



A Fiscal Stimulus Package for the Mersey Dee Alliance (MDA) Economy: A Strategic Proposition

Soft Launch Event:

9.45am – 10.45am, Tuesday 16th March 2021

Frequently Asked Questions

How does this proposal fit with the North Wales Growth Deal and other Local Growth Programmes (LCR CA Recovery Plan, C&WLEP Economic Plan)?

The MDA Fiscal Stimulus Package has been produced by a partnership of Councils who are each a member of one of the NWEAB (Wrexham and Flintshire), the Cheshire and Warrington LEP (CW&C) and Liverpool City Regional CA (Wirral). Each MDA Council made it clear that the MDA proposals must build on and complement the work of each of the neighbouring Local Growth Partnerships.

The Welsh Government as a member of the MDA specifically requested that the MDA Package avoided duplication with the NWGD and WG services providing business support, skills and sector support.

MDA proposals were developed in workshops where representatives of the neighbouring local growth partnerships participated. Member officers (including WG officials) used their knowledge to ensure that the MDA proposals are complementary and add value to existing programmes e.g., proposals to extend the NWGD connected digital corridors along the A55/A494 into England – A55/M53 and M56 etc., Active travel proposals into an integrated, subregional network etc.

The field for business support and skills is crowded, how will you avoid duplication?

The revenue funded areas of business support and skills are indeed a crowded and complex landscape on a cross border basis with a range of key players. We have therefore been cautious with our proposals.

Firstly, our skills proposals are limited to enhancing “green skills” through a technical centre and “fit for the future” supply chain proposals. There will be a need to revisit skills to discuss how far cross border collaboration is possible given different policy frameworks.

Secondly our business support proposal; is based on a business challenge fund for which we have retained a significant budget to work with businesses and governments on the details. We aim to engage business in its design in the next phase of work and only quote “potential exemplars” the fund could support such as Tata, Airbus and the National Centre for Packaging and Innovation

The key fact is that we did not want to exclude dialogue with business, partners and governments by rushing to a fixed set of schemes in the very short period of time we had to develop proposals. We will work with businesses and partners (inc. governments) to ensure value for money and avoid duplication whilst enabling innovation research, improved productivity and decarbonisation.

Has the Private Sector had any involvement in developing the proposal?

Yes, the proposal began as a response to the job losses at Airbus and in the aerospace supply chain. We aim to enable the aerospace and automotive supply chains to diversify into other growth industries. We adopted this aim at the suggestion of Airbus who consider that their supply chain needs support.

We engaged the NWMD Business Council to work with us to liaise with business to get their feedback on our proposals and help frame business friendly proposals. We met key businesses such as Tata, Airbus, Comtek and the AMRC and took advice from organisations with business links and membership e.g., WG business engagement officers, LEP officers etc.

We are confident that our package has the support of anchor companies and we are pleased with the formal endorsement of the package by several key anchor companies given the speed of producing the package.

How will the Challenge Fund be managed?

We recognise that we need to develop a governance mechanism for the Challenge Fund. We are likely to use a model based on that used by the Development Bank for Wales and may outsource the process to a similar organisation with clear criteria based on improving productivity, innovation research and decarbonisation.

We are willing to engage in dialogue with business and governments before finalising how we will manage the Fund.

Why is the MDA Fiscal Stimulus Package Proposition bigger than the North Wales Growth Deal?

The North Wales Growth Deal came in at £240m capital for a population of just under 700,000. The MDA area covers a population of just under a million. On a per head basis the total sum of the MDA package is similar on a per head basis to growth deals in England and Wales (North Wales, Borders, Swansea being three comparators used to scale an amount for an outline submission). So, while the cash amount is bigger the per head spend is similar and the explanation for the package size being bigger than the North Wales Growth Deal is that the MDA is a more populous area and a much larger economy.

This argument also applies to other Welsh Growth Deals. The MDA includes two large English unitary authorities (Cheshire West and Chester and the Wirral) who make up over two thirds of the MDA population and GVA.

It is not therefore helpful to consider the MDA package solely from a Welsh perspective. A cross border perspective is required.

Why should the MDA Fiscal Stimulus Package get revenue funding when Growth Deals didn't?

The North Wales Growth Deal did not receive revenue funding. Some other growth deals did include revenue funding, but such deals tended to be linked to significant devolution arrangements including elected Mayors with oversight of local services formerly provided by central government agencies (DWP, NHS etc.) and include specific provisions for training skills and business support which are functions exercised by the Welsh Government in Wales.

The MDA is looking at Fiscal Stimulus and recovery from Covid which will require skills and business support interventions. This requires that there is consideration of the case for revenue funding at the very least to deliver targeted and tailored skills programmes that meet specific local needs.

What are the outcomes and Benefits of the Fiscal Stimulus Package?

We estimate: -

- £1.2bn net economic benefit and 5000 jobs created and safeguarded
- 300 businesses assisted
- £450m private sector co-investment
- 100km of hydrogen pipeline, up to 10 hydrogen and CCUS hubs and a hydrogen demonstrator facility.
- 100km of walking and cycling infrastructure from the active travel programme
- 130km of super connected transport routes (from the digital programme along road/rail routes)

You propose significant investment in rail and public transport just when Covid 19 has vastly reduced demand for public transport and seen big decreases in commuting. Are your transport proposals relevant?

Covid 19 has had a significant impact on transport and working patterns with a big increase in home working. Demand for rail and bus is still well below pre-Covid levels. However, Covid's impact should decline over the next 12 – 18 months and the imperative of public policy will move from public health to decarbonisation of transport.

We expect public transport to play a significant role in that with a return to growing demand for rail and connecting, modern and clean buses that are more responsive to demand. Our transport proposals are intended to accelerate investment in public transport to enable the Metro Concept with a rail spine supported by connecting bus services and active travel corridors.

Commuting will remain even if it is more on a 2-3 day a week basis than the former 5-day pattern. We have to offer an alternative to the car. So yes, our transport proposals are relevant and urgent to save the planet.

How will the package be delivered?

If the proposition is accepted by government, we have the means to deliver.

The MDA has a lead authority in Cheshire West and Chester Council who will receive monies and procure the delivery of projects on behalf of the partnership subject to negotiation of a partnership agreement. The MDA Board will oversee and sign off investment business cases (advised by the officers of the partners) and monitor delivery. Many schemes can be delivered directly by individual partners – Councils, Transport for Wales and Network Rail for example.

Is this another Growth Deal?

Growth deals were introduced by the Cameron/Osborne administration during the 2010 – 2015 Conservative Government. They were a specific funding mechanism based on local authority borrowing and devolution of functions to a consortium of Councils to deliver the funded projects. Funding was generally for capital expenditure only.

Government policy has moved on, so we do not expect to be asked to proceed on a Growth Deal model. We have put together a package we think our area needs. The next stage is to work out with governments how we can fund and deliver our proposals in an iterative process of negotiation. Our ask includes revenue, which will aid stimulus and is critical to skills and business support programmes.

Our favoured approach is to work on a green book business case for our strategic programme with a view to receiving a capital allocation and revenue funding in a future budget.

How do you know that governments will take this proposal seriously?

We cannot guarantee that this proposal will succeed! However, we expect it to be taken seriously: -

- Firstly, we were invited to make a proposal by representatives of both the UK and Welsh Governments.
- Secondly, we believe we have laid out a compelling case for action and some really good ideas to develop our economy and to decarbonise production and transport in the MDA area.
- Thirdly, we have support from businesses of renown who make a substantial contribution to the UK economy
- Fourthly our proposals are well aligned with the priorities of both governments: -
 - The green industrial revolution and 10-point plan (UKG)
 - Global Britain – a competitive exporter (UKG)
 - Levelling Up (UKG)
 - Prosperity for All in Wales (UKG)
 - FG Act and sustainable development in Wales (UKG)

Will Welsh Money be spent in England?

We are aware of Welsh sensitivity to being seen to spend Welsh money that benefits England. Wales has a lower GVA per head than the UK average and in principle it is not right for a poorer part of the country to subsidise another part of the country that is better off. We are looking for funding from both governments. We will expect more from the UK government than the Welsh Government: -

- Two thirds of the MDA's population and GVA are in England
- A number of relevant functions are non-devolved (rail, utility infrastructure etc.)

So, no we do not expect Wales to subsidise England, we expect WG and the UKG to agree fair shares based on population, GVA, benefits to both nations and functional criteria.

How will the Package be funded?

We have produced a package we think will benefit our area and the UK economy. We have not targeted specific funds or worked to a particular funding model.

We need a dialogue with both governments on how our package might be funded. Our favoured approach is to work on a green book business case for our strategic programme with a view to receiving a capital allocation and revenue funding in a future budget.

What will each government pay toward this deal?

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We are aware of WG plans for a North Wales Fiscal Stimulus (Recovery Prospectus) which could "match fund" some spending by the UKG.

Do you really believe the two governments can work together?

Yes, they did it for: -

- The North Wales Growth deal and other City/Growth Deals in Wales
- The Core Valley Lines
- The St. David's Day Devolution Package – Wales Bill

It is not always a pretty or a smooth process, but they can get the job done. We need to mobilise our businesses, MS' and APPG (MPs) to help governments get the job done

When will we see some stimulus?

We believe we can start in 2022/23 if we have the support of governments. The speed of progress will be tied to the speed of negotiations which in turn will be influenced by: -

- Commitment
- Capacity
- Affordability and
- Responsiveness

The key point is that this is a stimulus package and needs to be progressed quickly to have a stimulating effect on the economy.