a lack of private sector investment where there are investible opportunities – we are already beginning to experience this with the effect of the Freeport on those sites, the level of investor interest has increased substantially.

- 6.4 There is an opportunity for the Growth Deal to derisk investment by the private sector, which combined with the Freeport in the west and the Investment Zone in the East, has the potential for transformational change. There are projects that are on the reserve list for the decommitted funding that do exactly that.

- 6.5 Ensuring the process facilitates private sector investment is crucial to maintaining and attracting private sector growth. The changes to the process seek to do this.

## **7.0 How the activities of the City and Growth Deals fit within the wider business support landscape – including the Welsh Government’s review of business support, and whether there are any opportunities for greater collaboration or coordination with Welsh Government activity.**

- 7.1 The Council recognises that City and Growth Deals can play a significant role in shaping the broader business support landscape by fostering regional economic development and decentralisation. These deals provide cities and regions with greater autonomy over financial and planning matters and enable and allow the better tailoring of business support initiatives to local needs. In North Wales, it has led to a much greater emphasis on partnership, coordination and collaborative-working across the region as a whole.

- 7.2 Growth Deal funding will also, hopefully, provide a significant component of future support for the next phase of the Council’s new Sites and Premises Development Programme. This is principally aimed at decontaminating brownfield land for new business users, developing infrastructure and utilities to bring forward additional employment sites (both actions potentially generating development and investment opportunities for the private sector by removing

risk and abnormal development costs), as well as constructing new business premises in areas where market failure remains. Through all of the above, the Growth Deal has contributed significantly to enhancing the business support 'ecosystem' for both local businesses and potential inward investors.

- 7.4 Whilst Welsh Government Officials, as well as the staff of Ambition North Wales, have been firmly 'embedded' in facilitating all of the above, the Welsh Government review of business support to explore opportunities for greater collaboration and coordination with City and Growth Deals is very much welcome. They clearly are effective mechanisms at stimulating local economic growth by investing in the likes of employment, skills, housing, transport, and business support. Further work, however, to better align, deliver greater additionality from mutually complimentary activities, as well as ensuring effective governance and oversight should be supported.