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## NORTH WALES ECONOMIC AMBITION BOARD 25/03/22

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### Present:

Voting Members - Councillors:- Ieuan Williams (Isle of Anglesey County Council), Mark Pritchard (Wrexham County Borough Council), Charlie McCoubrey (Conwy County Borough Council) and Dyfrig Siencyn (Gwynedd Council) (Chair).

Advisors – Dafydd Evans (Grŵp Llandrillo Menai), Dr Maria Hinfelaar (Glyndŵr University), Prof. Paul Spencer (Bangor University) and Askar Sheibani (Business Delivery Board)

Chief Officers - Dylan Williams (Isle of Anglesey County Council), Iwan Davies (Conwy County Borough Council), Ian Bancroft (Wrexham County Borough Council) and Graham Boase (Denbighshire Council).

Officers in attendance - Dewi Morgan (Statutory Finance Officer - Host Authority), Iwan Evans (Monitoring Officer - Host Authority), Alwen Williams (Portfolio Director), Hedd Vaughan-Evans (Operations Manager), Sheryl Le Bon Jones (Senior Operational Officer), Stuart Whitfield (Digital Programme Manager), Henry Aron (Energy Programme Manager), Sian Pugh (Group Accountant - Corporate and Projects), Eirian Roberts and Sioned Mai Jones (Democracy Services Officers).

Also present - Wendy Boddington (Welsh Government)

Wendy Boddington from Welsh Government was welcomed to the meeting and she was thanked for her interest in the Board's work.

### **1. APOLOGIES**

Apologies were received from Councillors Hugh Evans (Denbighshire Council), Llinos Medi Huws (Isle of Anglesey County Council) and Ian Roberts (Flintshire Council); Yana Williams (Coleg Cambria), Prof. Iwan Davies (Bangor University), Neal Cockerton (Flintshire Council) and Dafydd Gibbard (Gwynedd Council).

### **2. DECLARATION OF PERSONAL INTEREST**

No declarations of personal interest were received.

### **3. URGENT ITEMS**

None to note.

### **4. MINUTES OF PREVIOUS MEETINGS**

The Chair signed the Minutes of the meeting held on 28 January 2022, as a true record.

### **5. CHANGE CONTROL - DIGITAL PROGRAMME STRUCTURE**

The report was presented by Stuart Whitfield (Digital Programme Manager).

**RESOLVED**

- (1) To approve the change request to restructure three of the Digital Programme's digital infrastructure projects to create two new projects.
- (2) To note the proposal to combine the Connected Corridors and Full Fibre at Key Sites projects into one project to focus on delivery of new fibreoptic network capacity to meet the spending objectives of the two projects. Subject to further assessment of requirements (where a requirement for new fibreoptic networks is identified) an element of the Connected Campus project may be included in this project. No change is recommended to the Last Few % project or the DSP Research and Development project.
- (3) To note revised programme delivery structure and timetable as set out in Appendix 2 to the report.
- (4) To note that there is a requirement to notify Welsh and UK Government of the change agreed.

## REASONS FOR THE DECISION

The outcome of the Economic Case workshops for the Connected Corridors project was the identification of a preferred option which consisted of investment in new fibreoptic network coverage in the region. The Digital Programme's Full Fibre at Key Sites project, currently at SOC stage, was also targeting fibreoptic network coverage, with the current 'key sites' typically close to the transport 'corridors' sites in scope for the Connected Corridors project. This alignment of both locations and now service delivery presented an opportunity to bring the two projects together to deliver spending objectives under a single project. This principle was supported by HM Treasury best practice in its Guide to Developing the Programme Business Case ('Better Business Cases for better outcomes').

To reduce impact to the schedules for project business case development approved by the NWEAB, changes to the programme structure would need to be implemented at the earliest opportunity. Changes to scope of the next strategic outline cases would need to be made before further consultancy support was commissioned.

Procurement of consultancy support to complete Outline Business Cases for the Connected Corridors, Full Fibre at Key Sites and Connected Campus projects would need to start next quarter and the scope of this work cannot be confirmed until a decision has been made on the programme structure. Regular reviews of the Programme Business Case were recommended by HM Treasury to account for changes in the strategic case and the recent outcomes of project workshops, and both market and Government activity suggest that sufficient changes had happened to require a review.

## DISCUSSION

Details were provided about the background and relevant considerations and the consultations held.

The Chair noted that this appeared to be a logical step forward and, if there was any hope of reducing the governance structure, this would be very much welcomed, and that the benefits of procurement were also clear here.

The following matters were raised:-

- The Portfolio Director, Digital Programme Manager and the team were thanked for their hard work.
- A request was made for the matter to be brought back to the Board should the timescale slip.
- It was noted that the request was sensible and proportionate, and the willingness to adapt, if needed as things evolved, was welcomed.

- Concern was expressed that the significant increase in prices meant that there was a risk that companies may fail to keep to their prices, or withdraw from a contract entirely. It was noted that a part of the problem was movement in the market during the period between the end of the purchasing process and approving the business plans. It was stressed that government, nationally and locally, must look at way of getting things moving more quickly, and that was a matter to be considered during the lifetime of the Growth Deal, or, otherwise, there would be a need to re-tender for work continually. In response, the Digital Programme Manager noted that there were interesting opportunities to simplify procurement, as far as possible, in the digital field. He referred specifically to the use of the Crown Commercial Services frameworks, explaining, in the case of the digital programme, that work that had been delivered for some time by the UK Government Department for Digital Culture Media and Sport in establishing a dynamic pricing system which provided an extremely multi-purpose and responsive approach to procurement, and which was now starting to be used by the first authorities in the UK, could be relied upon. On a more general matter, the Operations Manager noted that it was agreed that the PMO would hold a workshop with the regional teams of UK and Welsh Government to discuss our risks, in order to look at how the governments could support us, including looking at how to simplify the decision-making process.

## **6. PROPOSAL FOR DELIVERING LOCAL AREA ENERGY PLANS IN NORTH WALES**

The report was submitted by Henry Aron (Energy Programme Manager).

### **DECISION**

- (1) To agree to adopting a coordinated, regional approach to delivering the Local Area Energy Plans across north Wales local authorities led by the Portfolio Management Office (via Gwynedd Council as Accountable Body).**
- (2) To agree to the recruitment of a project manager and two project officers to deliver the LAEPs to be funded by Welsh Government and delegate authority to the Portfolio Director in consultation with the s151 Officer and the Monitoring Officer, to agree the grant funding agreement with Welsh Government and implement the proposal.**
- (3) To note that, subject to a grant funding agreement, Welsh Government will provide grant funding to cover the costs of delivering the plans and for the project management resource.**
- (4) To note that the appropriate project governance arrangements will be implemented in all local authorities to submit and approve the plans.**

### **REASONS FOR THE DECISION**

To seek the agreement of Ambition North Wales to deliver Local Area Energy Plans (LAEPs) in North Wales.

Welsh Government had made a commitment to support Local Area Energy Planning (LAEP) across Wales and had proposed a coordinated regional approach to delivery. North Wales' local authority Chief Executives had confirmed their support for this approach and for delivery to be coordinated by Ambition North Wales' Portfolio Management Office.

### **DISCUSSION**

Details were provided about the background and relevant considerations and the consultations held.

With reference to the decisions sought, the Energy Programme Manager asked the Board to consider making the following additional decision, following engagement with the chief executives:-

*"To note that the appropriate project governance arrangements will be implemented in all local authorities to submit and approve the plans."*

The Monitoring Officer asked the Board to consider adapting decision 2 as follows, in order to allow the establishment of grant arrangements between Gwynedd and the individual councils also, should they be needed.

*"To agree to the recruitment of a project manager and two project officers to deliver the LAEPs to be funded by Welsh Government and delegate authority to the Portfolio Director in consultation with the s151 Officer and the Monitoring Officer, to agree the grant funding agreement and implement the proposal."*

The following matters were raised by members:-

- It was noted that Conwy Council had gone through the process, and that the feedback showed that the exercise had been beneficial, was a benchmark of where we had reached, and had set a pathway for where we needed to be. It was believed that it was sensible to operate regionally, because, although some things were relevant to specific counties, the main schemes, such as hydrogen, tidal lagoons and transport, would have to be undertaken regionally.
- In response to a request for more clarity regarding the amendment to decision 2, the Monitoring Officer explained that, although grants were received by the Board, an element of their implementation was in the hands of the individual authorities, therefore, there was a need to secure the mechanism for establishing the accountability line between implementing and signing the grant, should that be needed.

## **7. 2022/23 REVENUE AND CAPITAL BUDGET**

The report was submitted by Dewi Morgan (Statutory Finance Officer) and Sian Pugh (Group Accountant - Corporate and Projects).

### **RESOLVED**

- 1. To approve the 2022/23 Revenue Budget as presented in Appendix 1. This includes one-off virements of £85,000 in the revenue budget to be funded from the earmarked reserve.**
- 2. To approve funding contributions to include the partner contributions, local authorities' supplementary contributions and partner interest contributions.**
- 3. To approve the Business Delivery Board's request, that the £20,000 underspend against their 2021/22 budget is carried forward to 2022/23 to give them a total budget of £40,000.**
- 4. To approve the Capital Budget for the Growth Deal as presented in Appendix 2.**

### **REASONS FOR THE DECISION**

In order to operate effectively within the funding available, the NWEAB required an annual budget to be approved.

### **DISCUSSION**

Details were provided about the background and relevant considerations and the consultations held.

During the discussion, the following matters were raised:-

- The Statutory Finance Officer and the Group Accountant - Corporate and Projects were thanked for the work and the clear presentation.
- It was explained that the Training expenditure budget referred to specific training that Ambition Board staff would need during the year.
- In response to a question about the insurance expenditure of £2,980, it was explained that it referred to employer liability and public liability insurance costs arranged as part of the work of the host authority and as part of the Gwynedd Council insurance policy.
- In response to a query regarding why the Business Delivery Board's budget had not been spent in the previous year, it was noted that this Board had been unsure as to where to spend it previously. It was noted that the money being carried over, should the decision be approved, would be spent wisely and productively in the coming year as well as the money from the 2022/23 budget. It was added that timing had been a problem; this budget should be used towards targeting and attracting investments in the region; it was reported that it had been difficult to achieve this until the new brand had been put in place. By now, the NWEAB had far more clarity and a clear aim regarding where to go and what to achieve in terms of attracting investments. The Business Delivery Board was thanked for its support.
- Attention was drawn to the fact that interest rates of 2.2% remained unchanged since October 2020; this was agreed upon following receiving the opinion of an independent treasury consultancy company. A separate fund would be created for earmarked interest so that it was shown separately.
- In response to a comment that there would be increasing inflation pressure on all projects, it was explained that all projects, when going through the development process, would be checked thoroughly regarding affordability; more focus would be placed on this element as well as regular reviews. It was added that inflation and interest rates matters had been given full consideration and that continuous risk management discussions were being held with the regional teams in the UK and with Welsh Government regarding this.
- A question was asked regarding the risk meetings and whether it would be possible to invite Local Authorities to these meeting as similar matters were relevant to the Authorities. It was reported that the original intention was for the meetings to discuss specific Growth Deal items with the two regional teams; the Operations Manager would enquire to see if there was room to extend the discussion.

## **8. PORTFOLIO MANAGEMENT OFFICE - STRUCTURE AND CONTRACTS**

The report was submitted by Alwen Williams (Portfolio Director) and Hedd Vaughan-Evans (Operations Manager).

### **DECISION**

- 1. To approve the principle of extending the fixed term contracts within the Portfolio Management Office until 31 March 2024 and request that the Portfolio Director action this with immediate effect.**
- 2. To note that costs for this extension will be met from existing funding sources (including reserves) and will result in no additional financial ask on partners.**
- 3. To note that delegated authority has previously been provided [January 2020] to the Portfolio Director to make changes to the Portfolio Management Office structure 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.**

- 4. To note that the resource requirements of the Portfolio Management Office for the delivery of the Growth Deal post March 2024 will be part of a review of regional resources to be carried out by the Executive Officers Group which will also take into consideration the wider implications of the Regional Economic Framework, Shared Prosperity and other funding sources and the Corporate Joint Committee and the resources required at local authority level to develop and deliver economic development and local regeneration projects and programmes.**

## **REASONS FOR THE DECISION**

To present a proposal and rationale to the Board for the extension of fixed term contracts within the Portfolio Management Office.

The Board had a responsibility for ensuring adequate resources were in place for the delivery of the North Wales Growth Deal.

The Portfolio Management Office had initially been established in January 2020 with a small compliment of staff. Following a successful bid for a European Structural Funds (ESF) grant, the team had been expanded and the current structure recruited to over the past 18 months.

The ESF grant secured was until the end of June 2023 and the majority of staff within the Portfolio Management Office were on fixed term contracts until 30 June 2023.

This represented a significant risk for the Portfolio Management Office as staff who were key to delivering the North Wales Growth Deal were approaching the final 12 months of their contracts and could seek other opportunities with a greater degree of contractual certainty.

As a result of a number of factors including the pandemic, project development delays and recruitment challenges the Growth Deal was approximately 12 months behind the original delivery timetable. With one project already in delivery, the next 24 months were crucial in terms of moving the remaining projects forward to the delivery phase where we would begin to realise the benefits for North Wales.

## **DISCUSSION**

Details were provided about the background and relevant considerations and the consultations held.

With reference to the decisions sought, the Operations Manager asked the Board to consider making the adding the following to the end of point 2.4:-

*"..and the resources required at local authority level to develop and deliver economic development and local regeneration projects and programmes."*

During the discussion, the following matters were raised:-

- Officers were thanked for the presentation and it was believed that the request was a reasonable and logical one.
- It was acknowledged that there was a significant risk in losing members of the team as well as their knowledge and experience. It was noted that this request was a sensible one.

The meeting commenced at 1.30 pm and concluded at 2.45 pm

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**CHAIR**