

Complete Agenda



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

Meeting

NORTH WALES ECONOMIC AMBITION BOARD

Date and Time

1.00 pm, FRIDAY, 12TH JUNE, 2020

Location

Virtual Meeting

Contact Point

Annes Sion

01286 679490

AnnesSion@gwynedd.llyw.cymru

(DISTRIBUTED 08/06/20)

NORTH WALES ECONOMIC AMBITION BOARD

MEMBERSHIP OF THE JOINT COMMITTEE

Voting Members

Councillors

Hugh Evans	Denbighshire County Council
Llinos Medi Huws	Isle of Anglesey County Council
Mark Pritchard	Wrexham County Borough Council
Ian B. Roberts	Flintshire County Council
Dyfrig L. Siencyn	Gwynedd Council
Sam Rowlands	Conwy County Borough Council

Advisers - Non-voting

Dafydd Evans	Grwp Llandrillo Menai
Maria Hinfelaar	Glyndwr University
Yana Williams	Coleg Cambria
Jim Jones	North Wales and Mersey Dee Business Council
Askar Sheibani	Business Delivery Board
Professor Iwan Davies	Bangor University

Chief Officers - Non-voting

Annwen Morgan	Isle of Anglesey County Council
Iwan Davies	Conwy County Borough Council
Colin Everett	Flintshire County Council
Judith Greenhalgh	Denbighshire County Council
Ian Bancroft	Wrexham County Borough Council
Dilwyn Williams	Gwynedd Council

Officers in Attendance

Alwen Williams	Programme Director
Dafydd L. Edwards	Section 151 Officer
Iwan G. Evans	Monitoring Officer

A G E N D A

1. APOLOGIES

To receive any apologies for absence.

2. DECLARATION OF PERSONAL INTEREST

To receive any declarations of Personal Interest

3. URGENT BUSINESS

To note any items that are a matter of urgency in the view of the Chair for consideration.

4. MINUTES OF THE PREVIOUS MEETING 5 - 8

The Chair shall propose that the minutes of the meeting held on 24 January 2020 be signed as a true record.

5. HEADS OF TERMS 9 - 30

Report by Alwen Williams, Programme Director.

6. PROGRAMME GOVERNANCE 31 - 42

Report by Hedd Vaughan-Evans, Operations Manager.

7. GOVERNANCE AGREEMENT 2 43 - 51

Report by Iwan G Evans, Monitoring Officer – Host Authority.

8. COMMERCIAL MODELS 52 - 55

Report by Hedd Vaughan-Evans, Operations Manager.

9. 2019/20 OUT-TURN REPORT AND ANNUAL RETURN 56 - 71

Report by Dafydd Edwards, Statutory Finance Officer – Host Authority.

10. 2020/21 BUDGET 72 - 82

Report by Dafydd Edwards, Statutory Finance Officer – Host Authority.

11. EXCLUSION OF PRESS AND PUBLIC

The Chairman shall propose that the press and public be excluded from the meeting during the discussion on the following items.

12. PROJECT BASELINE REVIEW

To consider the report
(Separate copy for Members only)

The press and public will be excluded from the meeting during the discussion on the following item due to the likely disclosure of exempt information as defined in Paragraph 14 of Schedule 12A of the Local Government act 1972. There is an acknowledged public interest in openness in relation to the use of public resources and related financial issues. It is also acknowledged that there are occasions, in order to protect the financial interests that matters related to commercial information need to be discussed without being publicised. The report deals specifically with financial and business matter and related discussions. Publication of such commercially sensitive information could adversely affect the interests of the bodies and the Councils. This would be contrary to the wider public interest of securing the best overall outcome.

13. BUSINESS DELIVERY BOARD

Appointment of Chair for the Business Delivery Board (application forms and supporting documents to be circulated separately for Board members only).

The press and public will be excluded from the meeting during the discussion on the following item due to the likely disclosure of exempt information as defined in paragraph 12, Part 4, Schedule 12A of the Local Government Act 1972. This paragraph is relevant as the report includes information about specific individuals who have the right to privacy. There is no public interest that calls for disclosing personal information about these individuals which would outweigh their rights. Consequently, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

NORTH WALES ECONOMIC AMBITION BOARD 24/01/20

Present:

Voting Members - Councillors:- Llinos Medi Huws (Isle of Anglesey County Council), Ian Roberts (Flintshire Council), Sam Rowlands (Conwy County Borough Council), Mark Pritchard (Wrexham County Borough Council) and Dyfrig L.Siencyn (Gwynedd Council) (Chair).

Advisors – Dafydd Evans (Grŵp Llandrillo Menai), Maria Hinfelaar (Glyndŵr University), Prof. David Thomas (Bangor University), Steve Jackson (Coleg Cambria), Jim Jones (North Wales Mersey Dee Business Council) and Askar Sheibani (Business Delivery Board).

Chief Officers - Annwen Morgan (Isle of Anglesey County Council), Iwan Davies (Conwy County Borough Council), Judith Greenhalgh (Denbighshire Council), Ian Bancroft (Wrexham County Borough Council), Colin Everett (Flintshire Council).

Officers in attendance - Alwen Williams (Programme Director), Dafydd Edwards (Statutory Finance Officer), Iwan Evans (Monitoring Officer), Jane Richardson (Chair of the Executive Officers Group) and Annes Siôn (Democratic Services Officer).

Alwen Williams was welcomed to her first meeting of the NWEAB as Programme Director

1. APOLOGIES

Apologies were received from Cllr Hugh Evans (Denbighshire Council), Prof Iwan Davies (Bangor University), Yana Williams (Coleg Cambria) and Dilwyn Williams (Gwynedd Council).

2. DECLARATION OF PERSONAL INTEREST

A declaration of personal interest was received for item 9 - Chair of the Business Delivery Board from the following:

- Dafydd Evans (Grŵp Llandrillo Menai)
- Askar Sheibani (Business Delivery Board)

It was a prejudicial interest and they left the meeting during this item.

3. URGENT BUSINESS

None to note.

4. MINUTES OF THE PREVIOUS MEETING

The Chair signed the minutes of the previous meeting of the NWEAB held on 15 November 2019, as a true record.

5. PROGRESS UPDATE REPORT

The report was submitted by Jane Richardson - Chair of the NWEAB's Executive Officers Group.

RESOLVED

To note the information within the report.

REASONS FOR THE DECISION

The report was presented in order to give an update on progress by the Executive Officers Group. An update was received on the appointment of four members of staff to the Programme Office, including the Programme Director. Also, it was noted that a Governance workshop would be held on 14 February 2020, and an update was given on the work of the Chair of the NWEAB.

DISCUSSION

The report was submitted and it was noted that considerable work had been done since the previous meeting. It was noted that a clear focus had been highlighted during the bridging period and the roles of the NWEAB, Programme Office and Executive Group were outlined. It was noted that the Programme Director would not be chairing the Executive Group for the time being, and that Jane Richardson would continue as Chair.

It was noted that a Governance Workshop had been arranged for 14 February. It was also noted that work had been done to strengthen the relationship with Welsh Government's Regional Team and discussions were being held on how it may be possible to work together on the Regional Economic Framework and revise the Growth Vision.

It was noted that one of the next priorities would be to create a communication strategy and to decide what the Programme Office wanted to introduce in North Wales. It was stressed that a narrative was needed for North Wales and an explanation on how the Growth Vision would tie into the narrative.

During the discussion the following matters were raised:

- A member noted that they were glad that there was better collaboration with Welsh Government. The importance of creating a joint framework and the same vision was noted.
- The Executive Group was discussed, specifically the chairmanship. The need for the Programme Director to be a member was stressed, as it would be difficult to present items and chair meetings.
- The need to sign the Heads of Terms by October was stressed. It was added that a discussion would be needed at a workshop in terms of how flexible the two Governments are with projects in the first phase and second phase. It was stressed that as projects were the root of the entire programme, there was a need to be flexible. It was noted that the Government needed to be entirely clear about when the projects move to be a programme.

6. REVENUE BUDGET 2019/20 - THIRD QUARTER REVIEW (DECEMBER 2019)

The report was submitted by Dafydd Edwards - Statutory Finance Officer.

RESOLVED

To receive the third quarter review of the NWEAB budget for 2019/20, and agree to transfer any underspend in 2019/20 to the earmarked reserve that will be available for future years.

REASONS FOR THE DECISION

A report was given on the various budget headings that were overspending / underspending and it was noted that there would be an estimated net underspend of £117,424 at the end of 2019/20, which would be transferred to the earmarked reserve set up at the end of 2018/19.

In order to work effectively, the Joint-committee (NWEAB) must be aware of its expenditure situation to date and this year's spending projections against its annual budget.

DISCUSSION

The report was submitted and it was noted that the budget for 2020/21 would be discussed at the next meeting. It was added that there had not been any major changes over the last quarter. Members were guided through the spreadsheet and it was stressed that the underspend had occurred due to the delay in appointing the Programme Director. It was noted that additional income had been added for the ESF grant if the grant was approved.

It was noted that the final position would be discussed in June, and it was accepted that any underspend would be transferred to the earmarked reserve fund.

During the discussion the following matters were raised:

It was highlighted that reserves were for any further costs and to reduce the workload and demand for funding from partners.

It was asked how much money would be transferred for this year and how much was in reserve, and it was noted that £117,424 would be transferred for this year which would bring the total to £453,000.

7. ESF APPLICATION

The report was submitted by Alwen Williams, Programme Director

DECISION

To approve the Staffing Structure for the Programme Office, and delegate the authority to the Programme Director in consultation with the Chief Executive of the Host Authority and the Statutory Finance Officer to amend the structure as required within the funding envelope.

To approve the appointment dates for the staff within the staffing structure, and appoint to the Programme Office prior to the Final Deal, where those posts are affordable within the core budget and the ESF budget (as listed in clause 4.2.5 of the report).

Subject to the matters set out in the report, to authorise the Programme Director to proceed with the creation of the posts and undertake the appointments process in accordance with the Host Authority's Policies and Procedures.

To delegate the authority to the Programme Director, in consultation with the Host Authority Chief Executive and the Statutory Finance Officer, to accept a WEFO grant offer based on 50% of the total project cost for the period July 2018 up until June 2023. To confirm that the NWEAB accepts that it will contribute match funding at 50%, primarily by a combination of capitalisation of project costs and core budget.

REASONS FOR THE DECISION

The ESF grant would provide funding to the region for the development and delivery of the Growth Vision, through the establishment of a Programme Office. The Programme Office will start with a core team of officers partly funded through the ESF grant.

In terms of the budget, it was noted that it would be more cost-effective to appoint officers rather than appoint consultants on freelance contracts. It was emphasised that no appointments would be made until confirmation of the funding had been received.

DISCUSSION

The report was submitted, noting that it was an update on the grant application. The posts which were part of the application were noted, as well as the dates for appointing and starting in post.

In terms of the budget, it was noted that it would be more cost-effective to appoint officers rather than appoint consultants on freelance contracts. It was emphasised that no appointments would be made until confirmation of the funding has been received.

During the discussion the following matters were raised:

- It was asked when confirmation would be given of whether or not the funding would be received. It was noted that the indications were that the application would be accepted and Conwy Council was thanked for the work of preparing the application.
- The difference between programme manager and project manager was discussed. It was stressed that these posts continued to be developed and adapted to ensure that there is no duplication, specifically when looking at the role of officers within the Regional Skills Partnership which is already operational in the region.
- In terms of receiving the funding, it was noted that once confirmation is received that funding is available, an application for back-payment would be made and then the funding would be claimed on a quarterly basis.

8. EXCLUSION OF PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion on the following item.

9. BUSINESS DELIVERY BOARD CHAIR - SHORT LIST

DECISION

That four of the candidates are eligible for short-listing for interview.

REASONS FOR THE DECISION

Drawing up a short list of candidates was one of the key milestones in the process of recruiting and appointing an individual to this key post.

The meeting commenced at 1.00 pm and concluded at 2.40 pm

CHAIRMAN



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12th JUNE, 2020

TITLE: *Heads of Terms*

AUTHOR: *Alwen Williams, Programme Director*

1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to present the signed version of the Heads of Terms agreement for the North Wales Growth Deal, prepared by the Welsh Government and UK Government.
- 1.2. The Heads of Terms Agreement has been prepared in the context of the Proposition Document and the Implementation Plan supported and approved by the North Wales Economic Ambition Board.

2. DECISION SOUGHT

- 2.1. That the Board notes the completion of the Heads of Terms.

3. REASONS FOR THE DECISION

- 3.1. As stated in the report.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. The Heads of Terms Agreement was drafted by both Governments in the context of the Proposition Document and in line with the offer from the NWEAB within the Implementation Plan.
- 4.2. The NWEAB have discussed and approved the draft Heads of Terms agreement during meetings of the NWEAB on July 26th and September 6th. Several minor technical amendments were made to the final version of the HoTs under delegated powers.
- 4.3. The Heads of Terms Agreement was signed by NWEAB representatives (Cllr Dyfrig Siencyn and Cllr Mark Pritchard) and Welsh Government and UK Government on the 4th of November 2019.
- 4.4. The Heads of Terms Agreement was signed by the remaining NWEAB representatives (Cllr Llinos Medi, Cllr Ian Roberts, Cllr Sam Rowlands and Cllr Hugh Evans) during a meeting on 15th of November 2019.
- 4.5. A copy of the final Heads of Terms for the North Wales Growth Deal is included in **Appendix 1**.

APPENDICES:

Appendix 1 Heads of Terms Agreement

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“The completion of Heads of Terms is a key milestone for the Growth Deal and although not legally binding represents a commitment by all the parties to the Growth Deal, its resourcing and delivery. As the report states its completion stemmed from agreement of key strategies and commitments across the region enabling the Leaders to sign the document. It provides the platform to move forward to the Final Deal Agreement and Governance Agreement 2 and delivery of the Growth Deal Programmes.”

ii. Statutory Finance Officer (the Host Authority’s Section 151 Officer):

“The Economic Ambition Board previously welcomed the revised version of the draft Heads of Terms, which has subsequently been finalised and signed by all parties. The Governments acceded to some of our requests in the final version submitted here, and we’re now making progress towards formalising the Growth Deal. The final terms to follow in the “Growth Deal Agreement”, which is a legally binding agreement, will of course be subject to a comprehensive review.”

North Wales Growth Deal

Heads of Terms Agreement



HM Government



Llywodraeth Cymru
Welsh Government

Our signing of this document confirms our joint commitment to achieve the full implementation of the North Wales Growth Deal.



The Rt Hon Alun Cairns
Secretary of State for Wales
UK Government



Eluned Morgan AM
Minister for International Relations
and Welsh Language
Welsh Government



Cllr Sam Rowlands
Leader
Conwy County Borough Council



Cllr Hugh Evans
Leader
Denbighshire County Council



Cllr Ian Roberts
Leader
Flintshire County Council



Cllr Dyfrig Siencyn
Leader
Gwynedd Council



Cllr Mark Pritchard
Leader
Wrexham County Borough Council



Cllr Llinos Medi Huws
Leader
Isle of Anglesey County Council

BACKGROUND

1. The North Wales region comprises the local authority areas of Conwy, Denbighshire, Flintshire, Gwynedd, the Isle of Anglesey, and Wrexham.
2. In December 2018 Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Gwynedd Council, the Isle of Anglesey County Council, and Wrexham County Borough Council entered into a collaboration and governance agreement with each other and with Bangor University, Wrexham Glyndŵr University, Coleg Cambria and Grŵp Llandrillo Menai which, together with the North Wales Mersey Dee Business Council act as Advisers to the Local Authorities. The collaboration and governance agreement is known as Governance Agreement 1 and covers the Local Authorities' planning and development stage of the North Wales Growth Deal (NWGD).
3. The collaboration among and between the Local Authorities and the Advisers described in Governance Agreement 1 is known as the North Wales Economic Ambition Board. Under Governance Agreement 1, the Local Authorities formed a Joint Committee, a contractual arrangement for the Board, for the purpose of co-ordinating and planning delivery of the *Growth Vision for North Wales*, with an initial emphasis on the Growth Deal.
4. The Board's aspirations for the region for the Growth Deal were set out in a proposition document entitled *A Growth Deal for North Wales: Proposition Document* which was adopted and supported by the Local Authorities and Advisers in October 2018. Both the *Growth Vision for North Wales* and the *Proposition Document* have been developed through joint working by the Local Authorities and their Advisers, and with the engagement of the business sectors and representative bodies of the private sector in the region. Latterly, the work of the Board has been supported by the North Wales Business Delivery Board, an expert panel of private sector entrepreneurs.
5. The Joint Committee seeks to work on the basis of equitable roles across its wider membership. The advisers are restricted to an advisory role, and do not have fully voting rights, due to the limitations of the existing local government law for statutory joint committees.
6. Together, the Local Authorities, the UK Government and the Welsh Government are referred to in this document as the Parties.

7. The Local Authorities, the UK Government and the Welsh Government have agreed to work with one another to conclude a Growth Deal. These Heads of Terms set out the intended scope of the Growth Deal that seeks to transform the regional economy of North Wales by delivering transformational and dispersed growth throughout the region. Its themes reflect the Growth Vision for North Wales. These Heads of Terms commit the Parties to work collaboratively with each other to seek to conclude a Growth Deal that will transform the regional economy of North Wales.
8. The Board will appoint one of the Local Authorities to be responsible for receiving and spending funds for the Growth Deal for and on behalf of the Local Authorities known as the Accountable Body. The Accountable Body will act as the primary interface with the other Local Authorities, Advisers and other partner organisations, and with the Welsh Government and the UK Government. The Accountable Body will hold the funds and only use and release such funds in accordance with the terms of such funding. The Accountable Body as at the date of these Heads of Terms, and under Governance Agreement 1 is Gwynedd Council. Governance Agreement 2 will confirm who is to be the Accountable Body for the delivery stage of the Growth Deal.
9. The Board will remain the lead body for the region for the overall delivery and success of the Growth Deal for democratic, political and public accountability, supported by the Accountable Body who will discharge its specific duties, on behalf of the Board, as set out above.
10. It is intended that the Growth Deal will be documented in an agreement entered into by the Accountable Body, the UK Government and the Welsh Government ("Final Growth Deal Agreement"). The Parties aim to conclude the Final Growth Deal Agreement within 12-15 months of the date of these Heads of Terms.
11. Prior to conclusion of the Final Growth Deal Agreement, the Board will facilitate an arrangement where the Accountable Body will enter into a more detailed governance agreement (i.e. Governance Agreement 2) with other partners which will further define the relationship between the Accountable Body, the other Local Authorities and the Advisers for the delivery stage of the Growth Deal.

EXECUTIVE SUMMARY

12. These Heads of Terms have been produced for the purposes of outlining the general principles of the Growth Deal and recording the basis on which the Parties will collaborate with each other on the development of the Growth Deal. These Heads of Terms are not intended to be legally binding, and no legal obligations or legal rights shall arise between the Parties from these Heads of Terms.
13. Nothing in these Heads of Terms is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, constitute any Party as the agent of another Party, nor authorise any of the Parties to make or enter into any commitments for or on behalf of any other Party.
14. All commitments in these Heads of Terms are subject to the conclusion of a Final Growth Deal Agreement and any funding awarded is subject to the approval by government/s of business cases which are in accordance with all relevant departmental and government policies, including as set out in HM Treasury Green Book and the Welsh Government's Better Business Cases Guidance, and the identification of appropriate legal powers.
15. The Welsh Government and the UK Government each propose to invest up to £120 million in the Growth Deal over 15 years, subject to the final approval by government/s of robust business cases in line with HM Treasury Green Book and Better Business Cases methodology that confirm that the Programmes and Projects are viable, value for money, sustainable and State aid compliant.
16. In a scenario where Growth Deal delivery is not within agreed limits, leading to a reduction or cessation of a programme/project and its associated Growth Deal funding, then it will be the responsibility of each Local Authority to manage the financial impact of this within its local authority budget. The Local Authorities and regional partners may enter into separate arrangements amongst themselves to manage this (for example, under the terms of Governance Agreement 2).
17. The revenue funding contribution from the six (6) Local Authorities is estimated by the Board to be in the region of £5 million, with a significant proportion of this spent on financing the borrowing required in order to deliver Growth Deal Projects over a 15 year period, and a smaller proportion on the annual costs of programme and project management capacity.

- 18.** The total value of investment in the Growth Deal is anticipated to be up to £945million. This will be made up of £240million contribution from Government, £500 million private sector funding and £200million from other public sector funding. Local Authorities will contribute £5million of revenue funding, and additional programme capital funding which will be confirmed and evidenced in the Final Growth Deal Agreement.
- 19.** Each component of the Growth Deal must prove how it will contribute to growing the region under a Portfolio of 6 Growth Deal Programmes, as defined below:
- Advanced Manufacturing;
 - Low Carbon Energy;
 - Land Based Industries and Tourism;
 - Digital Connectivity;
 - Strategic Transport; and
 - Land and Property.
- 20.** The North Wales region has a resident population of 690,000 living across an area of 6,500 km². It is a rural region with a population density of 106 person/km². North Wales currently contributes approximately £14.4 billion per year to the Welsh and UK economies.

THE OPPORTUNITY

- 21.** The Board has identified the following challenges that face the economy of North Wales:
- Despite the increase in GVA in the region, there is a wide variation in GVA per head between West and East of the region. The GVA in North Wales remains persistently lower than the UK average.
 - Some parts of the region are reliant on traditionally low paid sectors/employment. Some areas are highly reliant on the public sector.
 - Even though the region has seen an improvement in employment and unemployment, the economic inactivity rates have not improved and are above the UK average.
 - Although employment and unemployment levels are improving, growth in 'high value' sectors in the economy has been volatile during the last five years, with a decrease in growth in the last two years.

- There are few larger enterprises, especially in the North West, and there are challenges around growing business beyond micro, small and medium sizes.
- Upskilling the current workforce and encouraging take up of STEM/digital subjects.
- There is an ageing population in the region and a net outward migration of talent.
- Digital Connectivity across the region continues to present challenges to enterprise and individuals, with infrastructure coverage remaining behind the rest of the UK in terms of coverage and capacity.

22. The Board has established a strong regional economic partnership to drive their economy and their *Growth Vision for North Wales* sets out both the challenges and the opportunities for the regional economy over the coming years. The Board is very clear that for the economy to thrive they must:

- **Build on their strengths to boost productivity, and as a region:**
 - Be positioned as one of the leading UK locations for low carbon energy generation and energy-related supply chain investment and expertise;
 - Capitalise on the strong network of anchor companies with an international profile to build an advanced manufacturing cluster; Become a hub of innovation and technology excellence and a leader in turning exciting ideas into strong commercial products and services;
 - Further develop and protect the reputation of North Wales as a centre of excellence for land-based industries and tourism, firmly establishing ourselves as the adventure tourism capital of the UK.
- **Tackle long-term structural challenges and key economic barriers** in the region, such as transport, digital infrastructure, stalled sites and premises, and skills and employment issues. Such interventions will support and enable the private sector to invest in jobs and growth.
- **Promote inclusive growth**, addressing social and spatial irregularities and inequalities within the region. Inclusive growth is a central component of our Growth Deal Programme, and will:
- **Address issues which match the strategic priorities for growth** as outlined in key policy documents, such as the *Growth Vision for North Wales*, the Welsh Government's Economic Action Plan and the Well-being of Future Generations (Wales) Act 2015, and the UK Government's Industrial Strategy.

23. The Board states the government investment of £240million, has the potential to secure 4,000 jobs, support 5% GVA uplift and secure over £500 million in private sector investment over the next 15 years.
24. This investment will also allow the region to offer an integrated skills and employment base that meets the needs of the current and future labour market, and will tackle economic inactivity in a determined and robust way, enabling and supporting people to access employment opportunities.
25. Building on this investment, the work of the Board should be a catalyst for wider co-operation to achieve the Growth Deal as well as the Welsh Government's objectives for place through its Economic Action Plan, and the UK Government's objectives for place through its Industrial Strategy.
26. The Board also aims to increase research and development activity as well as the commercialisation of ideas and innovation especially in low carbon energy, advanced manufacturing, and land-based and tourism industries. This will improve and increase productivity and our contribution to the national economy.
27. The Board will form a Programme Office to co-ordinate the development and delivery of strategic interventions, including Growth Deal Projects. The Programme Office will be operational in time for the delivery stage of the Growth Deal and will be the Centre of Excellence for Programme and Project Management, responsible for the development, implementation and monitoring of Programme and Project arrangements and processes. The standards and procedures adopted by the Programme Office will be based on best practice from both the public and private sector. It will support the activities of the Board, and will forge a close working relationship with the UK and Welsh Governments.
28. To deliver confidence within the region, ensure that investments deliver transformational change and provide the region flexibility to react to changing economic and technology circumstances, the Board has proposed that the Growth Deal is delivered in two phases (Phase 1 and Phase 2). This phased approach is supported by both Governments in recognition that more detailed work remains to be done on the content of Phase 2. These Heads of Terms set out the details of Phase 1 Projects. The Board should ensure that over the 15 year life of the Growth Deal, the programmes continue to respond to emerging evidence and needs in the economy.

29. Phase 1 contains 6 Projects which have been developed from the *Proposition Document* and are considered by the Board to be at the most advanced state of readiness. Whilst this approach is supported by both governments further work is required on both Programmes and Projects ahead of a Full Deal agreement and subsequent funding approval.
30. Funding of each Programme and Project is subject to the production and approval by Government/s of a full business case in line with HM Treasury Green Book and Better Business Cases methodology.
31. Further detail on the content and the planned implementation of Phase 1 and Phase 2 will follow in the finalised Final Growth Deal Agreement. The Final Growth Deal Agreement will include a detailed implementation plan; a financial plan that takes account of affordability over the lifespan of the Growth Deal; a complete governance and assurance plan together with monitoring and evaluation frameworks; a dispute resolution procedure; and service level agreements.
32. The precise allocation of the £240m combined Government investments across Programmes and across Phases remains flexible for the next stage of Programme development, underpinned and in line with Better Business Case methodology.
33. Any Projects which have been agreed for inclusion in Phase 2 by the time of the conclusion of the Final Growth Deal Agreement will be specified in that agreement under the relevant programme. Other Projects may subsequently be included in Phase 2 with the prior written consent of the Government/s in accordance with procedures to be specified in the Final Growth Deal Agreement.
34. The Board will develop Projects to deliver against the Programmes which have the ability to induce transformational change throughout North Wales and leverage in significant levels of additional private sector investment.
35. The Growth Deal will be delivered as set out in the detailed implementation plan and in accordance with the commitments to be developed as part of the Final Growth Deal Agreement. The consequences of any non-fulfilment of these conditions, and commitments, will also be agreed and set out in detail in the Final Deal Agreement.

36. The Board will also work with the Welsh Government and UK Government to agree a communications strategy and an operating protocol. Both documents will set out how communications about the Growth Deal and its associated activities are taken forward in a way that meets the needs of the Local Authorities as well as both governments. Communications strategies will be implemented to maximise participation including the use of the Welsh language.

THE PROGRAMMES

37. The information in Annex A broadly defines the portfolio of programme areas and activities set out by the Board for the Growth Deal in Phase 1. Support for projects developed in these programmes will be subject to the development and approval of business cases to the satisfaction of the government/s and the agreement of a final deal document.
38. The Board, acting through the Accountable Body, will propose business cases in line with HM Treasury Green Book and Better Business Cases methodology to deliver the Programmes set out below, which shall be subject to approval in the manner set out in the Final Growth Deal Agreement.
39. Business case information must satisfy the relevant governments that the proposed programmes and Projects are feasible, sustainable, value for money and will deliver suitable returns on investment, before funding will be released. The governments must also be satisfied that the business cases are State aid compliant.

Digital Infrastructure Programme

40. Both Governments recognise that digital connectivity is increasingly important to how people work, communicate and prosper in the modern world. At the same time, both governments recognise the potential for new technologies to facilitate large scale innovation and economic growth, especially amongst the SME sector to enhance its competitiveness.

41. Demand for high speed broadband and mobile connectivity in North Wales has kept pace with supply. However, geographical coverage in the region is lower than the UK average. With the emergence of commercially available fibre optic technology towards the end of the 20th century, there is a significant opportunity to ensure that North Wales is well positioned to take advantage of new technologies to put the region at the forefront of digital connectivity in the UK.
42. The aim is to ensure that North Wales is placed at the forefront of digital connectivity and innovation. As well as providing comprehensive coverage as part of a modern business environment, North Wales will be suitably placed to take advantage of new technologies as they become available over the lifetime of the deal.
43. Investments must demonstrate that they can add value to other programmes within the Growth Deal and support the fundamentals of the North Wales economy.

Low Carbon Energy Programme

44. North Wales is a region with a rich history of low carbon energy generation from the Dinorwig Pump Storage to the Gwynt Y Mor offshore wind development. It has also retained considerable potential for further renewable energy generation and storage. However, there are various challenges to the delivery of many projects. Grid constraints, planning risk, capacity, and access to finance are all challenges which renewable energy developers across public, community and private sectors must overcome.
45. Delivery of the Low Carbon Energy Programme will contribute to North Wales developing as one of the leading UK locations for energy generation and energy related supply chain investment, with expertise in low carbon technologies, renewable energy and energy storage.
46. The Programme will provide key catalysts to promote and help shape North Wales with a quality and modern infrastructure to accommodate and facilitate sustainable growth in the low carbon energy sector and to promote innovation and new technology.

Land and Property Programme

47. The land and property Programme will tackle the lack of employment land and housing across North Wales that has been identified by the Board as a barrier to economic growth across the region. The Programme will set out how it will support key economic sectors such as advanced manufacturing, low carbon energy, land-based industries and tourism.
48. As per the recent independent housing review document published by the Welsh Government identified that the housing needs of Wales are not being met. Statistics for Wales (2019) Estimates of Housing Need in Wales at a National and Regional Level (2018 based) projections are some 2,000 homes higher than current new build estimates.
49. The Port of Holyhead is of fundamental importance to the Isle of Anglesey and the wider North Wales economy. It is the major port of embarkation/disembarkation for the North of England, Wales and the Midlands for the Irish Sea and forms a key part of international trade routes. It is of vital importance for the UK as a whole, providing a key 'roll on - roll off' link to the Republic of Ireland.
50. As the nearest deep-water berth to Wylfa Newydd and proposed renewable energy projects, Holyhead is ideally placed to maximise the value of these investments to North Wales, creating additional employment and prosperity over a number of years. The port provides significant infrastructure for the North Wales tourism economy through provision of cruise berths and passengers from the Republic of Ireland.

Advanced Manufacturing Programme

51. The Advanced Manufacturing Programme will capitalise on the strong network of anchor companies with an international profile, as well as world leading expertise to boost innovation and new technology to develop a powerful advanced manufacturing cluster – one which will be highly competitive on the global stage.
52. These are enterprises applying leading edge technical knowledge and expertise to the creation of products, production and processes and associated services. Building this sector in the region will significantly improve productivity and achieve sustainable economic growth.

53. The Growth Deal will deliver world-class resources in sector-leading facilities, building on expertise in the region to maximise economic impact from research and technology. This will boost the global competitiveness of the SME sector within the region.
54. This Programme will also build on the success of recent investment by the Welsh Government, and establish synergies and close collaboration with the new Advanced Manufacturing Research Institute, providing businesses with quality facilities, research and innovation in critical key areas across the region. This Programme will ensure that the region has world-leading expertise and a network of world-leading centres to boost innovation and new technology in key economic sectors.

Land Based Industries and Tourism Programme

55. This Programme will build on the well-established agricultural, food and drink sector in North Wales, as well as supporting further investment in high quality tourism to extend the tourism season.
56. The Growth Deal aims to build a more vibrant foundation economy within the region, optimising the economic value of our environment and landscape. Agriculture, food and tourism sectors form the backbone of many local economies in the region. The Parties' ambition is to support businesses within these sectors who are embedded in their local communities, to increase their productivity, encourage skills progression, and develop more sustainable business models through improving their access to innovation and new technology.
57. The Parties will develop and protect the reputation of North Wales as a centre of excellence for high value tourism, and adrenalin tourism in particular, building on recent investments and a growing portfolio of globally attractive all-year attractions. The Parties aim to ensure that the Growth Deal will support further improvements to visitor experience in the region and enhance the quality of key destinations.

Strategic Transport Programme

- 58. The Strategic Transport Programme will support the change from carbon based fuelled vehicles to alternative low and zero carbon transport across North Wales.
- 59. A key focus will be to develop integrated transport hubs and deliver low carbon transport solutions, in urban and rural areas through the use of electric charging points and specific low carbon routes.
- 60. Integrating with other Growth Deal Projects, particularly the SMART Energy Projects, it will develop pilot projects for zero carbon emission transport networks across North Wales.

GOVERNANCE AND ASSURANCE

- 61. Strong and effective leadership and governance is paramount to both successful implementation and providing assurance to governments and Local Authorities. To date, the Growth Deal has been developed through joint working by the Local Authorities and the Advisers, and with the extensive engagement of the business sectors and representative bodies of the private sector in the region.
- 62. The UK Government, the Welsh Government and the Local Authorities agree that, on conclusion of the Final Growth Deal Agreement, they will be engaged in a 15-year relationship which will need to develop and adapt. All Parties will use reasonable endeavours to develop and maintain an effective joint process to ensure that their relationships develop appropriately and in line with any agreed principles and objectives specified in the Final Growth Deal Agreement. Governments recognise the Board's long term Growth Vision and its role as a partner in the long term ambition for the region.
- 63. Over the 15-year life of the Growth Deal, the Welsh Government and the UK Government intend to provide funds to the Accountable Body on an annual basis. The release of funding will be subject to agreed assurance and monitoring of delivery being provided by the Local Authorities to the governments' satisfaction, and the approval of full business cases.
- 64. The Local Authorities shall demonstrate the feasibility, viability and value for money case for each Project before funding is made available.

65. A best practice Integrated Assurance and Approval Plan (IAAP) for the Growth Deal should be developed by the Local Authorities through the Board. The Local Authorities must specifically consider the OGC Gateway™ Review process as a key part of the IAAP.
66. Both Welsh Government and UK Government require the five case Better Business Cases methodology to be adopted for business case development, with the deal managed as a Portfolio of Programmes and Projects.
67. Programmes and Projects will be locally led and owned with the Accountable Body being responsible for delivery and the financial management of the Growth Deal, on behalf of the Board. It will be the responsibility of Local Authorities, and regional partners to manage the financial implications of programmes and projects within their own budgets.
68. The Local Authorities will establish and refine a model of governance between the members of the Board through Governance Agreement 2 as part of new investment in the regional economy, Ministers from both governments expect that the governance arrangements for the Local Authorities will include effective engagement with senior business and industry leaders as well as the tertiary education and third sectors, including the Advisers.
69. A North Wales Business Delivery Board, comprised of and chaired by representatives of the private sector, will provide expert advice, support and independent challenge to the Board to ensure proposals brought forward and decisions taken reflect the interests of the private sector.

WAYS OF WORKING

70. The Parties agree to work in partnership and work collectively to resolve any issues which arise during the life of the Growth Deal.
71. The Parties are committed to transparency in decision-making and activities, but also recognise that for relationships to operate effectively there are some circumstances in which Parties must maintain confidentiality, particularly where commercial sensitivities are involved.
72. The Welsh Government and UK Government undertake to respond to the Parties in a timely manner according to agreed protocols to be set out in the Final Growth Deal Agreement.
73. The Parties undertake to provide all information required to enable government to undertake the necessary analysis, assurance, and monitoring to release funding to the agreed timescale.

Annex A

North Wales Growth Deal Phasing

These are the Programmes and Projects currently identified by the Board as the expected Phase 1 Projects. These are subject to development of the business case, in line with Treasury Green Book and Better Business Cases, and agreement to their inclusion in the Final Growth Deal Agreement.

PHASE 1 Programmes and Projects.

Digital Programme

The **Digital Infrastructure Programme** will focus on improving the digital infrastructure and innovation in the region. It will deliver quality access to effective and affordable digital connectivity for businesses and households, and will boost innovation in digital signalling. This will be achieved primarily through the delivery of a new full fibre broadband infrastructure across the region to support and enable businesses to innovate and grow.

The Digital Programme will act as an enabling investment for the Growth Deal to ensure that investments made by all Parties are suitably leveraged and induce transformational economic growth. Improved connectivity also increases innovation and productivity across the economy, bringing significant economic rewards. Independent research suggests increased broadband speeds alone could add £17 billion to UK output by 2024.

The UK Government therefore commits capital funding over a 15-year period to support the development of:

a. Full fibre at key sites

Ensuring robust diverse connections and maintaining a strong competitive digital connectivity market at key sites. This will be achieved by extending duct infrastructure at four key regional business centres to enhance competitive supply of gigabit broadband and providing dual-redundant high-capacity connectivity to key remote sites.

b. Connected Campuses

To establish 'connected campuses' at the lead sites (Abergele, Parc Cybi, Llangefni and the Ferodo site) – providing the most advanced connectivity on the sites and allowing the connectivity to reach out into the surrounding areas (particularly in remote sites). A Rural Campus will consist of widely distributed Low Power Wide Area Networks (LPWAN) across extensive areas of the region, supporting productivity and innovation, particularly in agriculture, environmental management and delivery of public services

c. Connected Logistics Corridor

Commercial deployment of relevant technology will be undertaken, potentially under concessions along road and rail routes e.g. LPWAN, 5G. The desire of the Growth Deal Action Plan is to provide an initial strategic uplift to the North Wales region through the early implementation of a connected corridor along the key commercial route provided by the A55/A483/A494 road corridor.

d. Connecting the Last Few Percent

Absence of superfast broadband coverage hampers business development leading to consequences such as deprivation and de-population. Intervention will tackle the last few percent of premises which will not be reached by the successor programme to Superfast Cymru 2.

Low Carbon Energy Programme

North Wales has accrued real benefits over many years from the nuclear power industry, from the early construction phases of Wylfa and Trawsfynydd, through the lifetime of both plants. The industry continues to benefit from the North West nuclear arc extending from Anglesey and Trawsfynydd in the West to sites in Cumbria and R&D activities in Manchester in the North West of England.

However, what was not achieved was the creation of significant numbers of long term, high skill, and high value jobs outside of those directly associated with power generation. The Growth Deal presents an opportunity to leverage significant economic development benefits by developing wider nuclear expertise and creating high skill, high value employment associated with research and development.

The **Smart Local Energy Network Project** will:

- Deliver an increase in the renewable energy generation capacity of North Wales through working in partnership with private sector energy project developers, universities and local authority renewable energy schemes,
- Work with SP Energy Networks and National Grid to remove infrastructure barriers to energy investment,
- Develop four renewable energy generation, decarbonisation and smart grid pilot projects to explore innovative solutions to local energy challenges, ensuring the region maximises benefits from research and innovation funding available,
- To help with future proofing and supporting pipeline activity in energy, develop a sustainable Innovation and Regional Energy Hub or entity, suitable to support the aspirations of the Growth Vision.

Complementing the UK Government investment, the private sector and Local Authorities will invest £238m of capital funding to support low carbon energy generation projects in North Wales over a 15-year period, and deliver 800MW of renewable energy capacity.

The UK Government will commit capital funding to support site preparations at the **Trawsfynydd Magnox** site for the potential deployment of small and advanced modular reactor technologies.

The UK Government will commit capital funding to support the development of a **Nuclear Energy Centre of Excellence** and **Industrial Certification and Evaluation Centre** at Bangor University and Anglesey, along with the private sector and Local Authorities who will also invest capital funding.

Land and Property Programme

Regional Land and Property Programme. Lack of employment land and housing across North Wales has been identified by the Board as a barrier to economic growth across the region.

As per the recent housing review document published by the Welsh Government the independent panel identified that the housing needs of Wales are not being met. Statistics for Wales (2019) Estimates of Housing Need in Wales at a National and Regional Level (2018 based) projections are some 2,000 homes higher than current new build estimates.

In collaboration with Welsh Government, the private sector and Local Authorities will aim to deliver:

- 30 ha of business land provided;
- 20,000 m2 business space provided; and
- 1000+ housing plots with infrastructure available for development.

Holyhead (North Wales Gateway). The Port of Holyhead is of fundamental importance to the Isle of Anglesey and the wider North Wales economy. It is the major port of embarkation/disembarkation for the North of England, Wales and the Midlands for the Irish Sea and forms a key part of international trade routes. It is of vital importance for the UK as a whole, providing a key 'roll on - roll off' link to the Republic of Ireland.

As the nearest deep-water berth to Wylfa Newydd and other proposed renewable energy projects, Holyhead is ideally placed to maximise the value of these investments to North Wales, creating additional employment and prosperity over a number of years. The port provides significant infrastructure for the North Wales tourism economy through provision of cruise berths and passengers from the Republic of Ireland.

The Project consists of four interlinked elements:

- Extensive surveys (environmental, structural etc.) in relation to the listed breakwater
- Breakwater Restoration Scheme, to ensure the long-term structural integrity of this critical facility following completion of the surveys
- Reclamation to deliver up to 17 acres for the part of the port estate known as Salt Island - redevelopment as a multi-purpose berth and flexible holding area to meet modern marine transport requirements. Development of an integrated deep-water berth, enabling visits from larger cruise ships (currently unable to call at Holyhead); providing facilities to support the construction and servicing of major energy projects with the required heavy loading/unloading capacity
- Create improved access and egress via extended covered rail platform and new egress road from the Port.

The Welsh Government will consider investing capital funding to future proof the Port of Holyhead, providing new deep-water cruise and heavy loading facilities, ensure the structural integrity of the breakwater, improve access to and egress from the Port and thereby maximize the local economic impact of the raft of North Wales energy projects. Complementing the Welsh Government investment, the private sector and Local Authorities will invest capital funding with the aim to deliver up to 1,250 jobs, with 1,500 jobs supported by new cruise ship expenditure.



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12 June, 2020

TITLE: *Programme Governance*

AUTHOR: *Hedd Vaughan-Evans, Operations Manager*

1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to present the proposed programme governance arrangements for the delivery of the North Wales Growth Deal.

2. DECISION SOUGHT

- 2.1. Endorse the principle of adopting a programme and project management approach to the delivery of the North Wales Growth Deal, including the establishment of Programme Boards to oversee operational delivery.
- 2.2. Approve the proposed delivery structure as set out in **Appendix 1** and the proposed Programme Board Terms of Reference as set out in **Appendix 2**.
- 2.3. Approve the appointment of Programme SROs and Deputy SROs as set out in **Appendix 3** and appoint a Lead Member from the North Wales Economic Ambition Board to sit on each Programme Board.
- 2.4. Note that the existing sub-groups for Energy and Digital, will be replaced by the Programme Boards once established.
- 2.5. Delegate authority to the Programme Director in consultation with the Monitoring Officer and the Executive Support Group to implement the programme governance arrangements and make all other appointments to the Programme Boards.

3. REASONS FOR THE DECISION

- 3.1. The Programme Office needs to adopt a programme governance model to ensure the successful delivery of the North Wales Growth Deal.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. The North Wales Growth Deal is a complex portfolio consisting currently of 14 projects across six programmes of work, with a total value of approx. £1billion to be delivered over the next 15 years. An additional Skills Programme sits outside the terms of the Growth Deal but is a crucial component of delivering the vision for North Wales. It is to be delivered by the Programme Office, on behalf of the North Wales Economic Ambition Board, a partnership of six local authorities, two universities, two further education establishments and a business council. Given the scale and complexity of the partnership and the portfolio of work to be delivered, there is a need to establish a clear model for portfolio, programme and project governance.

- 4.2. It is proposed that the North Wales Economic Ambition Board adopt a delivery model based on a best practice approach to portfolio, programme and project management as set out in ‘*Government Functional Standard GovS 002: Project Delivery*’. Portfolio, programme and project management is an integrated way of meeting an organisations ambitions, driving better decisions and increasing the likelihood of successful outcomes.
- 4.3. **Appendix 1** sets out the proposed governance approach.
- 4.4. **Appendix 2** sets out the proposed Programme Board Terms of Reference.
- 4.5. **Appendix 3** sets out the proposed Programme SRO and Deputy SRO appointments.
- 5. FINANCIAL IMPLICATIONS**
- 5.1. None at this stage.
- 6. LEGAL IMPLICATIONS**
- 6.1. The recommendations in the report are based on a best practice model set out in 4.2 above. The North Wales Economic Ambition Board has power within GA1 to establish either statutory sub-committees or other groups to support its functions. In this case formal sub-committees are not proposed.
- 7. STAFFING IMPLICATIONS**
- 7.1. None at this stage.
- 8. IMPACT ON EQUALITIES**
- 8.1. None at this stage.
- 9. CONSULTATIONS UNDERTAKEN**
- 9.1. The contents of this report was discussed by the Executive Support Group on the 6th March, 15th May and 3rd June, 2020.
-

APPENDICES:

Appendix 1	Developing a Portfolio, Programme and Project Governance model for the delivery of the North Wales Growth Deal
Appendix 2	Draft Terms of Reference for Programme Boards
Appendix 3	Proposed Programme SRO and Deputy SRO appointments

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“I have contributed to the legal section of the report. I have no further observations to add from a propriety perspective.”

ii. Statutory Finance Officer (the Host Authority's Section 151 Officer):

"I am generally supportive of the proposed programme governance arrangements. I trust that spending powers will be retained by the Joint Committee (NWEAB) and the Programme Director, as appropriate."



Appendix 1:

Developing a Portfolio, Programme and Project Governance model for the delivery of the North Wales Growth Deal

1. Context

The North Wales Growth Deal is a complex portfolio consisting currently of 14 projects across six programmes of work, with a total value of approx. £1billion to be delivered over the next 15 years. An additional Skills Programme sits outside the terms of the Growth Deal but is a crucial component of delivering the vision for North Wales. It is to be delivered by the Programme Office, on behalf of the North Wales Economic Ambition Board (NWEAB), a partnership of six local authorities, two universities, two further education establishments and a business council.

Given the scale and complexity of the partnership and the portfolio of work to be delivered, there is a need to establish a clear model for portfolio, programme and project governance.

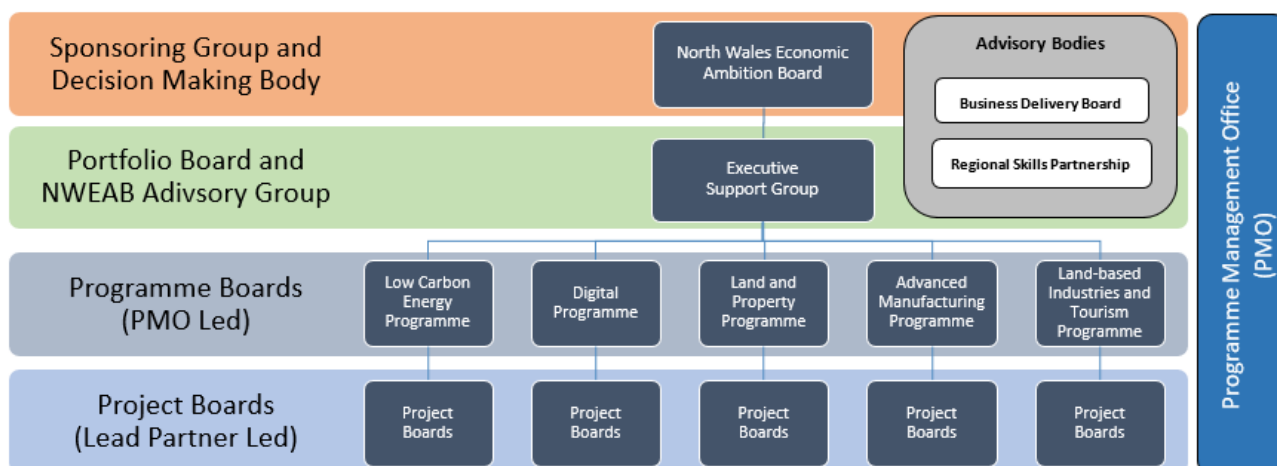
2. Adopting a best practice approach

It is proposed that the NWEAB adopt a delivery model based on a best practice approach to portfolio, programme and project management as set out in 'Government Functional Standard GovS 002: Project Delivery'.

Portfolio, programme and project management is an integrated way of meeting an organisations ambitions, driving better decisions and increasing the likelihood of successful outcomes.

3. Proposed Delivery Structure

The diagram below sets out a proposed delivery structure for the Growth Deal building on the existing structures put in place by GA1.



Strategic and Portfolio Level

NWEAB – The NWEAB serves as both the Sponsoring Group (Organisation) and the Decision Making Body. All authority below this level is delegated to relevant parties as required through a formal NWEAB decision. Our expectation is that a member of the NWEAB would take on a Lead Member role for each of the programmes and sit on the relevant Programme Board.

Executive Support Group – This group continues its role as the advisory body to the NWEAB but also acts as the Portfolio Board for the Growth Deal to support and challenge the Growth Deal Programme Director to ensure delivery. Our expectation is that a member of the Executive Support Group will act as a Senior Responsible Owner (SRO) for each of the programmes and lead the relevant Programme Board.

Programme Director – The Programme Director is accountable to the NWEAB for the delivery of the Growth Deal portfolio.

Programme and Project Level

Programme Management Office (PMO) – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects.

Programme Boards – Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director.

Project Boards – Programme Boards will determine the need for specific Project Boards, however it is anticipated that all projects within the Growth Deal will require dedicated Project Boards and an appointed SRO. These boards will be focused on the development (initially) and delivery of the agreed business case, with a focus on the delivery of specified outputs. Project Boards escalate to the Programme Board.

Programme Board Membership

Each Programme Board will have an agreed Terms of Reference setting out the remit of the Board as well as clear protocols on how conflicts of interest are dealt with.

Appendix 2 sets out the proposed Terms of Reference.

Monitoring and Reporting Arrangements

Appropriate monitoring and reporting arrangements will be put in place at each level

Conflicts of Interest

As part of the development of this governance model and GA2 a Conflict of Interest Protocol will be developed. This will extend from the current Code which focuses on personal interests into the interests of organisations and bodies who may have multiple roles encompassing both the delivery of projects and the approvals and scrutiny role on a commissioning side. The Protocol will ensure that such conflicts are defined, identified and managed so as to ensure that stakeholder and public confidence in the propriety of the processes is demonstrably ensured.

4. Relationship with existing Sub-Committees and Sub-Groups

Sub-Committees

The NWEAB has established a Transport Sub-Board which is a formal sub-committee but the NWEAB has not moved forward with the wider structure envisaged in GA1. The approach to sub-committees and sub-groups will be reviewed as part of the development of GA2 with a view to creating a model which reflects the developing understanding of the appropriate governance and accountability structure. Growth Deal programme delivery will not be managed at committee level, however appropriate monitoring and reporting arrangements between Programme Boards, and the NWEAB will be established.

Sub-groups

There are two informal sub-groups currently in place for the Energy and Digital programmes. It is proposed that these sub-groups are replaced by the new Programme Boards to provide more focus on delivery and clearer governance and accountability.

5. Relationship with Advisory Bodies*

Business Delivery Group

As set out in its Terms of Reference, the Business Delivery Group (BDG) acts as an advisor to the NWEAB and will play a key role in the development of programme and project business cases ensuring the views and expertise of the private sector inform the development and prioritisation of projects. The Programme Office will work with the Chair of the BDG to establish the relevant feedback and reporting mechanisms through to the Executive Support Group and the NWEAB.

Regional Skills Partnership

The Regional Skills Partnership (RSP) sits outside the governance structure of the NWEAB with a specific mandate from Welsh Government, however the RSP will play a key role in the delivery of the Skills Programme both as an advisor to the Board as well as providing a structure through which the Board could commission from the RSP Programme Office specific pieces of work.

** While only two advisory bodies are reflected here, there are a number of other advisory bodies across the region that support the work of the Board, for example the Regional Tourism Forum.*



Appendix 2: Programmes Board – DRAFT Terms of Reference (Generic)

Governance

Programme Boards are a key part of the North Wales Economic Ambition Board's PPM (Portfolio, Programme and Project) delivery structure as shown below. They are officer led governance groups.

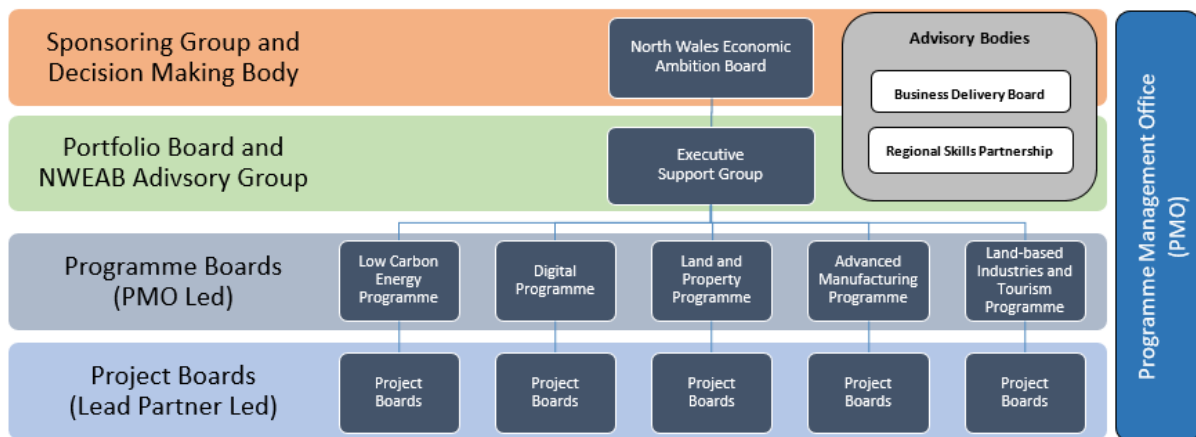


Diagram 1: North Wales Economic Ambition Programme Delivery Structure

Purpose

The Programme Board has the following responsibilities:

- Oversee the development and subsequent reviews of the Programme Business Cases;
- Oversee the development of project business cases within the Programme;
- Prepare recommendations to the Portfolio Board and the North Wales Economic Ambition Board relating to the programme and its projects;
- Oversee the performance and delivery of the programme and its projects, reporting to the Portfolio Board and the North Wales Economic Ambition Board;
- Responsible for risk and issue management within the Programme (including those escalated from project level), escalating when necessary to the Portfolio Board and the North Wales Economic Ambition Board;
- Provide advice to the North Wales Economic Ambition Board on matters relating to strategic direction of the programme and the North Wales Growth Vision.

Business Case

The approved Programme Business Case will set out the strategic, economic, commercial, financial and management cases that the Programme Board will deliver against.

Senior Responsible Owner

The Programme Director is the Senior Responsible Owner (SRO) for the North Wales Growth Deal. The North Wales Economic Ambition Board shall appoint a Programme SRO to lead the programme and support the Programme Director to deliver. The Programme SRO may appoint a Deputy from within the Programme Board.

Accountability

The Programme Director is accountable to the North Wales Economic Ambition Board for the delivery of the North Wales Growth Deal and its programmes. The Programme Directors is supported in this role by the Programme SRO, the Programme Board and the Programme Office.

Reporting

The Programme Board shall produce monthly performance reports which will be submitted to the Programme Office. Each quarter these reports will be submitted to the Portfolio Board and the North Wales Economic Ambition Board. Where necessary the Programme Director will escalate issues to the Portfolio Board and North Wales Economic Ambition Board outside the normal reporting cycle.

All reports to the North Wales Economic Ambition Board will be submitted as draft to the Portfolio Board to consider.

Decision Making Powers

The Programme Board shall have no formal decision making powers. The North Wales Economic Ambition Board may choose to delegate some powers to the Programme Director in relation to the delivery of approved business cases.

It is not envisioned that the Programme Board will require voting arrangements, with agreement being reached by consensus. Where alternative views and opinions are expressed, these will be recorded and included in any reporting process.

Membership

The Membership of the Programme Board is as follows:

Core Membership	
Programme SRO	
Programme Manager	
Lead Member	
Partner Representatives (max 9)	
Non-Core Members (may occasionally attend Programme Boards)	
Programme Office	Alwen Williams – Programme Director Hedd Vaughan-Evans – Operations Manager
Project Leads (Non-Partner Organisations) or Project Managers	Invited at the discretion of the SRO for specific agenda items.
Regional Skills Partnership	
Business Council	Note: Only for Boards they are not core members of.
Agenda Specific Attendees	Invited at the discretion of the SRO to present specific agenda items.
Corporate Services	Representatives from Corporate Services as required e.g. Finance, Legal, Procurement.

The Roles and responsibilities of Programme Board members are set out in Appendix A.

Chair

The Programme Board shall be chaired by the Senior Responsible Owner (SRO). In their absence the Programme Board shall be chaired by the Deputy SRO or Programme Manager.

Proceedings of meetings

Agendas and papers for Programme Board meetings shall be circulated at least five working days before the meeting.

Records of each Programme Board shall be taken including any action points and will be approved at the next meeting. This role will be undertaken by the Programme Office.

Quorum

For the Programme Board to agree and submit recommendations, at least 50% of the core membership including the SRO (or nominated Deputy) shall be present.

Frequency

The Programme Board shall meet initially monthly. The frequency of meetings will be reviewed as the programme matures.

Programme Board Support

Support will be provided by the Programme Office.

Review

A review of the Terms of Reference will take place at least annually, however may be instigated at any point by the Senior Responsible Owner or the Programme Office.

Appendix A – Roles and responsibilities of Programme Board Members.

Appendix B – Standard Agenda Template

Appendix A – Roles and responsibilities of Programme Board Members.

Role	Responsibility
Programme Board Member (Collective Responsibility)	<ul style="list-style-type: none"> Act in the best interests of the North Wales region; Ensure the Programme Board delivers on its responsibilities as set out in the Terms of Reference; Prepare for meetings, contribute to discussion items and support/challenge where necessary; Work collaboratively as part of the Programme Board to solve programme issues, overcome obstacles, maximise impact and ensure benefits realisation; Act as advocates for the Programme.
Programme Director (Portfolio SRO)	<ul style="list-style-type: none"> Overall responsibility and accountability for the delivery of the programme and its projects; Ensure strategic fit of programme objectives and benefits with relevant strategies and wider Growth Vision; Ensure the programme and projects are subject to review and assurance processes at appropriate stages; Manage the resources of the Programme Office to support delivery.
Programme Senior Responsible Owner (SRO)	<ul style="list-style-type: none"> Chair and provide strategic leadership to the Programme Board – agree agendas and forward work programme with the Programme Manager; Ensure the Programme Board remains focused on delivering the benefits and outcomes set out in the Programme Business Case; Advocate for the programme, ensuring the vision and outcomes are clearly understood by the Programme Board. Ensure strategic fit of projects within programme; Provide support to the Programme Manager to manage risks and resolve issues; Act as a link between the Programme Board and the Portfolio Board.
Deputy SRO	<p>To be appointed by the SRO from the Partner Representatives to:</p> <ul style="list-style-type: none"> Deputise for the Senior Responsible Owner in their absence. Support the SRO to deliver on their responsibilities.
Programme Manager	<ul style="list-style-type: none"> Plan the programme, making recommendations to the Programme Board; Manage and monitor a Programme Plan for the Programme Board to track, control and deliver the programme outcomes and benefits; Prepare monthly performance reports; Be responsible for programme and project assurance, including external assurance (e.g. Gateway Reviews); Manage the dependencies and interfaces between projects. Maintain Programme Risks and Issues Registers and manage the risks and issues to successful outcomes; Initiate extra actions where deficits in the programme are identified; Ensure that projects are delivered to the relevant standards as set out in the Programme Business Case.
Lead Member	<ul style="list-style-type: none"> Represent the North Wales Economic Ambition Board; Act as a link between the Programme Board and the North Wales Economic Ambition Board; Support the SRO and Programme Manager to ensure the Programme Board remains focused on the delivery of programme benefits and outcomes.
Partner Representatives	<ul style="list-style-type: none"> Represent their partner organisation and act as a link between the partner organisation and the Programme Board; Provide relevant or technical expertise/knowledge; Provide a clear focus on benefits realisation; Undertake any actions as agreed at the Programme Board.

[Programme Name]

Programme Board

Agenda

[Insert Date]

Item	Owner	Timeslot
1. Apologies	SRO	0- 5 min
2. Actions from previous meeting	SRO	5-15 min
3. Programme Office Update	Programme Manager	15-25 min
4. Programme Dashboard	Programme Manager	25 – 50 min
5. Risks and Issues	Programme Manager	50 – 60 min
6. Report 1	Report Author	60 – 75 min
7. Report 2	Report Author	75 – 90 min
8. Report 3	Report Author	90 – 105 min
9. Forward Plan	Programme Manager	105 – 115 min
10. A.O.B	SRO	115 – 120 min

Appendix 3 – Proposed SRO and Deputy SRO Appointments

The table below shows the proposed SRO and Deputy SRO appointments to the five programme boards.

	Digital	Low-carbon Energy	Land and Property	Advanced Manufacturing	Land-based Industries and tourism
SRO	Steve Bayley	Dylan Williams	Andy Farrow	Ashley Rogers	Jane Richardson
Deputy SRO	Ashley Rogers	Andy Farrow	Graham Boase	Paul Bevan	Sioned Williams



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12 June, 2020

TITLE: *Governance Agreement 2*

AUTHOR: *Iwan G. D. Evans, Monitoring Officer – Host Authority*

1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to present the Board with and up dated GA2 Plan and report on the outcomes of the Governance Workshop.

2. DECISION SOUGHT

- 2.1. Approve the report.
- 2.2. Approve the revised Governance Agreement 2 Project Plan subject to receiving an up date in the next meeting of the Board.

3. REASONS FOR THE DECISION

- 3.1. The agreement of the underlying partnership and governance framework is key to agreeing a comprehensive Governance Agreement 2 (“GA 2”). The report sets out the key outcomes of the Governance Workshop as a basis for progressing this work.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. The proposed GA2 project plan was reported to the NWEAB in May of 2019. This set out the anticipated steps for preparation of the document in preparation for signature of the final growth deal. A draft amended plan identifying the steps which have been taken and the next actions is attached to this report as **Appendix 1**. In summary, we are now in a position where the draft document prepared by our specialist advisors Pinsents has been out for comments by Partner organisations. Although we have some responses some remain outstanding.
- 4.2. GA2 is a document which primarily codifies the relationship and commitment of the parties, their responsibilities and accountability as well as establishing the supporting governance framework. I have attached a summary of the contents of GA2 as **Appendix 2** and it can be broadly split into three elements:
1. Governance
 2. Partner Relationship
 3. Legal and Technical matters
- 4.3. The work to date has enabled development of a draft GA2 which takes many elements of GA1. It also reflects the key change from GA1 to GA2 namely from supporting the bid and approval process to being an agreement around delivery of the Growth Deal and Growth Vision. It may also provide the basis for further and wider Joint Working in due course.

- 4.4. A multi-disciplinary workshop was held on the 14th February, 2020 to explore key governance issues around the preparation of the GA2. It provided an opportunity to identify and understand the issues which need to be agreed or resolved between the Partners. These resolutions will then inform the completion of an agreed GA2. The following is a summary of the Key Matters which were identified and possible responses.

5. KEY MATTERS

Question / Comment	Proposed Response
<p>5.1. GOVERNANCE STRUCTURE</p> <p>GA1 set out a structure of possible sub-committees. This involves 5 sub-committees in total which creates a potentially significant governance structure in proportion to the current role of the NWEAB. Any governance structure will also have fit within the necessary Programme and Project Governance structures around the Growth Deal. A Transport Sub-Board has been established but no further formal Sub-Boards have as yet been established. It was considered that the NWEAB needed flexibility to create a structure which supported and promoted its functions.</p>	<p>The form of governance sub structures should be wholly delegated to the Economic Ambition Board in GA2.</p>
<p>5.2. BOARD MEMBERSHIP</p> <p>The current membership was seen as being balanced and inclusive may need to consider how other groups e.g. voluntary sector interact with NWEAB.</p>	<p>To review procedure rules as part of GA2 development.</p>
<p>5.3. ACCOUNTABILITY NWEAB (Partnership)</p> <p>Are the issues reserved to Partner bodies the right ones?</p> <p>Generally the Matters Reserved to Partners were seen as appropriate. The parameters and flexibility for the NWEAB around key decisions such as variation of Programmes and Projects needed to be defined.</p> <p>The matters reserved to Partners in GA1 include in particular:</p> <ul style="list-style-type: none"> • Approval of GA2; • Approval and adoption of any Business Plans; • Agreeing any increase to a Party's affordability envelope; • Approval of any increase to the Parties' Contribution; • Approval of the Annual Budget pursuant to Clause 11.4 (Annual Budget); <p>Approval of additional expenditure over and above the approved Annual Budget</p>	<p>GA2 establishes the concept of an "Overarching Business Plan" which is a Reserved Matter. The scope of the delegation and flexibility for the NWEAB within would be defined in that document.</p> <p>The proposed Overarching Business Plan needs to be confirmed as a task for the Overall Work Programme as it will be a key document in taking forward the Final Growth Agreement and GA2 for decision.</p>

<p>of the Accountable Body held on behalf of the Parties set out in Clause 11.4 (Annual Budget);</p> <ul style="list-style-type: none"> • Amendments to the terms of this Agreement; • Creation of a local authority trading company under Local Government Act 2003. 	
<p>5.4. SCRUTINY</p> <p>How could regional scrutiny best work? How should call in powers be managed?</p> <p>The preferred scrutiny model was based on the existing regional Local Authority Scrutiny Committees. They were seen as key to the “backbench” relationship and communication. There was scope for creating a framework which would facilitate effective scrutiny by all Partner bodies.</p>	<p>To develop a Local Authority Scrutiny framework based on the six statutory current Scrutiny Committees.</p>
<p>5.5. BUSINESS DELIVERY BOARD</p> <p>Is the role of the Business Delivery Board clear? What should be its role in GA2 for the Growth Deal delivery stage?</p> <p>The Business Delivery Board was seen as key to the private sector relationship with the NWEAB. The governance structure is essentially in place but the development of its role and its status within the processes of the PO and NWEAB needs to be meaningfully developed.</p>	<p>The terms of the Business Delivery Board to be included in GA2 but with delegated authority for the NWEAB to amend as required.</p>
<p>5.6. EXECUTIVE GROUP</p> <p>Do the current arrangements between the Executive Group and the NWEAB work for you, e.g. the Executive Group being a clearing house for Board reports? Are the Executive support arrangements clear and working well?</p> <p>Generally the arrangements appear appropriate but there is a need to ensure that GA2 reflects the current developed practice and inter relationship with the Programme Office going forward.</p>	<p>The Executive Group should review the current terms of reference with a view to informing the drafting of GA2.</p>
<p>5.7. LOCK IN PERIOD</p> <p>Are you content with a ‘Lock in’ Period up until the first Gateway Review, with a need for 12 months’ notice?</p> <p>The concept of a lock in period was accepted but subsequent withdrawal from the Partnership would also require provisions for protecting Partners against the financial consequences.</p>	<p>The draft GA2 is based on this approach but detailed work needs to be done on establishing the parameters and liabilities.</p>

6. CONCLUSION

6.1. The report seeks to highlight the major issues which will form the bulk of the work in formulating GA2. Other matters were also highlighted and will be addressed as part of the development of GA2.

- Managing Conflicts of interest in programme and project governance;
- Monitoring the Development of Corporate Joint-Committees and possible implications.

7. TIMETABLE

It was intended to present the draft timetable to the Board for its meeting on the 20th of March. By now given the impact of the COVID -19 crisis there has been an inevitable slippage in the intent and the revised timetable is appended in order to support the aim of getting a Final Agreement in place by December 2020. In this context it is appropriate to note that this is a challenging timetable and will require commitment by all stakeholders to achieve. Inevitably there are elements which are being revived in order to establish a specific timetable.

8. FINANCIAL IMPLICATIONS

8.1. There are no specific financial implications.

9. LEGAL IMPLICATIONS

9.1. The report deals with the preparation of a legal governance agreement which will have legal implications. These will be subject to specialist advice and input as they are developed.

10. STAFFING IMPLICATIONS

10.1. None at this stage.

11. IMPACT ON EQUALITIES

11.1. None at this stage.

12. CONSULTATIONS UNDERTAKEN

12.1. The contents of this report was discussed by the Executive Support Group on 6th March, 2020.

APPENDICES:

Appendix 1	Revised timetable for preparation of GA2
Appendix 2	Summary of the contents of GA2

STATUTORY OFFICERS RESPONSE:

i. **Monitoring Officer – Host Authority:**

Author of the report.

ii. **Statutory Finance Officer (the Host Authority's Section 151 Officer):**

"I have contributed to financial aspects in this revised Governance Agreement 2 Project Plan, both at the Governance Workshop and thereafter, and I support the proposal for the Board to approve the Plan."

Revised timetable for preparation of GA2

Action	Start Date	End Date	Lead	Status	Comment
Initial conference with Pinsents	13/05/2019	13/05/2019	Legal		
Circulate Initial Issues list and Questionnaire with initial draft GA1	23/08/2019	14/06/2019	Legal		
Commission specific work streams/ steer from Finance Exec Group and Partners	20th May 2019	To be determined as part of an agreed timetabled work stream based on overall Work Programme	Legal and relevant specialism		
Review responses and prepare initial working draft GA2	17/06/2019	30/06/2019	Legal		
Report to Exec Group / Workshop	05/07/2019	05/07/2019	Legal		
Hold Workshop with Pinsents to review responses	23/10/2019	23/10/2019			
Prepare revised second Draft GA2	Prepared and Circulated 28/11/2020	Closing Date for Responses 07/02/20	Legal		
Report on progress to Exec Group 6/2/2020		06/02/2020	Legal		
Governance Workso on Key Issues		14/02/2020			
Report on Progress to the NWEAB		20/03/2020 12/06/2020	Legal		Report Circulated
Agree Partner Contributions basis and proportional liabilities and indemnities	06/03/2020	To be confirmed	Partners Finance Officers		This needs to be actioned. However, it is work which will require individual Partner organisations to arrive at a model. It will form part of GA2 for approval
Identify Options for apportionment notional borrowing costs to cover negative cash flow	06/03/2020	To be confirmed	Programme Office		This needs to be actioned. However, it is work which will require individual Partner organisations to arrive at a model. It will form part of GA2 for approval
Identify Commercialisation Options for Programmes and Projects	06/03/2020	To be confirmed			Separate report to the Board

Overarching Business Plan	06/03/2020	This will be determined by development of the wider project and maturity of information and consensus on key elements which will feed into the document	Programme Office		This needs to be actioned. However, it is work which will require individual Partner organisations to come to arrive at a model. It will form part of GA2 for approval
Draft Model for Scrutiny	20/03/2020	To be confirmed	Legal and Democratic Services		This can be prepared in tandem with the above. The favoured model built around existing Scrutiny Committees will still require agreement with the individual Councils
Report to democratic processes and Partners on proposed models and final documents		October/ November 2020	Legal and Democratic Services		
Secure Agreement on final draft	This will be determined by development of the wider project and maturity of information and consensus on key elements which will feed into the agreement	November 2020	Legal		Outcome of the above
Prepare final draft for confirmation and approvals.	This will have to be in accordance with overall Work Programme	November / December 2020	Legal		Should be a formality following the previous actions
Complete Agreement	In parallel with approvals process for Growth Deal	December 2020	Legal		Should be a formality following the previous actions

GA2 Overview

No	GA2 Heading	
1	DEFINITIONS AND INTERPRETATION	
2	COMMENCEMENT, DURATION AND TERMINATION	
3	PRINCIPLES AND KEY OBJECTIVES	SCHEDULE 1 - DELEGATIONS POLICY
4	GOVERNANCE	SCHEDULE 2 - TERMS OF REFERENCE
5	DECISION MAKING	PART 1 - JOINT-COMMITTEE TERMS OF REFERENCE
6	THE HOST AUTHORITY	PART 2 - EXECUTIVE TEAM / EXECUTIVE GROUP'S TERMS OF REFERENCE
7	DUTIES OF THE HOST AUTHORITY	PART 3 - PROGRAMME OFFICES TERMS OF REFERENCE
8	DUTIES OF THE OTHER PARTIES	PART 4 – SUB-COMMITTEE TERMS OF REFERENCE
9	JOINT COMMITTEE	SCHEDULE 6 - CODE OF CONDUCT FOR NWEAB ADVISERS
10	EXECUTIVE TEAM / EXECUTIVE GROUP	
11	PROGRAMME OFFICE	
12	SCRUTINY	
13	BUSINESS PLAN	SCHEDULE 4 - HEADS OF EXPENDITURE
14	APPROVAL PROCESS	SCHEDULE 5 - ACCOUNTING PERIODS
15	COMMITMENT OF THE PARTIES AND CONTRIBUTIONS	SCHEDULE 7 - LIABILITY REPORT
16	DRAWDOWN OF THE GROWTH DEAL	
17	MITIGATION	SCHEDULE 8 - GROWTH VISION
18	LIABILITY OF THE PARTIES	SCHEDULE 9 - IMPLEMENTATION PLAN
19	WITHDRAWAL	SCHEDULE 10 - OVERARCHING BUSINESS PLAN
20	[CONSEQUENCES OF TERMINATION	SCHEDULE 11 - APPROVED BUSINESS PLANS
		SCHEDULE 12 - GROWTH DEAL
21	INTELLECTUAL PROPERTY	
22	CONFIDENTIALITY AND ANNOUNCEMENTS	
23	CONTRACTS (THIRD PARTY RIGHTS)	
24	DISPUTE RESOLUTION	
25	DATA PROTECTION	
26	FREEDOM OF INFORMATION AND ENVIRONMENTAL INFORMATION	
27	NOTICES	
28	GOVERNING LAW	
29	ASSIGNMENT	

30	WAIVER	
31	ENTIRE AGREEMENT	
32	COUNTERPARTS	
33	RELATIONSHIP OF PARTIES	
34	STATUTORY RESPONSIBILITIES	



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12 June, 2020

TITLE: *Funding and Commercial Models*

AUTHOR: *Hedd Vaughan-Evans, Operations Manager*

1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to advise the North Wales Economic Ambition Board on the funding and commercial models available through the North Wales Growth Deal and the issues which will need to be considered.

2. DECISION SOUGHT

- 2.1. Comment on paper and note that further work on how commercial and funding models could be applied to programmes and projects will be carried out by the Programme Office, the Executive Support Group and partners' Finance Officer and that a further report on this matter will be presented to the North Wales Economic Ambition Board in due course.

3. REASONS FOR THE DECISION

- 3.1. To progress work on commercial and funding models as part of the package of work required to secure a 'Final Deal' with UK and Welsh Government on the North Wales Growth Deal.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. As part of the development of the programme business cases there is a need to confirm what commercial and funding models the North Wales Economic Ambition Board wish to apply through the Growth Deal. This will inform both the Commercial and Financial cases of each programme business case and will shape project business cases to follow.
- 4.2. While commercial and funding models have been explored previously no decisions have been taken and there is a need to establish how any models would be applied to projects.
- 4.3. At present there is a £40million gap in the funding requested from UK and Welsh Government through the growth deal. Commercial and funding models present an opportunity to address the gap through recycling funds back into the Growth Deal for future investment.
- 4.4. In simplest terms there are three potential commercial/funding models available for the Growth Deal funding – grant, loan or investment or a combination:
- **Grant** – Providing growth deal funding as a grant which sees no financial return on investment.
 - **Loan** – Growth Deal funding could be providing in the form of a loan or part loan. For example, Cardiff City Region recently announced plans to develop a Strategic Premises Fund up to potentially £50million. This would be an evergreen fund, with pay-outs in the

form of fully repayable loans, so that it can continue to plough back returned investments into new schemes in the future.

- **Investment** – Growth Deal funding could be provided as an investment either in assets, equity, IP or potentially through a contractual profit share arrangement. The return on investment period will differ significantly across projects. For example, ROI from a housing development may be achieved within a 5 year period but an investment in IP may take much longer to deliver a return.

- 4.5. The exploration of commercial and funding models will also need to take into account of the apportionment of the borrowing costs across the partnership as previously discussed at the Governance Workshop on the 14th February 2020.

5. FINANCIAL IMPLICATIONS

- 5.1. None at this stage.

6. LEGAL IMPLICATIONS

- 6.1. None at this stage.

7. STAFFING IMPLICATIONS

- 7.1. None at this stage.

8. IMPACT ON EQUALITIES

- 8.1. None at this stage.

9. CONSULTATIONS UNDERTAKEN

- 9.1. The contents of this report was discussed by the Executive Support Group on the 3 June 2020.

APPENDICES:

Appendix 1 Commercial and Funding Models

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“The report provides an over view in relation to a key element of developing the Programmes and Projects within the Growth Deal. As noted the work stream requires detailed and specialist consideration in order to establish options on the way forward.”

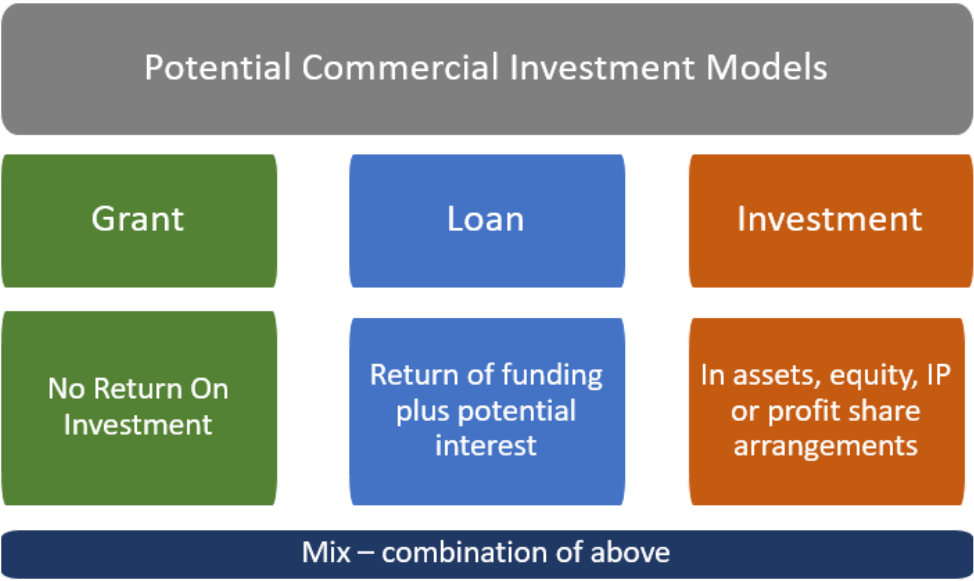
ii. Statutory Finance Officer (the Host Authority's Section 151 Officer):

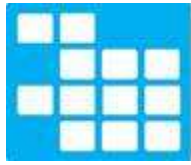
"As noted in part 4.5 of the report, the Governance Workshop on the 14th February explored the apportionment of the borrowing costs across the partnership, while consideration of commercial and funding models will now also consider potential for providing growth deal funding in the form of a loan, or part loan, as well as the grant and investment options previously envisaged.

As suggested in part 4.2 of the report, various commercial and funding models may be applied to different projects. Clearly, exploration of solutions for individual projects will need to be sensitive to fulfil partners' expectations, and must be clarified in the Business Cases.

However, I welcome the unprejudiced willingness to consider new ideas such as loans, or part loans, which could assist the NWEAB to conscientiously address the £40million funding gap mentioned in part 4.4 of the report."

Appendix 1 – Commercial and Funding Models





north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12/06/2020

Title: 2019/20 Out-turn Report and Annual Return

Author: Dafydd L Edwards, Host Authority Statutory Finance Officer

1. Purpose of the Report

- 1.1 This report intends to provide the North Wales Economic Ambition Board with the final out-turn position for 2019/20 and to obtain approval of the Official Annual Return for 2019/20.

2. Decision Sought

- 2.1 To note and accept the Joint Committee's Revenue Income and Expenditure Account for 2019/20 (Appendix 1).
- 2.2 To approve the Joint Committee's Official Annual Return for 2019/20 (subject to External Audit), in line with the statutory deadline of 15 June 2020. It has been duly completed and certified, by the Responsible Financial Officer, namely Gwynedd Council's Head of Finance as the Statutory Finance Officer for the Joint Committee (Appendix 2).

3. Reasons for the Decision

- 3.1 To inform the Joint Committee of their financial position for 2019/20, and to comply with the statutory requirements with regard to completing the Annual Return.

4. Background and Relevant Considerations

- 4.1 The accounts and return will be subject to audit by Deloitte, Gwynedd Council's external auditor appointed by the Auditor General for Wales. Should any amendment be necessary then a revised version will be presented to the Joint Committee meeting on 31 July 2020.
- 4.2 Following audit and following any required amendments, the Auditor General's representative will certify the return prior to 15 September 2020.

5. Expenditure and income in 2019/20

- 5.1 Appendix 1 shows the Revenue Income and Expenditure Account for 2019/2020, and this corresponds to the figures in the Annual Return shown in Appendix 2.

Programme Management Office

- 5.2 The final underspend on this heading is £143,486. There's an increase in underspend from the third quarter review, due to expenditure on the preparation of the programme business cases not commencing until 2020/21.

Accountable Body Support Services

- 5.3 The final underspend on this heading is £32,804 as result of the reduced expenditure on the Accountable Body (host authority) support services.

Joint Committee

- 5.4 The final underspend on this heading is £16,703, mainly due to reduced expenditure on the External Audit Fee and the Business Delivery Board.

Funding Contributions

- 5.5 The European Social Fund (ESF) Priority 5 approval letter has been received during May 2020. As it was not obtained prior to 31 March 2020, the ESF grant income is not shown in the 2019/20 accounts. It will therefore be claimed retrospectively during 2020/21 and back-dated to 1 July 2018.

- 5.6 The financial position at 31 March 2020 showed an underspend of £161,316 and this has been transferred to an earmarked reserve to give a balance of £497,529 that will be available to fund one-off costs in future years.

6. Legal Implications

- 6.1 Section 12 of the Public Audit (Wales) Act 2004 states that a joint committee of two or more (local) authorities is a local government body, and Section 13 of the Act requires such bodies to maintain accounts subject to audit by an external auditor approved by the Auditor General for Wales.
- 6.2 The Accounts and Audit (Wales) (Amendment) Regulations 2018 require all Joint Committees to prepare year-end accounts. Where the turnover is less than £2.5m the joint committee is deemed to be a “small joint committee” and an annual return must be prepared in accordance with proper practices as stipulated by legislation.

7. Consultations Undertaken

- 7.1 The underspend position was reported to the Executive Group on 15 May 2020.

8. Appendices

Appendix 1 – Revenue Income and Expenditure Account for 2019/20.

Appendix 2 – Annual Return for the year ended 31 March 2020 (subject to External Audit), but includes Internal Audit’s comments.

STATUTORY OFFICERS’ RESPONSE:

i. Monitoring Officer – Accountable Body:

No observations to add in relation to propriety.

ii. Statutory Finance Officer – Accountable Body:

Author of this report.

Revenue Income and Expenditure Account for 2019/20

Appendix 1

Expenditure	Original Budget	Virements	Revised Budget	Final Position 2019/20	Overspend / (Underspend)
	(£)	(£)	(£)	(£)	(£)
Programme Management Office					
Employee Expenditure (Pay, N.I. & Superannuation)	246,480	(61,580)	184,900	69,450	(115,450)
Staff Secondment	0	0	0	19,673	19,673
Programme Management/Development Re-charge	0	0	0	62,484	62,484
Advertising and Assessment of Candidates	0	0	0	49,729	49,729
Travel and Subsistence	10,000	0	10,000	2,614	(7,386)
Engagement and Meetings	11,620	0	11,620	8,023	(3,597)
Communications and Public Relations	45,000	0	45,000	15,050	(29,950)
Performance Audit Fee	12,500	0	12,500	0	(12,500)
Supplies and Services	10,000	0	10,000	13,195	3,195
Regional Engagement Team (RET)	43,480	0	43,480	42,282	(1,198)
Premises	5,000	0	5,000	3,570	(1,430)
Project Planning, Development and Support	319,800	(91,040)	228,760	75,113	(153,647)
Transport			0	46,591	46,591
Programme Management Office Total	703,880	(152,620)	551,260	407,774	(143,486)
Accountable Body Support Services					
Finance Services Support	105,710	(22,720)	82,990	56,950	(26,040)
Legal (includes Monitoring Officer)	16,000	0	16,000	13,180	(2,820)
Corporate Support	29,400	0	29,400	25,456	(3,944)
Information Technology	2,760	0	2,760	2,760	0
Accountable Body Support Services Total	153,870	(22,720)	131,150	98,346	(32,804)
Joint Committee					
Governance Agreement 2 - Legal	20,000	0	20,000	18,262	(1,738)
Governance Agreement 1 - Legal	0	0	0	1,634	1,634
External Audit Fee	12,500	0	12,500	1,500	(11,000)
Business Delivery Board	0	10,000	10,000	4,401	(5,599)
Joint Committee Total	32,500	10,000	42,500	25,797	(16,703)
Total Expenditure	890,250	(165,340)	724,910	531,917	(192,993)

Income	Original Budget	Virements	Revised Budget	Final Position 2019/20	Overspend / (Underspend)
	(£)	(£)	(£)	(£)	(£)
Funding Contributions					
Partner Contributions - GA1					
Conwy County Borough Council	(50,000)	0	(50,000)	(50,000)	0
Denbighshire County Council	(50,000)	0	(50,000)	(50,000)	0
Flintshire County Council	(50,000)	0	(50,000)	(50,000)	0
Gwynedd Council	(50,000)	0	(50,000)	(50,000)	0
Isle of Anglesey County Council	(50,000)	0	(50,000)	(50,000)	0
Wrexham County Borough Council	(50,000)	0	(50,000)	(50,000)	0
Bangor University	(25,000)	0	(25,000)	(25,000)	0
Wrexham Glyndwr University	(25,000)	0	(25,000)	(25,000)	0
Coleg Cambria	(25,000)	0	(25,000)	(25,000)	0
Grŵp Llandrillo Menai	(25,000)	0	(25,000)	(25,000)	0
Partner Contributions - Other					
Conwy County Borough Council	(40,000)	0	(40,000)	(40,000)	0
Denbighshire County Council	(40,000)	0	(40,000)	(40,000)	0
Flintshire County Council	(40,000)	0	(40,000)	(40,000)	0
Gwynedd Council	(40,000)	0	(40,000)	(40,000)	0
Isle of Anglesey County Council	(40,000)	0	(40,000)	(40,000)	0
Wrexham County Borough Council	(40,000)	0	(40,000)	(40,000)	0
Capitalisation of Project Costs	(250,250)	250,250	0	0	0
Private Sector (future years)	0	0	0	0	0
Public Transport (Wales) Bill Grant	0	(34,100)	(34,100)	(46,591)	(12,491)
Interest on Earmarked Reserve				(6,642)	(6,642)
ESF Priority 5 funding	0	(50,810)	(50,810)	0	50,810
Total Income	(890,250)	165,340	(724,910)	(693,233)	31,677
Overspend / (Underspend) position before transfer to Earmarked Reserve	0	0	0	(161,316)	(161,316)
Earmarked Reserve	0	0	0	161,316 *	161,316
Net Overspend / (Underspend)	0	0	0	0	0

* This will give a balance of £497,529 in the earmarked reserve to be carried forward to 2020/21.

Smaller relevant local government bodies in Wales

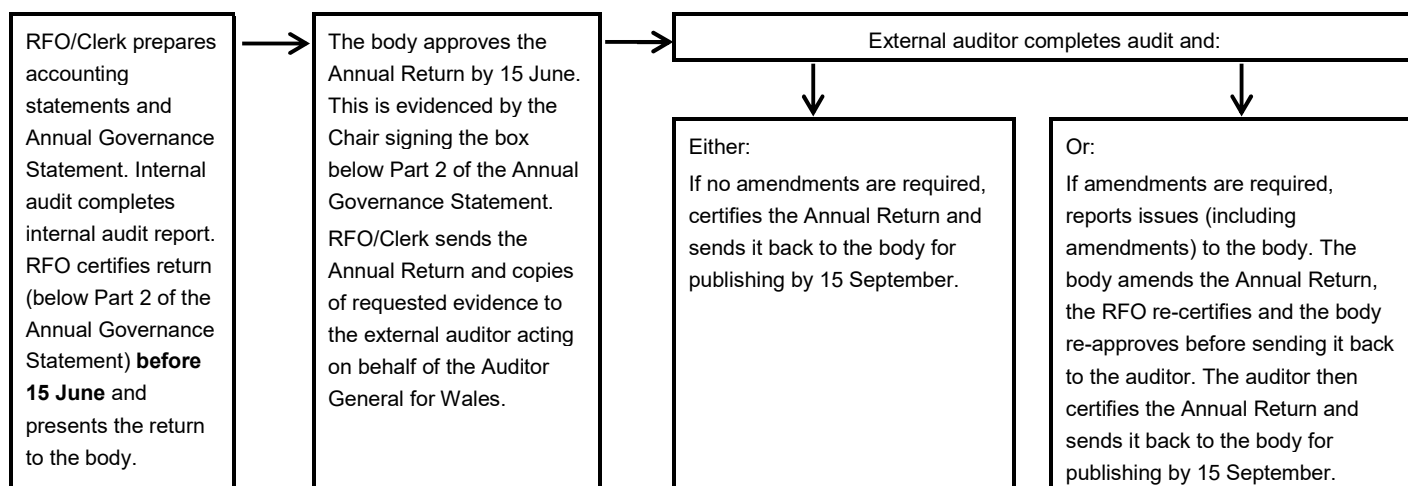
Annual Return for the Year Ended 31 March 2020

THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For minor joint committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication 'Governance and accountability for local councils in Wales – A Practitioners' Guide' (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an annual return. This annual return meets the requirements of the Practitioners' Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and complete all sections highlighted in red including the Annual Governance Statement.

APPROVING THE ANNUAL RETURN

There are two boxes for certification and approval by the body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.

The committee must approve the annual return BEFORE the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

The Auditor General for Wales' Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It MUST NOT be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

Accounting statements 2019-20 for:

Name of body: North Wales Economic Ambition Board

	Year ending		Notes and guidance for compilers
	31 March 2019 (£)	31 March 2020 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	0	336,213	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	391,370	640,000	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	0	53,233	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	0	-89,123	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	-55,157	-442,794	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	336,213	497,529	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors and stock balances	2,124	15,574	Income and expenditure accounts only: Enter the value of debts owed to the body and stock balances held at the year-end.
9. (+) Total cash and investments	356,267	508,779	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	-22,178	-26,823	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	336,213	497,529	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	0	0	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement


We acknowledge as the members of the **North Wales Economic Ambition Board**, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2020, that:

	Agreed?		'YES' means that the Committee:	PG Ref
	Yes	No*		
1. We have put in place arrangements for: <ul style="list-style-type: none"> effective financial management during the year; and the preparation and approval of the accounting statements. 	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

North Wales Economic Ambition Board approval and certification

The North Wales Economic Ambition Board is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the North Wales Economic Ambition Board and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2020.	Approval by the North Wales Economic Ambition Board I confirm that these accounting statements and Annual Governance Statement were approved by the North Wales Economic Ambition Board under minute reference: <div style="border: 1px solid black; padding: 5px; text-align: center;">Insert minute reference and date of meeting</div>
RFO signature: 	Chair of meeting signature:
Name: Dafydd L. Edwards	Name:
Date: 20/05/2020	Date:

North Wales Economic Ambition Board re-approval and re-certification (only required if the annual return has been amended at audit)

Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the North Wales Economic Ambition Board, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2020.	Approval by the North Wales Economic Ambition Board I confirm that these accounting statements and Annual Governance Statement were approved by the North Wales Economic Ambition Board under minute reference: <div style="border: 1px solid black; padding: 5px; text-align: center;">Insert minute reference and date of meeting</div>
RFO signature:	Chair of meeting signature:
Name:	Name:
Date:	Date:

Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2020 of:

--

External auditor's report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated _____.]

Other matters and recommendations

On the basis of our review, we draw the body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the body.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body: North Wales Economic Ambition Board

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2020.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text

For any risk areas identified by the Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
12. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
13. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Committee are included in my detailed report to the Committee dated May 2020]

Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2018-19 and 2019-20. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Luned Fôn Jones, Audit Manager, Cyngor Gwynedd
Signature of person who carried out the internal audit: <i>Luned Fôn Jones</i>
Date: 14/05/2020

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2019) equals the balance brought forward in the current year (line 1 of 2020). Explain any differences between the 2019 figures on this annual return and the amounts recorded in last year's annual return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Committee holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **Every committee must send to the external auditor, information to support the assertions made in the Annual Governance Statement even if you have not done so before.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
Accounts	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?		
	Does the bank reconciliation as at 31 March 2020 agree to Line 9?		
Approval	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 15 June 2020?		
	Has the body approved the accounting statements before 15 June 2020 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		
All sections	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?		
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.		

If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
Accounts	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Committee's approval of the amendments before re-submission to the auditor?		



INTERNAL AUDIT REPORT

NORTH WALES ECONOMIC AMBITION BOARD ACCOUNTS



NORTH WALES ECONOMIC AMBITION BOARD ACCOUNTS

1. Background

- 1.1 The North Wales Economic Ambition Board is a collaborative group of private and public organisations committed to promoting economic growth in Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham. The key objectives include encouraging business investment in North Wales, helping local companies take advantage of supply chain opportunities, and encouraging work-related skills in the region.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to confirm the accounts on the Board's annual statement for the 2019/20 financial year, as well as to confirm that appropriate internal controls were in place.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 Assurance can be given that the North Wales Economic Ambition Board accounting statement for the 2019/20 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives. Appropriate accounts have been kept and bank reconciliations are made as part of Council wide bank reconciling.
- 4.2 Based on the tests carried out it was seen for a sample of payments selected that they were supported with invoices relevant to the period in question, and that value added tax had been dealt with appropriately. There was also an appropriate trail for a sample of other transactions made through internal transfers.
- 4.3 A risk register was presented to the Board on the 12th of April 2019 which focuses on programme risks arising from the initial work programme submitted to the Board on the 1st of February 2019. Risks are added to the register during the year.
- 4.4 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been applied appropriately. These costs are appropriately accounted for in the statement and a sample of these officers' employment contracts were reviewed.

ACKNOWLEDGEMENT

The auditor and author of this report is:

Bleddyn Rhys
Audit Leader
BleddynRhys@gwynedd.llyw.cymru
Ext. 34680
01286 682680

The report was reviewed by:

Luned Fôn Jones
Audit Manager
LunedFonJones@gwynedd.llyw.cymru
Ext. 34687
01286 682687

The auditor would like to thank the relevant officers for their co-operation in preparing this audit report.

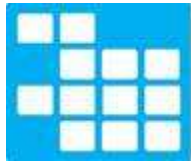
LUNED FÔN JONES

Audit Manager

May 2020

Distribution:

North Wales Economic Ambition Board Chairman
Programme Director
Head of Finance
Senior Finance Manager
Group Accountant
Senior Accountant - Resources and Corporate
Senior Operational Officer
Assistant Head - Finance



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12/06/2020

Title: 2020/21 Budget

Author: Dafydd L Edwards, Host Authority Statutory Finance Officer

1. Purpose of the Report

- 1.1 The purpose of this report is to formally propose the 2020/21 Budget for the North Wales Economic Ambition Board (NWEAB). This report was originally distributed with the agenda for the Board meeting scheduled for 20 March 2020, when two budget scenarios had been included. While the following report remains unchanged from the original paper which all Board members supported via email at the end of March, as the ESF formal grant offer letter was subsequently received from WEFO, only the 'Scenario 2' budget is now applicable:-

- Scenario 2 – 2020/21 Budget **with** ESF Grant Funding (Appendix 1b).

2. Decision Sought

- 2.2 To approve the 2020/21 Budget with ESF Grant Funding (Appendix 1b).
- 2.3 To ask the Board to allow the Programme Director, in consultation with Gwynedd Council's Section 151 Officer and Monitoring Officer and the Chairman, to commit up to an additional £100,000 from the earmarked reserve within the year, on the Planning, Development and Project Support heading if required, in order to maintain and realise the work programme timetable for the final Growth Deal.



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

20/03/2020

Title: 2020/21 Budget

Author: Dafydd L Edwards, Host Authority Statutory Finance Officer

1. Purpose of the Report

- 1.1 The purpose of this report is to propose the 2020/21 Budget for the North Wales Economic Ambition Board (NWEAB). Two scenarios have been included:-
- Scenario 1 – 2020/21 Budget without ESF Grant Funding (Appendix 1a)
 - Scenario 2 – 2020/21 Budget with ESF Grant Funding (Appendix 1b).

2. Decision Sought

- 2.1 To approve the 2020/21 Budget without the ESF Grant Funding (Appendix 1a).
- 2.2 To approve the 2020/21 Budget with ESF Grant Funding (Appendix 1b) if / when formal grant approval is received.
- 2.3 To ask the Board to allow the Programme Director, in consultation with Gwynedd Council's Section 151 Officer and Monitoring Officer and the Chairman, to commit up to an additional £100,000 from the earmarked reserve within the year, on the Planning, Development and Project Support heading (Scenario 1 and 2) if required in order to maintain and realise the work programme timetable for the final Growth Deal.

3. Reasons for the Decision

- 3.1 To set out the proposed budget per expenditure heading and the corresponding funding streams for the year.
- 3.2 In order to operate effectively within the funding available, the NWEAB requires an annual budget to be approved.
- 3.3 To authorise the Programme Director to incur expenditure in accordance with the approved budget.

4. Background and Relevant Considerations

- 4.1 The major changes from the 2019/20 to the 2020/21 expenditure budget is an increase in staffing costs and a reduction in the external budget for project planning, development and support.
- 4.2 In the 2020/21 budget, no assumption has been made that the Growth Bid Grant Income will be received during the year, and if any income was to be received during the last quarter, it would be dealt with at the time.
- 4.3 In addition to the Base Budget, one-off virements to be funded from the earmarked reserve are required in the year, to mainly fund expenditure in the following headings:-
 - “Communications and Public Relations” – for the website, branding and communications strategy.
 - “Project Planning, Development and Support” – to develop the Full Business Cases required to reach a Final Deal with both UK and Welsh Government.
- 4.4 The ESF grant application based on staff costs is currently in the final stages of the approval process with a decision expected before the end of March 2020. This funding is crucial to ensure that the Programme Office’s work programme is achieved within the current timetable.
- 4.5 If the ESF grant application is unsuccessful, the Programme Director will present a separate report to the Board in the coming months, with a revised proposal of viable options and possible funding sources for timely completion of the Programme Office’s work programme. This may involve additional contributions from the partners.

- 4.6 In light of the strong view expressed by the Executive Group on 6 March 2020 to deliver the Growth Deal in a timely manner, the Programme Director and Operations Manager have requested the right to add a further additional budget to the Project Planning, Development and Support heading if required during the year. This would be funded from the earmarked reserve, thus reducing its balance to fund other one off costs in the future.

Programme Management Office - £864,110 (Scenario 1) and £1,468,420 (Scenario 2)

- 4.7 The budget for the Programme Management Office is based on five full time posts (Scenario 1), and twenty full time posts (Scenario 2). Further details on the staffing structure can be seen in the ESF report that was presented to the NWEAB on 24 January 2020.

<https://democracy.gwynedd.llyw.cymru//documents/s25697/Item%207%20-%20ESF%20Funding.pdf>

- 4.8 The Employee Expenditure Budget has been set based on the assumption that an inflationary increase of 2% will be applied to Local Government salaries in 2020/21, however this is subject to ongoing discussions.
- 4.9 It also includes budget for Travel and Subsistence; Training; Engagement and Meetings; Communications and Public Relations; Supplies and Services; Premises. The annual match funding contribution from all six Local Authorities towards the Regional Engagement Team is also included as well as the Transport costs that are eligible for the Public Transport (Wales) Bill Grant.

Accountable Body Support Services - £139,920 (Scenario 1) and £155,770 (Scenario 2)

- 4.10 The Accountable Body provides the support services required to facilitate the work of the Joint Committee, and the budget for 2020/21 includes Finance Services Support, Legal, Corporate Support and Information Technology.
- 4.11 The scope of the services offered, charging mechanisms and estimated costs will be included in the individual Service Level Agreements that will be agreed with each department.

- 4.12 On the whole, the Accountable Body Support Services budget are similar to 2019/20, but Scenario 2 includes the increase costs related to the ESF Grant and subsequent increase in staff numbers.

Joint Committee

4.13 External Legal Support - £18,000

This includes a budget for external legal support that will be mainly required when drafting the Governance Agreement 2 and with the individual programme/project business cases.

4.14 Treasury Advisory - £10,000

Input from External Treasury Advisory will be required with regard to the identification and apportionment of notional costs to cover negative cash flow etc.

4.15 External Audit Fee – £1,500

The Joint Committee's Accounts will be subject to an annual audit by Gwynedd Council's External Auditors, and an estimated budget based on fees incurred by similar small joint Committees who produce an annual return has been used.

4.16 Business Delivery Board - £20,000

In a report that was presented to the NWEAB on 17 May 2019, an annual contribution of up to £20,000 was approved to support the Business Delivery Board.

Funding Contributions

4.17 Partner Contributions (GA1) – (£400,000)

In accordance with Governance Agreement 1 and the proposed Governance Agreement 2, the 2020/21 Budget includes a contribution of £50,000 from the six Councils and £25,000 from the four Advisors, to give a total contribution of £400,000. The partner contributions have remained the same from 2019/20, with no inflationary increases applied reflecting what has been previously agreed as basis for the individual partners to set their budgets for 2020/21. However, the partner contributions will need to increase in future budgets to reflect the salary inflation.

4.18 Partner Contributions (Other) – (£240,000)

The budget has been set up with the assumptions that these historical contributions of equal contribution from each of the six Councils will remain in 2020/21. The Regional Engagement Team budget of £42,290 is funded from these contributions.

4.19 Public Transport (Wales) Bill Grant – (£109,890)

A public transport grant of £155,000 has been approved by Welsh Government and an estimated grant of £109,890 will remain to be claimed during 2020/21.

4.20 European Social Fund (ESF) Priority 5 funding – (£651,330)

If the ESF Grant application is approved, grant funding of £2.9m could be claimed for the period until June 2023, with the 2020/21 staff costs attracting £651,330 of this grant funding. If successful, costs could also be claimed retrospectively from July 2018 onwards.

Earmarked Reserve – (£303,640) (Scenario 1) and (£272,470) (Scenario 2)

4.21 The Third Quarter Review Report that was presented to the Board on 24 January 2020 projects a balance of £117,424 to be transferred to the earmarked reserve at the end of 2019/20, to give an estimated balance of £453,637 available for future years.

4.22 Scenario 1 budget uses £303,640 (£109,480 to balance the base budget and £194,160 to fund one-off expenditure) hence leaving a balance of £150,000 in the earmarked reserve to fund one-off costs in the future.

4.23 Scenario 2 budget uses £272,470 to fund one-off expenditure hence leaving a balance of £358,000 in the earmarked reserve to fund one-off costs in future years (includes the back-dated ESF grant).

5. Governance Context

5.1 As stated in Governance Agreement 1 and the suggested Governance Agreement 2, the Annual Budget is required to be prepared by the Accountable Body and agreed by the Joint Committee.

5.2 The proposed budget for 2020/21 has been prepared based on the roles, activities and responsibilities identified to date, with the expectation that the level of resources

allocated is continually reviewed and updated as the projects move forward and more information is available.

- 5.3 Regular budget monitoring reports will be presented to the Programme Management Office staff and the Executive Group. A further detailed review will also be undertaken at the end of August 2020 and November 2020 and presented to the Economic Ambition Board, with any issues highlighted and appropriate action taken.

6. Consultations Undertaken

- 6.1 Appendices 1a and 1b, as well as summary of the contents of this report was presented to the Executive Group on 6 March 2020.

7. Appendices

Appendix 1a – 2020/21 Economic Ambition Board Budget without ESF Grant funding.

Appendix 1b – 2020/21 Economic Ambition Board Budget with ESF Grant funding.

STATUTORY OFFICERS' RESPONSE:

i. Monitoring Officer – Accountable Body:

I note the request to utilise an element of the reserve funds in order to maintain momentum. The reasoning for this is set out in the report which will allow the Board to come to a decision. I agree with the form of the delegation which will give assurance in relation to the use of the resource.

ii. Statutory Finance Officer – Accountable Body:

Author of this report.

Scenario 1 - 2020/21 Economic Ambition Board Budget without ESF Grant funding.

Appendix 1a

	Base Budget	One-off virements	Total Budget
Expenditure	(£)	(£)	(£)
Programme Management Office			
Employee Expenditure (Pay, N.I. & Superannuation)	423,690		423,690
Travel and Subsistence	10,000		10,000
Training	10,000		10,000
Engagement and Meetings	11,620		11,620
Communications and Public Relations	39,460	10,540	50,000
Supplies and Services	10,000		10,000
Regional Engagement Team (RET)	42,290		42,290
Premises	13,000		13,000
Project Planning, Development and Support		183,620	183,620
Transport		109,890	109,890
Programme Management Office Total	560,060	304,050	864,110
Accountable Body Support Services			
Finance Services Support	93,110		93,110
Legal (includes Monitoring Officer)	20,250		20,250
Corporate Support	23,060		23,060
Information Technology	3,500		3,500
Accountable Body Support Services Total	139,920		139,920
Joint Committee			
External Legal Support	18,000		18,000
Treasury Advisory	10,000		10,000
External Audit Fee	1,500		1,500
Business Delivery Board	20,000		20,000
Joint Committee Total	49,500		49,500
Total Expenditure	749,480	304,050	1,053,530

	Base Budget	One-off virements	Total Budget
Income	(£)	(£)	(£)
Funding Contributions			
Partner Contributions			
Conwy County Borough Council	(50,000)		(50,000)
Denbighshire County Council	(50,000)		(50,000)
Flintshire County Council	(50,000)		(50,000)
Gwynedd Council	(50,000)		(50,000)
Isle of Anglesey County Council	(50,000)		(50,000)
Wrexham County Borough Council	(50,000)		(50,000)
Bangor University	(25,000)		(25,000)
Wrexham Glyndwr University	(25,000)		(25,000)
Coleg Cambria	(25,000)		(25,000)
Grŵp Llandrillo Menai	(25,000)		(25,000)
Partner Contributions - Other			
Conwy County Borough Council	(40,000)		(40,000)
Denbighshire County Council	(40,000)		(40,000)
Flintshire County Council	(40,000)		(40,000)
Gwynedd Council	(40,000)		(40,000)
Isle of Anglesey County Council	(40,000)		(40,000)
Wrexham County Borough Council	(40,000)		(40,000)
Public Transport (Wales) Bill Grant		(109,890)	(109,890)
Earmarked Reserve	(109,480)	(194,160)	(303,640) *
Total Income	(749,480)	(304,050)	(1,053,530)
Net Budget	0	0	0

* This would leave an estimated balance of £150,000 in the earmarked reserve.

	Base Budget	One-off virements	Total Budget
Expenditure	(£)	(£)	(£)
Programme Management Office			
Employee Expenditure (Pay, N.I. & Superannuation)	933,740		933,740
Advertising and Assessment of Candidates		10,000	10,000
Travel and Subsistence	20,000		20,000
Training	10,000	10,000	20,000
Engagement and Meetings	15,000		15,000
Communications and Public Relations	37,530	62,470	100,000
Supplies and Services	10,000	10,000	20,000
Regional Engagement Team (RET)	42,290		42,290
Premises	17,500		17,500
Project Planning, Development and Support		180,000	180,000
Transport		109,890	109,890
Programme Management Office Total	1,086,060	382,360	1,468,420
Accountable Body Support Services			
Finance Services Support	98,110		98,110
Legal (includes Monitoring Officer)	20,250		20,250
Corporate Support	26,060		26,060
Information Technology	11,350		11,350
Accountable Body Support Services Total	155,770		155,770
Joint Committee			
External Legal Support	18,000		18,000
Treasury Advisory	10,000		10,000
External Audit Fee	1,500		1,500
Business Delivery Board	20,000		20,000
Joint Committee Total	49,500		49,500
Total Expenditure	1,291,330	382,360	1,673,690

	Base Budget	One-off virements	Total Budget
Income	(£)	(£)	(£)
Funding Contributions			
Partner Contributions			
Conwy County Borough Council	(50,000)		(50,000)
Denbighshire County Council	(50,000)		(50,000)
Flintshire County Council	(50,000)		(50,000)
Gwynedd Council	(50,000)		(50,000)
Isle of Anglesey County Council	(50,000)		(50,000)
Wrexham County Borough Council	(50,000)		(50,000)
Bangor University	(25,000)		(25,000)
Wrexham Glyndwr University	(25,000)		(25,000)
Coleg Cambria	(25,000)		(25,000)
Grŵp Llandrillo Menai	(25,000)		(25,000)
Partner Contributions - Other			
Conwy County Borough Council	(40,000)		(40,000)
Denbighshire County Council	(40,000)		(40,000)
Flintshire County Council	(40,000)		(40,000)
Gwynedd Council	(40,000)		(40,000)
Isle of Anglesey County Council	(40,000)		(40,000)
Wrexham County Borough Council	(40,000)		(40,000)
Public Transport (Wales) Bill Grant		(109,890)	(109,890)
European Social Fund (ESF) Priority 5 funding	(651,330)		(651,330)
Earmarked Reserve		(272,470)	(272,470) *
Total Income	(1,291,330)	(382,360)	(1,673,690)
Net Budget	0	0	0

* This would leave an estimated balance of £358,000 in the earmarked reserve (includes the back-dated ESF grant).