



House of Commons
Welsh Affairs Committee

City Deals and Growth Deals in Wales: Government Response to the Committee's Second Report of Session 2019

Second Special Report of Session
2019–21

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Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the National Assembly for Wales).

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Committee staff

The current staff of the Committee are Mems Ayinla (Second Clerk), Dr Adam Evans (Clerk), Louise Glen (Senior Committee Assistant), Simon Horswell (Committee Specialist), Kelly Tunnicliffe (Committee Assistant), Tim West (Media Officer) and Rhianon Williams (Committee Specialist).

Contacts

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You can follow the Committee on Twitter using [@CommonsWelshAff](#)

Second Special Report

The Welsh Affairs Committee published its Second Report of Session 2019, *City Deals and Growth Deals in Wales* (HC 48) on 1 November 2019. The Government's response was received on 2 March 2020 and is appended to this report.

Appendix: Letter from Rt Hon Simon Hart MP, Secretary of State for Wales, to the Chair of the Committee, dated 27 February 2020

City and Growth Deals in Wales

I would like to thank the previous Welsh Affairs Committee for their inquiry and report into the city and growth deals in Wales. The Government has carefully studied their findings and I am responding to the new Welsh Affairs Committee as the minister responsible.

I am pleased the report recognises the importance of the city and growth deals in bringing economic and social prosperity to all parts of Wales. The Deals focus on long-term investments in their regions and we look forward to them realising their potential as they mature and evolve during their life-span.

The report highlights the upcoming Gateway Review, which will look at the performance of the Cardiff City Deal during the first five years of its operation, and queries whether this should assess the South Wales Metro in addition to the Deal's Investment Fund. While I agree it is important that the South Wales Metro is scrutinised, as it is being delivered by Transport for Wales I feel it would be more appropriate for the Welsh Assembly to scrutinise this. The Deal's Agreement makes clear that the targets, which the Gateway Review will assess, apply only to Cardiff Capital Region's Investment Fund, rather than additionally to the Metro.

On 14 January HM Treasury announced it was undertaking a review of Air Passenger Duty to ensure regional connectivity is strengthened while meeting the UK's climate change commitments to net zero emissions by 2050. We will keep you updated with the Review's progress and the impact this could have on airports in Wales.

I agree with the report's assessment that the Swansea Bay City Deal has made good progress since the publication of Actica's Independent Review in January 2019. A sign of this progress has been the release of £18m funding to the Swansea Bay City Region for the Digital District and Yr Egin projects in December 2019. A further £18m of funding from both UK and Welsh governments is available to the Region upon the approval of another project by the end of March 2020 and the Region fully implementing the recommendations from the Independent Review.

City and growth deals are designed and led by their regions and it is for them to decide what projects make up the deals and when these are submitted to both governments. This includes deciding on whether to include projects such as the Swansea Bay Metro and the

Swansea Tidal Lagoon. We agree with the previous Committee's view that projects in a deal should be reviewed continuously to ensure they provide value for money and, in the case of the Swansea Bay City Deal, this will be one of the key responsibilities for their newly appointed programme director. The Government's role is to support the regions as they develop these business cases and provide critical advice and challenge.

I am pleased to say that, since the report was published, Heads of Terms have been signed for the North Wales Growth Deal. This is great progress for the North Wales Economic Ambition Board, who are now moving to the next stage of the process by developing full business cases for their most advanced projects. As we have done in other city and growth deals, we will support the region in developing these and encourage collaboration with other deals around the UK to learn best practice. Once projects are underway and are delivering strong results against the existing funding commitment, we would be open to discussing with the region about funding additional projects in the Deal.

Regarding the Wylfa Newydd nuclear power station, the Secretary of State for Business, Energy and Industrial Strategy is expected to make a final decision on the development consent order for the project by 31 March 2020. I will be in a position to update the Committee on the project following this decision.

This now only leaves Mid-Wales as the one part of Wales without a Growth Deal. Following our £55 million commitment to a Mid Wales Growth Deal, we continue to work with the Mid Wales Partnership and Welsh Government to reach Heads of Terms by the end of 2020. I hope the Welsh Government will match our funding commitment so that we can deliver a Growth Deal that is truly transformative for mid-Wales.