



Mersey Dee Alliance  
c/o Cheshire West and Chester Council  
Nicholas House  
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## **MDA Stakeholders Briefing Note**

### ***Contact for further information:***

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- Officers of the Mersey Dee and North Wales APPG,
- Members of the Welsh Senedd for the MDA area
- Business Stakeholders in the MDA area

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Date: 5<sup>th</sup> October 2021

Dear Stakeholder,

### **Mersey Dee Alliance (MDA) – Proposed Cross Border Recovery Deal (CBRD)**

I am writing to you to update you on the work of the Mersey Dee Alliance (MDA) to seek investment in the integrated, cross border functional economy of the MDA area following the negative impacts of the Covid – 19 Pandemic on the MDA economy.

#### **Strategic Purpose**

The MDA's mission is to represent the interests of the cross border, integrated functional economy and the communities that rely on it for their livelihoods and well-being. Our fundamental offer in seeking an investment package for the MDA is to work in partnership with governments and businesses on a cross border basis to unleash and enhance the potential economic growth and well-being of the area. As a cross border partnership, the MDA is better able to engage with the whole of the MDA economy than governments and existing local growth partnerships, which are constrained by working within their administrative boundaries and can only engage with and fund their part of the whole. The MDA offers an opportunity to achieve the benefits of integrated, cross-border economic development and infrastructure investment decision-making that will boost sustainable and inclusive growth.

The MDA was invited by the UK and Welsh Governments to submit proposals for a Fiscal Stimulus Package to aid recovery from Covid -19 in September 2020. In March 2021 the MDA proposed a Fiscal Stimulus Package of just over £400m to the UK and Welsh Governments.

The Cross Border Recovery Deal (CBRD) will: -

- Enable the recovery of an industrial powerhouse from the Covid 19 Pandemic which badly affected the MDA economy, which saw 15% reduction in GVA from the Pandemic, compared to 10% for the UK as a whole. A key factor in the loss of GVA was the loss of 1400 jobs at Airbus and a 30% cut production with knock on effects to the Aerospace supply chain.
- Lay the foundations of future sustainable and inclusive growth, enhanced by enabling the MDA to integrate and lead management of the MDA economy and its infrastructure as a cross border “local growth partnership” backed by both governments.

### A Prioritised, Affordable Cross Border Recovery Deal

Both the UK and Welsh Governments advised the MDA to: -

- Prioritise and phase its proposals to better enable affordability in a likely tough comprehensive spending review this year for the period 2022/23 - 2025/26. Ensure its priorities are fed into the Comprehensive Spending Review due to be announced on the 27<sup>th</sup> October 2021
- Complement existing growth and city deals in England and Wales where the MDA geography overlaps with other Local Growth and City Region Partnerships (Cheshire and Warrington LEP, The North Wales Economic Ambition Board and the Liverpool City Region Combined Authority).
- Make use of existing funds for the proposed FSP programme wherever possible.
- Raise awareness of the Mersey Dee Alliance and its aims in UK Government Departments

The MDA has responded positively to these requests by the two governments.

Acting at pace, with the support of Hatch Consultants, the MDA has: -

- Developed a prioritised package of around £220m including development costs on top of the project costs. (See Table 1).
- Sought alternative sources of funding for wider elements of the project portfolio identified in the original Fiscal Stimulus Package. (See Table 2)
- Arranged for engagement with UKG and WG officials to ensure that they can feed in agreed proposals to departmental spending limits for the CSR.
- Made a CSR submission to the Treasury

The prioritised proposals are being put forward as a **Cross Border Recovery Deal**.

### Criteria for Selecting the CBRD Programmes and Projects

The priority projects were selected on the basis of: -

- Maximising the impact of investment in the next three years and thereby aiding speedy recovery from the Covid-19 Pandemic. The MDA proposes that funding commences in 2022/23 with development work (building up business cases) taking place in year 1. Delivery of the projects, with construction and

the commissioning of operations, would take place in years 2 and 3 (the financial years 2023/24 and 2024/25).

- Cross border impact, where the investment will benefit all parts of the MDA
- Being delivered by the MDA as an accountable body, rather than bidding on behalf of other organisations to deliver, like HyNet (accelerated investment in pipe infrastructure) or Network Rail (development funding for GT360 priorities like Chester Station).
- Whether alternative funding could be available. For example, not progressing the FSP proposal for capital funding for Active Travel, because there are likely to be sufficient funds available from specific active travel funds for well planned projects with good business cases.

## The MDA Cross Border Recovery Deal

The recovery deal retains the same programme structure as the Fiscal Stimulus Package and seeks £207m capital and £9.6m revenue per annum for projects in the 2021 Spending review to be spent over the three years 2022/23 to 2025/26.

**Table 1**

Proposed Projects				
Programme	Project	Cost (£m)	Capital (£m)	Revenue (£m)
Low carbon	Hydrogen Testing Facility	39.6	39.6	0
	Deeside Hydrogen Hub	12.5	12.5	0
	<i>subtotal</i>	<i>52.1</i>	<i>52.1</i>	<i>0</i>
Transport	Active Travel development	11	10	1
	Integrated ticketing	0.4	0.4	0
	<i>subtotal</i>	<i>11.4</i>	<i>10.4</i>	<i>1</i>
Place	Empty / underutilised property fund	55	50	5
	<i>subtotal</i>	<i>55</i>	<i>50</i>	<i>5</i>
Supporting business	Business Challenge Fund	60	60	0
	Digital	26.1	24.5	1.6
	Skills	12	10	2
	<i>subtotal</i>	<i>98.1</i>	<i>94.5</i>	<i>3.6</i>
<b>Total Cross Border Recovery Plan</b>		<b>216.6</b>	<b>207</b>	<b>9.6</b>

## Project Descriptions

### Low Carbon Programme Projects

- A hydrogen demonstrator facility at Thornton Science Park adjacent to the hydrogen production site at Stanlow, Ellesmere Port to stimulate an MDA based hydrogen energy source supply chain (£39.6m capital)
- Top – up funding for the Hydrogen Hub at Deeside proposed by the North Wales Growth Deal. The MDA will work in partnership with the NWEAB to ensure that the Deeside Hub is fully funded and deliverable. (£12.5m capital)

The programme will support the transition of industry and transport in the MDA area from carbon production to net zero production safeguarding thousands of jobs in industry. Pioneering the hydrogen economy and other low carbon sources will create sustainable jobs and open up export opportunities to other countries as they embark on the journey to net-zero production.

### Transport Programme Projects

- An active travel development fund to enable co-ordinated development of an integrated, 4 county active travel network. The completion of business cases for the active travel network on a co-ordinated basis will enable successful bidding by the MDA and/or partners to UKG and WG active travel funds to complete the 100km of cycleways and walkways. (£120m capital and £1m pa revenue). The revenue component will enable the creation of apprenticeships for transport planners of which the region has a severe shortage.
- Integrated ticketing machines/card readers for cross border bus routes in England following a substantial investment by the Welsh Government and Transport for Wales in the equipment on the Welsh side of the border. (Estimated capital of £400k). The proposal will increase opportunities to access work and public transport for cross border travel.

The programme will improve access to work, health and reduce carbon emissions.

### Place Programme

- A competitive place programme where towns from across the MDA will be able to bid into a fund for the purchase, repurposing and remodelling of empty town centre properties. This will complement and extend Levelling Up proposals submitted to the UKG and Transforming Towns funding from Welsh Government in Wales. The programme is needed to give leadership to town centre regeneration, act as a catalyst for private sector investment and help keep purchasing power in the region. It will create jobs, leverage private sector investment and support SME growth, along with improving buildings and cutting carbon emission. (£55m - £50m capital and £5m revenue)

### Supporting Business, Skills and Digital Programme

- A business challenge fund for scaling up innovative processes, commercialising research and development and supporting investment in net-zero building adaptations for business and “net zero” loans for SMEs (£60m)
- A skills package to enhance green skills and support the growth of supply chains for clean energy production from hydrogen, wind and nuclear power (£12m)
- Improved digital networks for substantial employment sites and along key transport routes, extending the exemplary North Wales Growth Deal connected corridors and campus proposals into England. This programme will also incorporate a “Dig Once” scheme developed in the Liverpool City Region and seek to fund the purchase of mobile phone data for town centres to improve the targeting of town centre investment. (£26m)

The Supporting Business proposals were developed in partnership with the North Wales and Mersey Dee Business Council (NWMDBC). The Business Council led a focus group of businesses consisting of anchor employers, including Airbus, and representatives of regional business organisations. The NWMDBC has also given advice from a business perspective on the whole of the programme portfolio.

The digital proposals will also seek to address digital inclusion.

The Supporting Business proposals are estimated to save more than 120,000 tonnes of Co2 emissions, generate £30m of new private sector investment, improve over 400 business premises and safeguard or create over 2700 jobs.

All figures are provisional and currently total £220m. We hope to see the CSR provide finance for this programme over the next three years 2022/23 – 2025/26.

The Welsh Government could contribute to any agreed package. The Welsh GVA and population share of the MDA is around a third and some schemes are non-devolved or England only. Governments will need to agree their respective shares.

The Cross Border Recovery Deal asks for £220m of investment. The MDA is confident that the investments will return over £500m of benefits. The benefits summary is attached:

## Summary of Portfolio Benefits

Jobs	Environment	Skills	Innovation
 <p>The Business Challenge Fund will safeguard those hit hard by COVID and Brexit from the impact of net-zero transition, creating new opportunities in the process.</p> <p>The Place programme will bring jobs and opportunity back to Town Centres.</p> <p>The Low Carbon interventions in the CBRD will place the Mersey Dee at the centre of the hydrogen economy, creating new growth opportunities and safeguarding jobs.</p>	 <p>The Transport programme will encourage residents out of their cars – reducing emissions, noise and congestion while improving air quality.</p> <p>The CBRD will accelerate the shift to low carbon fuels, enabling industrial users to switch from fossil fuels in manufacturing, power generation and transport.</p> <p>The Challenge Fund offers a number of routes to support businesses in the decarbonisation of their premises and operations.</p>	 <p>The business support programme will manage the skills projects within the MDA Portfolio.</p> <p>The CBRD will allow the MDA to work with key employers and skills providers across the region - enabling the workforce to become leaders in the Green Skills need to manufacture, install and maintain the equipment required for the nascent Hydrogen Economy.</p> <p>Skills will be enhanced at all levels and targeted at ensuring inclusive growth – levelling up the MDA.</p>	 <p>The Business Challenge Fund will offer firms access to match funding for commercialisation and scale-up of innovative products / services.</p> <p>The Low Carbon Programme will ensure that firms are attracted to invest in the Mersey Dee as the centre of the UK Hydrogen Economy – testing products and applications for hydrogen locally.</p> <p>Digital connectivity enhancements and access to upgraded Town Centre space will create opportunity for smaller start-ups and innovative firms.</p>

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## Funding Routes for the Wider Programme Not Included in the CBRD

The MDA will continue to press for funding the full range of projects we identified in the Fiscal Stimulus Package: -

Proposal	Alternative Funding
GT360 £20m rail development Fund	GT360 will press for DfT funding for the three priorities of the NWCML, Chester Station and Wrexham to Liverpool via Bidston Line. A Levelling Up Fund Bid has been made for capital to make improvements to the Wrexham to Liverpool Line by Flintshire Council and the local MP.
Wrexham Town Centre Regeneration (£20m)	A Levelling Up Bid has been made for the Town Centre Gateway Scheme by Wrexham Council and the local MP.
Acceleration of CCUS and Hydrogen Supply into North Wales by the Hynet Northwest Industrial Cluster (£70m)	The MDA will pursue this proposal for additional and accelerated development funding for works in Wales with Hynet. The MDA and HyNet have agreed a strategic partnership that will seek direct funding for Hynet from BEIS and Track 1 Cluster status for HyNet.
Capital for Active Travel (£70m)	The MDA will use its active travel development funding to prepare well-planned bids to future capital funds announced by the UK and Welsh Governments for active travel.

## Alignment with Government Priorities

The Cross-Border Recovery Deal is designed to support a wide range of local and national strategy..



The Welsh Government and UK Government share similar goals for Low Carbon and Supporting Businesses programmes, with the Well-being of Future Generations Act embedding Sustainable and Inclusive Growth in Welsh Law.

The CBRP aligns with UKG priorities to: -

- Decarbonise industrial production and launch a green industrial revolution
- Decarbonise transport
- Strengthen the Union
- Level up by improving places and infrastructure

The MDA has done everything that Governments have asked: -

- To make initial proposals for investment
- To prioritise investment,
- To seek funding from existing funds
- To meet challenging timescales and meet deadlines for the CSR
- To work with neighbouring economic growth partnerships and
- To address government priorities like net zero, innovation in business and more research and development with business engagement

## Next Steps

The MDA has submitted its Cross Border Recovery Plan to Government Officials and is in the process of submitting to Ministers of both Governments.

The MDA seeks: -

1. Feedback from governments
2. A commitment to the proposed Cross Border Recovery Deal in the Comprehensive Spending Review
3. A programme of engagement at Ministerial and Official level to co-produce the Cross Border Recovery Deal for funding
4. A lead minister for the MDA from the UKG to work with the MDA and Vaughan Gething MS, Minister for the Economy, who is leading on the MDA for the Welsh Government
5. Pace, as the proposals are designed to give a rapid stimulus to the MDA economy to counter the greater than average impact of Covid 19 on the area.

The MDA needs your help to obtain commitment to the Cross Border Recovery Deal. Please will you: -

- Raise awareness of the MDA and the Cross Border Recovery Deal with Ministers in the UKG (BEIS, DLU&C, DfT and DCMS and Ministers in the Welsh Government
- Ask the UK Government to urgently nominate a Minister for the MDA from one of the Wales Office, DLU&C or BEIS.

We need advocacy to the UKG and WG that supporting the MDA does not undermine the devolution settlement or funding for other parts of Wales, which is an argument that has been put to the Wales Office by those sceptical of cross border working.

The Cross border functional economy needs active management on a cross border, partnership basis to thrive. The MDA is best body to partner governments in maximising the potential economic contribution the cross-border economy can make to UK PLC. Backing the MDA and its investment proposals is critical to the future economic and social wellbeing of the communities of the MDA area.

The MDA asks for your support and to working with you for the benefit of the people of the Mersey Dee Alliance.

Yours sincerely

A handwritten signature in black ink. It consists of a large, stylized capital letter 'M' on the left, followed by the name 'Pritchard' written in a cursive script. A horizontal line is drawn underneath the name.

Councillor Mark Pritchard,

Leader, Wrexham County Borough Council and Chair of Mersey Dee Alliance