



Complete Agenda

**Bwrdd Uchelgais Economaidd  
Gogledd Cymru**

**North Wales  
Economic Ambition Board**

Meeting

**NORTH WALES ECONOMIC AMBITION BOARD**

Date and Time

**1.00 pm, FRIDAY, 15TH JULY, 2022**

Location

**Virtual Meeting - Zoom (For public access to the meeting, please contact us)**

Contact Point

**Annes Sion**

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(DISTRIBUTED 08/07/22)

# **NORTH WALES ECONOMIC AMBITION BOARD**

## **MEMBERSHIP OF THE JOINT COMMITTEE**

### **Voting Members**

#### **Councillors**

Jason McLellan	Denbighshire County Council
Llinos Medi Huws	Isle of Anglesey County Council
Mark Pritchard	Wrexham County Borough Council
Ian B. Roberts	Flintshire County Council
Charlie McCoubrey	Conwy County Borough Council

### **Advisers - Non-voting**

Dafydd Evans	Grwp Llandrillo Menai
Maria Hinfelaar	Glyndwr University
Yana Williams	Coleg Cambria
Askar Sheibani	Business Delivery Board
Professor Iwan Davies	Bangor University

### **Chief Officers - Non-voting**

Dylan Williams	Isle of Anglesey County Council
Iwan Davies	Conwy County Borough Council
Neal Cockerton	Flintshire County Council
Dafydd Gibbard	Gwynedd Council
Ian Bancroft	Wrexham County Borough Council
Graham Boase	Denbighshire County Council

### **Officers in Attendance**

Dewi Morgan	Section 151 Officer
Iwan G. Evans	Monitoring Officer
Alwen Williams	Portfolio Director
Hedd Vaughan Evans	Operations Manager
Sheryl Le Bon Jones	Temporary Senior Executive Officer

# AGENDA

## 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 - 7

The Chair shall propose that the minutes of the previous meeting held on 24<sup>th</sup> June, 2022 be signed as a true record (to follow)

## 5. NORTH WALES GROWTH DEAL - QUARTER 1 PERFORMANCE REPORT 8 - 35

Report by Hedd Vaughan-Evans (Operations Manager)

## 6. NWEAB'S STATEMENT OF ACCOUNTS FOR 2021-22 36 - 73

Report by Dewi A.Morgan (Statutory Finance Officer) and Sian Pugh (Group Accountant).

## 7. AUDIT PLAN 2022 - NORTH WALES ECONOMIC AMBITION BOARD JOINT COMMITTEE 74 - 85

Presentation by Audit Wales.

## 8. EXCLUSION OF PRESS AND PUBLIC

The Chairman shall propose that the press and public be excluded from the meeting during the discussions on the following items for the reasons noted:-

**Item 9** – Due to the likely disclosure of exempt information as defined in Paragraph 14 of Schedule 12A of the Local Government Act 1972 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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 and commercial interests that matters related to such information need to be discussed without being publicised. The reports 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 and undermine the confidence of other Growth Deal participants in sharing sensitive information for consideration. This would be contrary to the wider public interest of securing the best overall outcome.

**Item 10** – As information contained in the report is confidential as defined in section 100A(3) of the Local Government Act 1972 on the basis that it was provided by a Government Department on terms which forbid its public disclosure.

The public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted, or the nature of the proceedings, that confidential information would be disclosed.

**9. LAST FEW % PROJECT - OUTLINE BUSINESS CASE**

Report to be circulated to Board members only.

**10. PROPOSED JOINT VENTURE AGREEMENT FOR THE DELIVERY OF EMPLOYMENT PREMISES IN GWYNEDD**

Report to be circulated to Board members only.

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## NORTH WALES ECONOMIC AMBITION BOARD 24/06/22

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Present:

Voting Members - Councillors:- Llinos Medi Huws (Isle of Anglesey County Council), Ian Roberts (Flintshire Council), Charlie McCoubrey (Conwy County Borough Council), Mark Pritchard (Wrexham County Borough Council), Jason McLellan (Denbighshire Council) and Dyfrig Siencyn (Gwynedd Council) (Chair).

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

Chief Officers - Dylan Williams (Isle of Anglesey County Council), Iwan Davies (Conwy County Borough Council), Andrew Farrow (Flintshire Council), Richard Weight (Wrexham County Borough Council), Graham Boase (Denbighshire Council) and Sioned Williams (Gwynedd 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), Stuart Whitfield (Digital Programme Manager), Henry Aron (Energy Programme Manager), Robyn Lovelock (Growth Deal Programme Manager), David Matthews (Land and Property Programme Manager) and Annes Sion (Democracy Team Leader - Host Authority).

### 1. ELECT A CHAIR

To elect Councillor Dyfrig Siencyn as Chair for 2022/23.

### 2. ELECT A VICE CHAIR 2022/23

To elect Councillor Mark Pritchard as Vice-chair for 2022/23.

### 3. APOLOGIES

Apologies were received from Cllr Charlie McCoubrey, but it was noted that Cllr Emily Owen was delegating on his behalf, Cllr Ian Roberts, Professor Iwan Davies, but it was noted that Paul Spencer was delegating on his behalf, Yana Williams, Coleg Cambria, Neal Cockerton, Ian Bancroft and Dafydd Gibbard, and it was noted that officers were delegating on their behalf.

### 4. DECLARATION OF PERSONAL INTEREST

No declarations of personal interest were received

### 5. URGENT BUSINESS

None to note

## **6. MINUTES OF THE PREVIOUS MEETING**

The Chair signed the minutes of the meeting held on 29 April 2022, as a true record.

## **7. ANNUAL REPORT 2021-22**

The report was submitted by Alwen Williams, Portfolio Director.

### **RESOLVED**

**To consider and note the Annual Report for 2021-22.**

**To approve the submission of the Annual Report for 2021-22 to Welsh Government and UK Government as well as the local authority scrutiny committees.**

### **REASONS FOR THE DECISION**

Quarterly and annual reporting on progress against the North Wales Growth Deal is one of the requirements of the Final Deal Agreement. Following the North Wales Economic Ambition Board's consideration, the reports would be shared with Welsh Government, UK Government as well as the local authority scrutiny committees.

### **DISCUSSION**

The report was submitted and the Councillors were congratulated for being elected following the election. It was noted that the report highlighted the successes of the Growth Deal over the past year. Attention was drawn to the delivery tracker which noted where each project had reached by 31 March 2022. It was explained that there had been some low points and challenges over the year, such as the Morlais project which was now operational, but it was funded via WEFO funding rather than through the Growth Deal. Attention was also drawn to the fact that some projects were behind their initial schedule.

The year's highlights were outlined, which included receiving a grant of £200,000 to develop low carbon technologies for homes, a grant of £500,000 to innovate to assist farmers to decarbonise, and £387,000 to undertake feasibility studies for the Smart Local Energy Systems. It was noted that visits had been held with Welsh Government and UK Government Ministers, and it was explained that further visits would be made over the next year in order to highlight the projects and benefits that can be seen across the area. It was noted that an Energy Strategy had been published with Welsh Government, and it was explained that further work needed to be carried out by implementing the Local Energy Action Plans.

It was explained in December that the first Full Business Case had been approved, namely the Digital Signalling Processing Centre in Bangor University. Some specific projects were explained in more detail. It was noted that much work had been done over the past twelve months, and that creating the report had been an opportunity to reflect on this work. In moving forward, it was explained that there would be an opportunity to be more visible across the counties and to build on the relations which had developed over the past two years.

Observations arising from the discussion

- Thanks were given for the report and it was asked who would present the annual report to the relevant scrutiny committees in the authorities. It was noted that the report could be presented by the Portfolio Director and the Operations Manager.
- The need to sell the projects and disseminate the good work undertaken was stressed.

## 8. LEAD MEMBER ROLES

The report was submitted by Hedd Vaughan-Evans (Operations Manager).

### DECISION

To confirm the Lead Member Roles for the NWEAB as follows:

<b>Programme</b>	<b>Lead Member</b>
Digital	Councillor Mark Pritchard
Energy	Councillor Llinos Medi
Land and Property	Councillor Jason McLellan
Innovation in High Value Manufacturing	Councillor Dyfrig Siencyn
Agri-Food and Tourism	Councillor Charlie McCoubrey
Transport	Councillor Ian Roberts

### REASONS FOR THE DECISION

In June 2020, the Board adopted a portfolio, programme and project management governance structure for the delivery of the North Wales Growth Deal, including the establishment of five Programme Boards to oversee operational delivery.

The governance structure included the appointment of a Lead Member to each of the five Programme Boards in addition to the existing Lead Member role for Transport. Following the local elections in May 2022 there is a need to re-confirm these roles.

### DISCUSSION

The report was submitted and it was noted that the Board had adopted a project, programme and portfolio government structure in order to deliver the Growth Deal. It was explained that the governance structure included the appointment of a Lead Member to each of the five Programme Boards in addition to the existing Lead Member role for Transport.

In order to ensure succession for the programmes, it was noted that there would only be one change to the roles, namely that Cllr Jason McLellan would be appointed Lead Member for Land and Property, taking on the role of the former leader of Denbighshire Council.

Observations arising from the discussion

- Support was expressed to adhering to the fields, and the importance of the Lead roles was noted when pressing ahead with the projects and to assist with any political problems arising.

The meeting commenced at 2:30pm and concluded at 3:15pm

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**CHAIRMAN**



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**REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD**  
**15 July 2022**

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**TITLE:** North Wales Growth Deal – Quarter 1 Performance Report  
**AUTHOR:** Hedd Vaughan-Evans, Operations Manager

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**1. PURPOSE OF THE REPORT**

- 1.1. The purpose of the report is to present the Quarter 1 (April-June) Growth Deal report and updated Portfolio Risk Register.
- 1.2. Quarterly reporting on progress against the North Wales Growth Deal is a requirement of the Final Deal Agreement. Following consideration by the North Wales Economic Ambition Board, the reports will be shared with Welsh Government, UK Government and the local authority scrutiny committees.

**2. DECISION SOUGHT**

- 2.1. That the Board consider and note the Quarter 1 Performance Report and updated Portfolio Risk Register.
- 2.2. That the Board note the work to reprofile the delivery plan as part of the Portfolio Business Case update and that this information will be available for the Quarter 2 report.
- 2.3. That the Board approves the submission of the Quarter 1 Performance Report to Welsh Government and UK Government, as well as the local authority scrutiny committees.

**3. REASONS FOR THE DECISION**

- 3.1. As stated in the report.

**4. BACKGROUND AND RELEVANT CONSIDERATIONS**

- 4.1. In December 2020, the NWEAB and the Welsh and UK Governments agreed the Final Deal Agreement for the North Wales Growth Deal.
- 4.2. Regular reporting on progress against the North Wales Growth Deal is a requirement of the Final Deal Agreement.
- 4.3. This report includes two appendices:
  - North Wales Growth Deal – Quarter 1 Performance Report
  - Portfolio Risk Register – June 2022



## North Wales Growth Deal – Quarter 1 Performance Report

- 4.4. The Quarter 1 performance report provides an overview of progress on the Growth Deal programmes and projects.
- 4.5. This quarter saw the approval of another outline business case with the Enterprise Engineering and Optic Centre project by Wrexham Glyndŵr University securing approval to move to the next phase.
- 4.6. The Connecting the Last Few % project within the Digital Programme has made significant progress this quarter by completing its assurance process and securing endorsements from the Programme Board and Business Delivery Board ahead of presenting the outline business case to the Board in July for consideration.
- 4.7. The Quarter 1 update is showing projects reporting against the revised Portfolio Business Case 2021 delivery profile which was approved by the Economic Ambition Board in September 2021. Four projects are currently reporting as Red due to either risks to the project scope, or significant delays to project timescales:
  - Low Carbon Energy Centre of Excellence – project under review due to change request for capital and revenue projections. Project sponsor has requested additional time to complete the business case.
  - Key Strategic Site, Bodelwyddan – outline planning consent on the site has lapsed. Additional information has been requested from Denbighshire County Council on the likely planning policy position for the site moving forward and the timescales involved.
  - Glynllifon Rural Economy Hub – planning permission to be secured and potential funding gap due to escalating capital build costs.
  - Llysfasi Net Zero Farm – delay to project incorporating Gateway 2 review feedback.
- 4.8. First claim for the DSP project covering costs from January to the end of June expected in July 2022. The remaining expenditure in this financial year to date relates to the drawdown against the 1.5% allocation for Portfolio Management Office costs.

### Portfolio Risk Register – June 2022

- 4.9. The Portfolio Risk Register is updated on a regular basis by the Portfolio Management Office and reviewed by the Portfolio Board (Executive Officers Group) and the North Wales Economic Ambition Board on a quarterly basis.
- 4.10. The risk register has been updated with a number of changes recorded in the document, including revised risk descriptions, revised scoring and mitigating actions, and the commentary has been updated for all risks.
- 4.11. The risk profile has remained stable over the past quarter. Affordability remains the biggest risk facing the portfolio with inflation, supply chain issues and construction cost increases the main factors driving this increase.
- 4.12. The risk of political change has decreased following the local government elections in May 2022.

## 5. FINANCIAL IMPLICATIONS

- 5.1. There are no financial implications arising directly from approving the decision sought in this report.
- 5.2. The report sets out that the delivery and expenditure profile is currently being updated as part of the annual update of the Portfolio Business Case and will be reported on from Quarter 2.

## 6. LEGAL IMPLICATIONS

- 6.1. There are no direct legal implications arising from the report.
- 6.2. Regular reporting on Growth Deal performance is part of the agreed governance framework and a key requirement of the Final Deal agreement.

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### APPENDICES:

<b>Appendix 1</b>	North Wales Growth Deal – Quarter 1 Performance Report
<b>Appendix 2</b>	Portfolio Risk Register – June 2022

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### STATUTORY OFFICERS RESPONSE:

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

It is one of the key tasks of the Economic Ambition Board to monitor progress and risks. The Board needs to consider the register and satisfy itself that it constitutes an accurate reflection of the risk status and that mitigation actions are being addressed.

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

This report is a requirement to be able to continue to claim the Government grant instalments, and I am satisfied that its contents is a fair reflection of the Ambition Board's performance over the last quarter. I will continue to assist the Portfolio Management Office in managing the relevant risks.

# North Wales Growth Deal

2022-23 Quarter 1

(April to June 2022)

Performance Report

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This quarter saw the outline business case for the **Enterprise Engineering and Optic Centre project by Wrexham Glyndŵr University securing approval** to move to the next phase.

The project will be delivered across two University sites at the OpTIC Centre, St Asaph and Plas Coch Campus, Wrexham. The project's aim is to **help manufacturing businesses in the region to decarbonise**. It will explore the integrated use of optics, photonics and composites as alternative, lighter-weight solutions with applications across all specialisms of manufacturing.

The urgent need to reduce carbon emissions and waste from manufacturing businesses is well-known, as are the potential benefits such as cost and efficiency savings. However, ever-changing technology and countless options can be daunting for many businesses. The Enterprise Engineering and Optics Centre **aims to bridge the gap by providing facilities and researchers from the University to work with businesses to explore solutions**.

Businesses will be able to **use the facilities to fabricate and test materials and components within a controlled environment**. The intention is that this will lead to products and systems which are more efficient and require less energy, minimising costs and emissions. The project will create local employment opportunities and aims to attract inward investment into the region.

Another one of our projects, **Connecting the Last Few %** within the Digital Programme has made significant progress this quarter by completing its assurance process and securing endorsements from the Programme Board and Business Delivery Board ahead of presenting the outline business case to the Board in July for consideration.

This year already, it feels like we are finally moving forward towards delivery and seeing the Growth Deal projects materialise for the region. This is extremely satisfying, especially for those who have been involved, over many years, in getting us here. The Growth Deal, however, is only part of the story and it's also worth noting and considering the much wider eco-system within which it exists.

Last year we co-created and published our [Regional Economic Framework](#) which sets out our economic priorities and facilitates a way of thinking about our challenges and opportunities using a whole systems approach. Ultimately, we need to be driving change and innovation in a way that ensures we protect and enhance our natural environment, and enables our people, communities and businesses to prosper.

Across North Wales, we are now working together to identify, agree and plan how our allocation of £126.5m in Shared Prosperity Funding can be spent in enriching our communities, Local Authorities are submitting their bids for Levelling-Up, we are working together on creating Local Area Energy Action Plans that align with our Regional Energy Strategy, and we are paving the way for the North Wales Corporate Joint Committee and its responsibility on Regional Transport, Strategic Planning and Economic Wellbeing. These are only a few examples of moving cogs within our economic system and together they will play an important role in helping us to see North Wales prosper in a sustainable and inclusive way.



*Alwen Williams*

**Alwen Williams, Portfolio Director**

Themes	RAG Status	Commentary
Portfolio Business Case	Green	The process for updating the Portfolio Business Case for 2022 has now commenced. The updated business case is scheduled to be considered by the Board in October 2022 ahead of submission to UK Government and Welsh Government.
Delivery Pipeline	Yellow	The delivery pipeline is currently being updated as part of the 2022 Portfolio Business Case update with a number of projects currently forecasting delays.
Governance	Green	The Portfolio, Programme and Project Management Framework is now well established with the Portfolio Board and five Programme Boards operating effectively. A Conflicts of Interest procedure is in place across all Boards.
Assurance	Green	The third annual Growth Deal assurance review (Programme Assurance Review) has been scheduled for September 2022 and will focus on the Land and Property and Low Carbon Energy programmes as well as the wider portfolio.
Resource and Capacity	Green	Two vacancies within the Portfolio Management Office have been advertised with interviews scheduled for early July.
Finance	Yellow	First claim for the DSP project covering costs from January to the end of June expected in July 2022. The remaining expenditure in this financial year to date relates to the drawdown against the 1.5% allocation for Portfolio Management Office costs.  Securing the public and private sector investment required to deliver the Growth Deal remains a significant risk across the portfolio and an investment strategy is being developed to support the team to meet the investment targets.
Risk	Red	The risk profile has remained stable over the past quarter. Affordability remains the biggest risk facing the portfolio with inflation, supply chain issues and construction cost increases the main factors driving this increase. The risk of political change has decreased following the local government elections in May 2022.
Monitoring and Evaluation	Green	A review of the Monitoring and Evaluation arrangements for the Growth Deal will be undertaken as part of the 2022 Portfolio Business Case update.
Communication and Engagement	Green	During this quarter, we celebrated the success of the Whole System Business Research Innovation for Decarbonisation scheme (WBRID) in the region. We promoted case studies of the three organisation's success in helping farmers decarbonise. We also celebrated a new collaboration with Code First Girls, a scheme which provides women and non-binary people with free coding courses, aiming to close the gender skills gap. In addition, we had a stall at the Urdd Eisteddfod and held marketing activities to engage with young people and the community. – Two further Digital Discussions about Digital Connectivity in the region and a follow up to Attracting Young People to North Wales were released.

	Delivering to Plan with no issues to address (no action required)		Delivery slightly behind schedule and/or minor/moderate issues to address (management action in place)		Delivery significantly behind schedule and/or significant issues to address (urgent action required)
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Programme Aim	Job Creation Target	GVA Investment Target	Total Investment Target
Deliver the step change in digital connectivity needed to ensure North Wales is able to satisfy user demand, maintain pace with the rest of the UK, unlock the potential of priority sectors and sites and underpin a flourishing innovation ecosystem.	380	£158m	£41.7m

RAG Status	Programme Manager Commentary
Page 16	<ul style="list-style-type: none"> <li>DSP project equipment is now being delivered and the first claim to Ambition North Wales will be submitted in Q2. Work to develop the first of two Business Justification Case will also start in Q2 for approval of the second tranche of Growth Deal funding.</li> <li>Last Few % project has completed further assurance reviews; independent Assurance of Action, Project and Programme Board reviews and review by the Business Delivery Group. Portfolio Board and NWEAB reviews to be undertaken in July ahead of finalising procurement arrangements and further market engagement activity. The outcome of the Welsh Government’s current Public Review of broadband coverage in Wales is expected by July/August.</li> <li>Full Fibre at Key Sites and Connected Corridors projects have now merged to form the Connected Key Sites and Corridors (CKSC) project with work on the Strategic Outline Case to get underway in Q2 with a Project Board and Technical Advisory Group now in place.</li> <li>The Connected Campus Strategic Outline Case development will continue through Q2 in parallel to the Connected Key Sites and Corridors project with consultancy capacity and expertise to be procured for both in Q2.</li> </ul>



**Mark Pritchard**  
Lead Member



**Sioned Williams**  
Senior Responsible Owner



**Stuart Whitfield**  
Programme Manager

Delivering to Plan with no issues to address (no action required)	Delivery slightly behind schedule and/or minor/moderate issues to address (management action in place)	Delivery significantly behind schedule and/or significant issues to address (urgent action required)



Project (Project Sponsor)	Project Stage	Key Milestones (this quarter)	Key Milestones (next quarter)	RAG Status	RAG Rationale
Digital Signal Processing Centre Bangor University	Delivery	<ul style="list-style-type: none"> <li>• Delivery of first phase of equipment</li> <li>• Planning of Research and Development activities associated with the Growth Deal investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of first Business Justification Case ahead of approval of second phase of funding</li> <li>• Launch event</li> </ul>		<ul style="list-style-type: none"> <li>• Progress is on track with no identified barriers</li> </ul>
Connecting the last few % Economic Ambition Board	Developing the Outline Business Case	<ul style="list-style-type: none"> <li>• Assurance of Action review following Gateway 2 recommendation (Q4 21/22)</li> <li>• Completion of Commercial, Financial and Economic cases</li> <li>• Project and Programme Board reviews</li> <li>• Business Delivery Group review</li> <li>• PMO review</li> </ul>	<ul style="list-style-type: none"> <li>• Portfolio Board review</li> <li>• NWEAB review</li> <li>• Market engagement</li> <li>• Outcome of WG Public Review (PR) of broadband coverage</li> <li>• Commercial specification complete</li> <li>• Delegated approval of procurement approach (<i>pending NWEAB approval</i>)</li> <li>• Procurement (<i>pending delegated approval</i>)</li> </ul>		<ul style="list-style-type: none"> <li>• OBC on track for NWEAB approval</li> <li>• Dependency of outcome of WG PR</li> <li>• Market engagement to be undertaken before decision on final procurement approach (tied to availability of PR outcome)</li> </ul>
Connected Key Sites and Corridors Economic Ambition Board	Developing the Strategic Outline Business Case	<ul style="list-style-type: none"> <li>• Formation of new project merging previous Connected Corridors and Full Fibre at Key Sites projects</li> <li>• Project Board and Technical Advisory Group now formed with SRO in place</li> <li>• Specification for consultancy support ready for procurement</li> <li>• Regional survey of 4G coverage now complete</li> </ul>	<ul style="list-style-type: none"> <li>• Procure consultancy support</li> <li>• Progress work on Strategic Outline Case</li> <li>• Appoint deputy SRO</li> </ul>		<ul style="list-style-type: none"> <li>• Minor delay in Delay in procuring consultancy support</li> </ul>
Connected Campuses Economic Ambition Board	Developing the Strategic Outline Business Case	<ul style="list-style-type: none"> <li>• Project Board and Technical Advisory Group now formed with SRO and deputy in place</li> <li>• Specification for consultancy support ready for procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Procure consultancy support</li> <li>• Progress work on Strategic Outline Case</li> </ul>		<ul style="list-style-type: none"> <li>• Minor delay in procuring consultancy support</li> </ul>

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Programme Aim	Job Creation Target	GVA Investment Target	Total Investment Target
To unlock the economic benefits of transformational low carbon energy projects and position North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment.	980	£530m	£668.5m

RAG Status	Programme Manager Commentary
Page 18	<ul style="list-style-type: none"> <li>Overall amber RAG due to delays to Transport Decarbonisation and Egni business cases and the implications of Egni and Morlais change requests upon Programme spending objectives</li> <li><b>Smart Local Energy:</b> The OBC is now being developed with a focus on considering the detailed options for the proposed fund. 3-4 month delay to OBC approval</li> <li><b>Transport Decarbonisation (Hydrogen Hub):</b> The way forward for the project has been approved by the Ambition Board and is now being delivered. Approval of Outline Business Case will be delayed to allow procurement of a partner.</li> <li><b>Low Carbon Energy Centre of Excellence (Egni):</b> Due to cost pressures and emerging opportunities, the project schedule is being reviewed by Bangor University. This will result in further delays to delivering the business case.</li> <li><b>Morlais:</b> Menter Môn change request has been endorsed by Programme Board, subject to WEFO contractual constraints being addressed by 31st August 22. The request is expected to be considered by the Ambition Board in October 2022</li> <li><b>Trawsfynydd:</b> Project continues to develop with Cwmni Egiño proposition presented to stakeholders and collaboration agreement being developed with Magnox and the Nuclear Decommissioning Authority</li> </ul>



Cllr Llinos Medi  
Lead Member



Dylan Williams  
Senior Responsible Owner



Henry Aron  
Programme Manager

Delivering to Plan with no issues to address (no action required)	Delivery slightly behind schedule and/or minor/moderate issues to address (management action in place)	Delivery significantly behind schedule and/or significant issues to address (urgent action required)

Project (Project Sponsor)	Project Stage	Key Milestones (this quarter)	Key Milestones (next quarter)	RAG Status	RAG Rationale
<b>Morlais</b> Menter Môn	Developing the Outline Business Case	<ul style="list-style-type: none"> <li>WEFO-funded capital works on the Morlais B infrastructure project being delivered by Jones Brothers and progressing to schedule</li> <li>Menter Môn change request for what the £9m currently allocated to the project will fund endorsed by Programme Board, subject to addressing WEFO contractual constraints by 31st August 22</li> </ul>	<ul style="list-style-type: none"> <li>WEFO contractual constraints to be addressed by Menter Môn by 31<sup>st</sup> August</li> <li>Change Request to be submitted to Portfolio board consideration in September</li> <li>Menter Môn to also confirm the new project name ahead of submission of the Change request to the Portfolio Board.</li> <li>Outcomes of Contracts for Difference Auction Round 4 expected in July 2022</li> </ul>		<ul style="list-style-type: none"> <li>Change request process is ongoing</li> </ul>
<b>Transport Decarbonisation (Hydrogen Hub)</b> Economic Ambition Board	Developing the Strategic Outline Business Case	<ul style="list-style-type: none"> <li>The Ambition Board approved the proposed way forward on the 29th April.</li> <li>The first step involves conducting early market engagement through a Prior Information Notice. This was published on Sell2Wales on 25th May.</li> </ul>	<ul style="list-style-type: none"> <li>Following conclusion of early market engagement process in mid-July, analyse feedback with the aim of developing procurement process for bringing on board a partner.</li> <li>Seek Portfolio Board and Ambition Board endorsement of next steps during the Autumn</li> </ul>		<ul style="list-style-type: none"> <li>Approval of Outline Business Case will be delayed to allow procurement of a partner (subject to Board approval of proposed approach)</li> <li>Project risks are expected to become clearer following early market engagement</li> </ul>
<b>Low Carbon Energy Centre of Excellence (Egni)</b> Bangor University	Developing the Strategic Outline Case	<ul style="list-style-type: none"> <li>First economic case workshop held</li> <li>The second economic case workshop scheduled for the 8th June was cancelled by Bangor University, resulting in delay to target Strategic Outline Case approval date of 21<sup>st</sup> July</li> <li>Due to cost pressures and emerging opportunities, the project schedule is being reviewed by Bangor University</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio Board briefing in July</li> <li>Way forward for the project following technical analysis of options to be presented in October, along with revised project schedule</li> </ul>		<ul style="list-style-type: none"> <li>Red rating due to repeated project delays and impact of capital funding change request upon Programme Spending Objectives. Associated Change Request has been considered by the Portfolio Board and will be resolved as part of the wider OBC Process</li> </ul>

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Project (Project Sponsor)	Project Stage	Key Milestones (this quarter)	Key Milestones (next quarter)	RAG Status	RAG Rationale
Smart Local Energy Economic Ambition Board	Developing the Outline Business Case	<ul style="list-style-type: none"> <li>The OBC is now being developed with a focus on considering the detailed options for the proposed fund</li> <li>Hatch commissioned to provide technical support from funding / investment specialists</li> <li>Market engagement questionnaire prepared to gather information on how fund can best support regional projects</li> <li>CRF funded studies progressing to schedule with short-listing workshops held in June.</li> </ul>	<ul style="list-style-type: none"> <li>Complete market engagement questionnaire</li> <li>Following appraisal of options, develop a fund strategy with support from Hatch</li> <li>Complete delivery of CRF-funded smart local energy system feasibility studies</li> </ul>		<ul style="list-style-type: none"> <li>3-4 month delay to OBC delivery forecast</li> </ul>
Trawsfynydd Cwmni Eginio	Business case process expected to commence in 2022/23	<ul style="list-style-type: none"> <li>Response to Future Nuclear Enabling Fund Request for Information submitted to BEIS</li> <li>Cwmni Eginio proposition, which has been presented to key partners, including the Energy Programme Board</li> <li>Ministerial meeting with a range of energy stakeholders at M-Sparc in May during which opportunities at Trawsfynydd and Wylfa were both discussed.</li> </ul>	<ul style="list-style-type: none"> <li>Cwmni Eginio taking forward work with NDA and Magnox to finalise the new collaboration agreement to help underpin future joint working and land aspects</li> <li>Outline technology selection process to be confirmed during the summer</li> <li>Working to develop formal business proposition and business case by end of year with support of Local Partnerships</li> </ul>		<ul style="list-style-type: none"> <li>Uncertainty regarding project delivery timeline and potential for further delays</li> </ul>

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Programme Aim	Job Creation Target	GVA Investment Target	Total Investment Target
To address the shortage of suitable land and properties for business growth and to bring forward sites for housing development. To deliver improvements that stimulate investment in sites and premises in the Port of Holyhead and the wider region. Enables other programmes by ensuring the right land and property infrastructure is available.	2280	£1.29bn	£355.4m

RAG Status	Programme Manager Commentary
Page 21	<ul style="list-style-type: none"> <li>• The proposed Joint Venture Agreement at Parc Bryn Cegin, Bangor has been drafted.</li> <li>• Wrexham County Borough Council have approved funding to develop a Masterplan for the Western Gateway Project site and made written representations to the Welsh Government’s Roads Review Panel.</li> <li>• Warren Hall, Broughton - The report on Local Development Plan Examination in Public Report was delayed due to the Dee Catchment Phosphate Reduction Strategy which has now been approved but this has meant that the publication of the Inspectors report is now expected after the Local Elections.</li> <li>• Former North Wales Hospital, Denbigh - Ambition North Wales, Denbighshire County Council and Jones Bros and their consultancy team have agreed a delivery mechanism sharing the development risk with a three phased development.</li> <li>• The Port Capacity Enhancement discussions involving Stena, Ambition North Wales, Ynys Mon Council and Welsh Government are continuing with a commercial workshop to agree the possible routes to deliver NWGD funding into the port.</li> </ul>



**Cllr Jason McLellan**  
Lead Member



**Andrew Farrow**  
Senior Responsible Owner



**David Mathews**  
Programme Manager

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Project (Project Sponsor)	Project Stage	Key Milestones (this quarter)	Key Milestones (next quarter)	RAG Status	RAG Rationale
<b>Western Gateway, Wrexham</b> Wrexham County Borough Council	Developing the Strategic Outline Business Case	<ul style="list-style-type: none"> <li>Wrexham Council and Ambition North Wales have made written representations in support of the A483 Junction upgrades to the Welsh Government Road Review Panel.</li> <li>Procurement of consultants to deliver the masterplanning, surveys and reports.</li> </ul>	<ul style="list-style-type: none"> <li>Complete the Memorandum of Understanding with the Council.</li> <li>Consultants commence site surveys, design, costings and other detailed site assessment/investigation works that will be included within the SoC.</li> </ul>		<ul style="list-style-type: none"> <li>A483 junction upgrades Road Review Panel decision is vital for this project and the ministerial decision is expected in the Autumn of 2022.</li> </ul>
<b>Warren Hall, Broughton</b> Welsh Government / Economic Ambition Board	Developing the Strategic Outline Business Case	<ul style="list-style-type: none"> <li>A written representation to the Welsh Government Roads Review Panel has been submitted.</li> </ul>	<ul style="list-style-type: none"> <li>Draft Heads of Terms for the Joint Venture Agreement with Welsh Government.</li> </ul>		<ul style="list-style-type: none"> <li>Local Development Plan Adoption is now anticipated in the Autumn of 2022.</li> <li>Road Review Panel decision due in Autumn of 2022</li> </ul>
<b>Key Strategic Site Bodelwyddan</b> Economic Ambition Board	Developing the Strategic Outline Business Case	<ul style="list-style-type: none"> <li>The Programme and Portfolio Boards discussed the extended project delivery timeline caused by the Strategic Flood Consequence Assessment, its analysis and the delay in the publishing of the deposit LDP review.</li> </ul>	<ul style="list-style-type: none"> <li>Discussion with Denbighshire as to the extended Local Development Plan delivery timeline and the revised scope of the project outputs.</li> <li>Request further information from Denbighshire on the project to enable to decision to be made.</li> </ul>		<ul style="list-style-type: none"> <li>Local Development Plan review adoption circa mid 2025.</li> <li>Risk rating reflects the extended timeline and the substantial change to the project outputs.</li> </ul>
<b>Former North Wales Hospital, Denbighshire</b> Jones Bros (Ruthin) Limited / Denbighshire County Council	Developing the Outline Business Case	<ul style="list-style-type: none"> <li>A three-phase development scenario has been agreed in principal as a way to deliver the project.</li> </ul>	<ul style="list-style-type: none"> <li>DCC will submit a LUF application to deliver the Phase 1 works in conjunction with ANW.</li> <li>Develop the Outline Business Case incorporating the Phased Development Scenario.</li> </ul>		<ul style="list-style-type: none"> <li>Project risk still reflects dependency on new funding and abnormal costs increases.</li> </ul>

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Project (Project Sponsor)	Project Stage	Key Milestones (this quarter)	Key Milestones (next quarter)	RAG Status	RAG Rationale
<b>Parc Bryn Cegin, Bangor</b> Welsh Government / North Wales Economic Ambition Board	Developing the Strategic Outline Business Case	<ul style="list-style-type: none"> <li>A travelling draft Joint Venture Agreement has been drafted</li> </ul>	<ul style="list-style-type: none"> <li>Complete the Joint Venture Agreement with Welsh Government.</li> <li>A report to the Portfolio and Economic Ambition Board to approve the Joint Venture Agreement subject to delegated approvals to the Portfolio Director and Monitoring Officer</li> </ul>		<ul style="list-style-type: none"> <li>Potential occupier demand</li> <li>Willing landowner and development partner</li> <li>Planning Policy compliant proposed use.</li> </ul>
<b>Holyhead Gateway</b> Stena Line Ports Limited	Developing the Outline Business Case	<ul style="list-style-type: none"> <li>WG have instructed Solicitors to advise on the legal basis to intervene and provide funding to refurbish the Breakwater</li> <li>Stena's consultants have held a workshop to discuss the financial and commercial options to deliver the port capacity enhancement works.</li> </ul>	<ul style="list-style-type: none"> <li>The breakwater refurbishment funding is approved as being legally compliant and a funding mechanism agreed by WG and Stena.</li> <li>Agree the principal of a compliant funding mechanism and eligible works with Stena.</li> <li>Completion of an Outline Business Case for the delivery of the port capacity enhancement works.</li> </ul>		<ul style="list-style-type: none"> <li>Desire to use the port for off shore energy projects by industry with contractual certainty for the offshore investment is 2025/6.</li> </ul>

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Programme Aim	Job Creation Target	GVA Investment Target	Total Investment Target
To build a more sustainable, vibrant and resilient foundation economy in the region, optimising opportunities for employment and prosperity through our environment and landscape.	380	£281m	£41.3m

RAG Status	Programme Manager Commentary
	<ul style="list-style-type: none"> <li>Grŵp Llandrillo Menai has confirmed the structure of the Tourism Talent Network between the college and private sector partners and the team is now working with the Portfolio Management Office to develop their Strategic Outline Case (SOC).</li> <li>Grŵp Llandrillo Menai have submitted their pre-planning application for the Glynllifon Rural Economy Hub and are working on final design and managing cost increases as they work towards a full planning proposal.</li> </ul>

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Cllr Charlie McCoubrey  
Lead Member



Jane Richardson  
Senior Responsible Owner



Robyn Lovelock  
Programme Manager

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Project (Project Sponsor)	Project Stage	Key Milestones (this quarter)	Key Milestones (next quarter)	RAG Status	RAG Rationale
<b>Glynllifon Rural Economy Hub</b> Grŵp Llandrillo Menai	Developing the Full Business Case	<ul style="list-style-type: none"> <li>Ongoing work with consultants on design</li> <li>Preparation of pre-planning application</li> <li>Tenant onboarding methodology reviewed</li> <li>Integration of emissions and biodiversity methodology to Full Business Case stage</li> </ul>	<ul style="list-style-type: none"> <li>Submission of pre-planning and full planning applications</li> <li>Stakeholder engagement</li> <li>Begin drafting of the Full Business Case</li> </ul>		<ul style="list-style-type: none"> <li>Management of escalating capital build costs</li> <li>Planning permission to be secured</li> </ul>
<b>Llysfasi Net Zero Farm</b> Coleg Cambria	Developing the Outline Business Case	<ul style="list-style-type: none"> <li>Review feedback on Gateway 2 Review recommendations</li> <li>Stakeholder discussions regarding a forward plan from Gateway 2 Review</li> </ul>	<ul style="list-style-type: none"> <li>Confirm revised project scope taking into account Review findings</li> <li>Commence change management process</li> </ul>		Delay to project incorporating Gateway 2 Review feedback
<b>Tourism Talent Network</b> Grŵp Llandrillo Menai	Developing the Strategic Outline Business Case	<ul style="list-style-type: none"> <li>Legal positions on project structure resolved</li> <li>Progress business case development through the Strategic Case stakeholder workshops</li> <li>Integration of emissions and biodiversity methodology</li> </ul>	<ul style="list-style-type: none"> <li>Project stakeholder engagement</li> <li>Progress business case development through the Economic Case workshop</li> <li>Programme Board to consider Strategic Outline Case (SOC) This will be Oct 22 so not in this quarter</li> </ul>		<ul style="list-style-type: none"> <li>Business case development timeline is slightly delayed but management plan in place</li> </ul>

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Programme Aim	Job Creation Target	GVA Investment Target	Total Investment Target
To consolidate North Wales position as a powerful and innovative high value manufacturing cluster, building on existing specialisms and leading expertise to create a higher value, more diverse economic base that supports the transition to a low carbon economy.	180	£114m	£39.5m

RAG Status	Programme Manager Commentary
Page 26	<ul style="list-style-type: none"> <li>Economic Ambition Board approved Wrexham Glyndŵr University Enterprise Engineering and Optics Centre project Outline Business Case (April 2022). Full Business Case to be prepared and considered in May 2023.</li> <li>Programme Board approved Bangor University Centre for Environmental Biotechnology (CEB) project Strategic Outline Case (April 2022). Outline Business Case to be prepared and considered in December 2022.</li> <li>The Portfolio Management Office organised a valuable Growth Deal visit to the Advanced Manufacturing Research Centre (AMRC Cymru) attended by Bangor University, Wrexham Glyndŵr University and Grŵp Llandrillo Menai for discussions around food manufacturing (morning) and low carbon energy and transport solutions (afternoon)</li> <li>Both projects working to integrate the Ambition North Wales social value considerations and emissions and biodiversity approach into their business case processes.</li> </ul>



Cllr Dyfrig Siencyn  
Lead Member



Paul Bevan  
Senior Responsible Owner



Robyn Lovelock  
Programme Manager

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Project (Project Sponsor)	Project Stage	Key Milestones (this quarter)	Key Milestones (next quarter)	RAG Status	RAG Rationale
<b>Enterprise Engineering and Optics Centre</b> Wrexham Glyndŵr University	Developing the Full Business Case	<ul style="list-style-type: none"> <li>The Economic Ambition Board approved Outline Business Case (April 2022) including change request for capital and revenue projections</li> <li>On-going integration of emissions and biodiversity methodology</li> </ul>	<ul style="list-style-type: none"> <li>Preparing for design and build procurement.</li> <li>Development of Full Business Case for Economic Ambition Board consideration in May 2023.</li> </ul>		<ul style="list-style-type: none"> <li>Match fund position clarified</li> <li>Full Business Case development being managed robustly</li> </ul>
<b>Centre for Environmental Biotechnology</b> Bangor University	Developing the Outline Business Case	<ul style="list-style-type: none"> <li>Project Manager recruited</li> <li>Strategic Outline Case approved by Programme Board</li> <li>Integration of emissions and biodiversity methodology</li> </ul>	<ul style="list-style-type: none"> <li>Develop detail of change request for capital and revenue projections</li> <li>Development of Outline Business Case for Economic Ambition Board consideration in December 2022</li> </ul>		<ul style="list-style-type: none"> <li>Outstanding change request for capital and revenue projections</li> <li>Started Outline Business Case development</li> </ul>

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Delivery significantly behind schedule and/or significant issues to address (urgent action required)

Project	Consenting Stage				Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Stage 7	Stage 8
	Pre-application stage	Outline planning / consent	Full planning / consent	Conditions discharged	Determine the Project context	Preparing the Strategic Outline Case	Preparing the Outline Business Case	Approval of the Outline Business Case	Preparing the Full Business Case	Approval of the Full Business Case	Project implementation and monitoring	Project Evaluation
Digital Signal Processing Centre	No Planning Required				✔	✔	✔	✔	✔	✔	⌚	
Connected Key Sites and Corridors	Consenting Requirements TBC				✔	⌚						
Connected Campuses	Consenting Requirements TBC				✔	⌚						
Last Few %	Consenting Requirements TBC				✔	✔	⌚					
Morlais	✔	✔	✔	✔	✔	✔	⌚					
Trawsfynydd Power Station	Consenting Requirements TBC				✔	⌚						
Low Carbon Energy Centre of Excellence	⌚				✔	⌚						
Smart Local Energy	Consenting Requirements TBC				✔	✔	⌚					
Transport Decarbonisation	Consenting Requirements TBC				✔	✔	⌚					
Holyhead Gateway	Harbour Revision Order Submitted & Marine License granted				✔	✔	⌚					
Former North Wales Hospital	✔	✔	⌚		✔	✔	⌚					
Key Strategic Site, Bodelwyddan	New LDP required				⌚							
Western Gateway, Wrexham	LDP adoption to be completed				✔	⌚						
Warren Hall, Broughton	LDP adoption to be completed				⌚							
Parc Bryn Cegin, Bangor	⌚				⌚							
Glynllifon Rural Economy Hub	⌚				✔	✔	✔	✔	⌚			
Llysfasi Net Zero Farm	Consenting Requirements TBC				✔	✔	⌚					
Tourism Talent Network	Consenting Requirements TBC				✔	⌚						
Centre for Environmental Biotechnology	No planning required				✔	⌚						
Enterprise Engineering and Optics	✔	✔	✔		✔	✔	✔	✔	⌚			

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		Portfolio Business Case 2020 Targets			Approved Project Business Case Targets				Difference		
		GVA (EM)	Jobs Created (net)	(EM) Total Investment*	OBC/ FBC**	GVA (EM)	Jobs Created (net)	(EM) Total Investment*	GVA (EM)	Jobs Created	(EM) Total Investment*
Digital	Digital Signal Processing Centre (DSP)	50	80	7.3	FBC	12	33	3.0	-38	-47	-4.3
	Connecting the last few %	35	150	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Connected Corridor	25	0	2.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Full fibre at Key Sites	20	120	7.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Connected Campuses	35	0	21	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Low Carbon Energy	Morlais	50	100	36	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Transport Decarbonisation (Hydrogen Hub)	60	90	28.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Low Carbon Energy Centre of Excellence (Egni)	20	20	97.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Smart Local Energy	120	180	106.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Trawsfynydd	230	510	400	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Land and Property	Western Gateway, Wrexham	220	360	43.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Warren Hall, Broughton	235	440	70	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Key Strategic Site, Bodelwyddan	125	250	82	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Former North Wales Hospital, Denbigh	20	50	74	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Parc Bryn Cegin, Bangor	30	50	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Holyhead Gateway	545	930	80	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Agrifood and Tourism	Glynlifon Rural Economy Hub	25	40	13	OBC	45	96	13	+20	+56	0
	Llysfasi Net Zero Farm	215	310	15.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Tourism Talent Network	20	0	12.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Innovation in High Value Manufacturing	Enterprise Engineering and Optics Centre	45	70	29.9	OBC	33	61	14.7	-12	-9	-15.2
	Centre for Environmental Biotechnology	60	90	9.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Growth Deal Portfolio Total</b>		<b>2,185</b>	<b>3,830</b>	<b>1,146</b>	<b>2 OBC 1 FBC</b>	<b>90</b>	<b>190</b>	<b>30.7</b>	<b>-30</b>	<b>-</b>	<b>-19.5</b>

\* Total investment includes 15% Portfolio Management Office costs

\*\* OBC - Outline Business Case, FBC - Full Business Case

### 10. Growth Deal Project Delivery Pipeline -Portfolio Business Case 2021

Note: The delivery profile is currently being updated as part of the annual update of the Portfolio Business Case and will be reported on from Quarter 2.

### 11. Growth Deal Grant Expenditure Profile

Note: The expenditure profile is currently being updated as part of the annual update of the Portfolio Business Case and will be reported on from Quarter 2.

### 12. Growth Deal Projects: Capital Funding Allocation Profile

Note: The allocation profile is currently being updated as part of the annual update of the Portfolio Business Case and will be reported on from Quarter 2.

Programme	Project	Sponsor	Summary
Digital	Digital Signal Processing Centre (DSP)	Bangor University	The project will allow the DSP Centre to expand its presence and remit, integrating fully with the National Strategy Project (NSP) and enable the scaling of key assets including a 5G testbed, research capacity and state-of-the-art equipment.
	Connecting the last few %	Economic Ambition Board	This project targets universal superfast coverage across North Wales, which have yet to be served by other means and cannot obtain speeds of at least 30Mbps (download).
	Connected Key Sites and Corridors	Economic Ambition Board	This project will address the need to improve fibreoptic network coverage to support the dual objectives of delivering full fibre broadband to key commercial sites (such as business parks) and delivering fibreoptic 'backhaul' connections which support 4G coverage on the region's key road and rail routes.
	Connected Campuses	Economic Ambition Board	The project will accelerate the development of a range of digital connectivity options with a current focus at 18 key regional economic sites.
Low Carbon Energy	Morlais	Menter Môn	Investing in the infrastructure that connects the Morlais Zone with the electricity grid system, and preparing the site for private sector developers who will lease parts of the zone for deploying their tidal energy technologies.
	Transport Decarbonisation (Hydrogen Hub)	Economic Ambition Board	Support delivery of a demonstrator project involving the production of green hydrogen from low carbon energy sources and its use within regional transport networks.
	Low Carbon Energy Centre of Excellence (Egni)	Bangor University	Investing in the development of facilities at Bangor University and Menai Science Park, enhancing the North Wales and UK capabilities for innovation in low carbon energy and related areas, helping to create the conditions for new inward investment and business growth in the low carbon energy supply chain in North Wales.
	Smart Local Energy	Economic Ambition Board	To help achieve renewable energy, decarbonisation and local ownership targets, the project will support innovative enabling projects and demonstrators that overcome market failures and unlock private and community sector investments in smart local energy solutions.
	Trawsfynydd	Cwmni Eginio	The site is uniquely placed for a 'First of A Kind' deployment of a Small Modular Reactor (SMR) or Advanced Modular Reactor (AMR). Alongside the public and private sector, the Growth Deal will contribute funding towards enabling infrastructure for this development.

Programme	Project	Sponsor	Summary
Land and Property	Western Gateway, Wrexham	Economic Ambition Board	Delivery of primary services to enable the site to be brought to the market for sale and development.
	Warren Hall, Broughton	Economic Ambition Board	Delivery of primary services to enable the 65-hectare mixed use site to be bought to the market for sale and then development by the private sector.
	Key Strategic Site, Bodelwyddan	Economic Ambition Board	Delivery of primary services to enable the mixed-use commercial and residential development site to be brought to the market for development.
	Parc Bryn Cegin, Bangor	Economic Ambition Board	Provide industrial floor space to meet known demand for units.
	Former North Wales Hospital, Denbigh	Economic Ambition Board	The Growth Deal funding will assist in the delivery of a cleared and remediated site with primary services to bring forward a mixed-use commercial and residential development
	Holyhead Gateway	Stena Line	Future proof the Holyhead Port by providing new deep-water heavy loading and cruise facilities, improved vehicular access, guaranteeing the future of the breakwater and providing for the demands of regional energy projects.
Agri-food and Tourism	Glynllifon Rural Economy Hub	Grŵp Llandrillo Menai	The vision is to create a distinctive, world-class Rural Economy Hub at Glynllifon, offering a range of facilities and services to strengthen and enhance the regional economy, specifically through growing the food and drink sector.
	Llysfasi Net Zero Farm	Coleg Cambria	The Llysfasi Net Zero Farm aims to lead North Wales to a resilient future where carbon neutral land management is at the centre of a developing renewable energy sector supporting a sustainable, thriving and healthy community covering the rural/urban mix of the region.
	Tourism Talent Network	Grŵp Llandrillo Menai	Future-proofing the pipeline of skills provision and increase commercial benefits from one of the most established sectors in the region. The talent network will stimulate public-private collaboration to coordinate action on skills and product development to transform and accelerate the growth of the tourism and hospitality sector in the region.
Innovation in High Value Manufacturing	Centre for Environmental Biotechnology (CEB)	Bangor University	The Centre for Engineering Biotechnology will be a world-leading centre in the discovery and characterisation of novel extremophilic enzymes of industrial relevance. The Centre for Engineering Biotechnology will provide a strong foundation for attracting world-leading researchers, significant public and commercial research funding, and inward investment to Wales.
	Enterprise Engineering & Optics Centre	Glyndwr University	The Enterprise Engineering & Optics Centre will provide facilities targeted to boost high-level skills development for the region and enable Small and medium-sized enterprises (SME's) and large businesses to work in partnership with Wrexham Glyndwr University on commercially driven research and development in optics, composites and hydrogen fuel cells.

NORTH WALES GROWTH DEAL PORTFOLIO RISK REGISTER

Risk ID	Date Raised	Risk Category	Risk Name	Risk Owner	Description of the Risk	Current Gross Risk Rating			Trend	Mitigating Actions	Action Due Dates	Action owner	Residual Risk Rating			Trend	Status (Open / Closed)	Commentary	Date of last update
						P	I	Score					P	I	Score				
R001	21/10/2020	Programme and Project Delivery	Capacity	Portfolio Director	If sufficient resources are not in place at portfolio, programme and project level, there is a risk that this could impact on the successful delivery of the deal	3	4	12	↔	NWEAB approval for fixed term contract extensions to March 2024  Additional procurement and legal technical capacity to be secured for projects as required  PMO to utilise external technical support when necessary  PMO supporting partners to ensure capacity for delivery and support recruitment activity	In place  April 2022  Reviewed monthly  Reviewed monthly	PMO  PMO  PMO, Project Sponsors	3	3	9	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R002	21/10/2020	Programme and Project Delivery	Delay	Portfolio Management Office	If there are delays to project delivery, there is a risk this could have an impact on the realisation of benefits or could result in projects not progressing.	4	4	16	↔	Monthly highlight reports to Programme Board with escalation routes to NWEAB  Programme and project RAID logs in place to record risks and manage issues  Project business cases and implementation plans to clearly set out risks to project delivery and mitigations  Quarterly reports to the NWEAB and Portfolio Board  Project timetables reviewed as part of Portfolio business Case Update	Monthly  Monthly  N/A  Quarterly  Aug 2022	PMO  PMO, Project Sponsor  Project Sponsor  Project Sponsor  PMO	4	4	16	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R003	21/10/2020	Financial	Affordability	Portfolio Management Office	If projects increase in cost, there is a risk they may not go ahead or project scope may need to be scaled down	5	5	25	↔	Project Business Cases will set out detailed project level financial, commercial and risk management measures to manage costs.  Robust performance, risk and financial reporting arrangements will be established for all projects  Once Project Business Cases are approved, any additional costs incurred will be the responsibility of the Project Sponsor.  Discussions with UK/WG on mitigation strategy for managing the risk of increasing costs	N/A  Monthly  N/A  Monthly	PMO, Project Sponsor  PMO  PMO  PMO	5	4	20	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R004	21/10/2020	Programme and Project Delivery	Economic Recovery	Portfolio Director	If regional economic recovery is limited, there could be a risk to the delivery of the Growth Deal portfolio and the viability of certain projects.	4	4	16	↔	Regional collaboration on economic recovery co-ordinated by the Portfolio Director and the Executive Officers Group.  Project Business Cases will consider the implications of COVID-19  Regional Economic Framework published and sets the strategic priorities for the North Wales economy. Implementation phase to progress in 2022	N/A  N/A  N/A	PMO, SROs  PMO, SROs, NWEAB  Portfolio Director	4	3	12	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R005	21/10/2020	Programme and Project Delivery	EU-UK Trade and Cooperation Agreement	Portfolio Director	If the new UK-EU trading relationship impacts on certain sectors of the economy there is a risk that the viability of certain Growth Deal projects may change.	3	3	9	↔	Project Business Cases will consider the implications of the new UK-EU trading relationship.  Where the new UK-EU trading relationship could have a clear impact upon the viability / need for a project, the project will be subject to full review ahead of business case development	N/A  N/A	PMO, Project SROs  PMO, Project SROs	2	3	6	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R006	21/10/2020	Environmental	Climate Change and Biodiversity	Portfolio Director	If projects do not take account of carbon emissions or biodiversity loss within project level assessments, there is a risk the portfolio could contribute towards the issues of climate change and biodiversity loss	4	3	12	↔	Position statement on Climate Change and Biodiversity adopted by the NWEAB.  Project business cases to demonstrate delivery against the adopted NWEAB position.  Draft methodology on how to take account of carbon emissions and biodiversity loss within project business cases is being consulted upon with partners	N/A  N/A  April 2022	NWEAB  PMO, Project SROs  PMO	3	3	9	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R007	21/10/2020	Financial	Private Sector Investment	Portfolio Management Office	If the private sector investment is not secured, there is a risk that projects will not be delivered or delivered at reduced scale impacting on the benefits to the region.	4	4	16	↔	Continued engagement with Project Sponsors and private sector partners  Development of robust project business cases and contractual agreements for Growth Deal funding  Agreed process for consideration of new projects if required  Following PAR recommendation, an investment strategy has been developed	N/A  N/A  N/A  In place	PMO, Project SROs  PMO, Project SROs  NWEAB, PMO  PMO  PMO	4	4	16	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22



Risk ID	Date Raised	Risk Category	Risk Name	Risk Owner	Description of the Risk	Current Gross Risk Rating			Trend	Mitigating Actions	Action Due Dates	Action owner	Residual Risk Rating			Trend	Status (Open / Closed)	Commentary	Date of last update
						P	I	Score					P	I	Score				
R008	21/10/2020	Financial	Public Sector Investment	Portfolio Management Office	If the public sector investment is not secured, there is a risk that projects will not be delivered or delivered at reduced scale impacting on the benefits to the region.	4	4	16	↔	All NWEAB partners have signed up to the Growth Deal and Governance Agreement 2. Development of robust project business cases and contractual agreements for Growth Deal funding Agreed process for consideration of new projects or changes to public sector investment projections	Complete N/A N/A	NWEAB PMO, Project SROs NWEAB, PMO	4	4	16	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R009	21/10/2020	Regulatory	Planning and Statutory Consents	Portfolio Management Office	If projects do not receive the necessary statutory consents and planning approval, there is a risk that projects will not be delivered and the benefits would not be realised.	4	5	20	↔	Project business cases will set out the consenting requirements for each project and the risks to project delivery Continued engagement with project sponsors to understand consenting process and risks with support provided where appropriate Local authority phosphates strategies in place as part of Local Plan adoption. PMO to deliver review of project consenting progress	N/A N/A April 2022 April 2022	PMO, Project SROs PMO Local Authorities PMO	3	5	15	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R010	21/10/2020	Reputational and Social Impact	Spending Objectives	Portfolio Director	If projects fail to deliver against the portfolio spending objectives, there is a risk that the Growth Deal may not meet its targets in relation to job creation, GVA and investment.	5	4	20	▲	Robust business cases will be developed for each programme and project in line with 5 Case Business Model and will need to set out contribution to portfolio spending objective targets Project review and change control process in place. Agreed process for consideration of new projects or changes to public sector investment projections Following PAR recommendation, investment strategy has been developed	N/A N/A N/A In place	PMO, Project SROs PMO NWEAB, PMO PMO	4	4	16	▲	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R013	21/10/2020	Reputational and Social Impact	Political Change	Portfolio Director	If stakeholders are not managed effectively, there is a risk that political change could impact support for the portfolio, programme and projects.	3	4	12	▼	Frequent engagement with UK, Welsh Government and local government politicians and officials. GA2 and Final Deal agreement to confirm commitments of all parties. New members to be briefed on the Growth Deal Portfolio following the election	N/A Complete May / June 2022	NWEAB, PMO NWEAB PMO, Portfolio Board	2	4	8	▼	Open	Risk reviewed. Reduced gross and residual risk score following local elections in May 2022.	28.06.22
R014	22/10/2020	Financial	Fraud	Portfolio Director	If appropriate processes are not put in place and managed, there is a risk that the portfolio could be subject to fraudulent claims resulting in misuse of public funds	4	4	16	↔	Projects to have robust financial monitoring processes in place PMO to review claims submitted before passing them onto accountable body for payment Code of conduct and conflicts of interest policy incorporated as part of Governance Agreement 2 Conflict of Interest Register maintained for all programmes, projects and advisory groups.	N/A N/A Complete N/A	PMO PMO Monitoring Officer PMO	2	4	8	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R015	22/10/2020	Reputational and Social Impact	Benefits Realisation	Portfolio Management Office	If project benefits are not realised, there is a risk that the overall Growth Deal could fail to deliver the benefits set out within business case.	4	4	16	↔	Each programme and project will be responsible for benefits management through a Benefits Realisation Plan. Monthly highlight reports to Programme Board to monitor benefits realisation Procurement Principles to be adopted with focus on community benefits and social value Benefits Realisation guidance developed and being disseminated to project sponsors for use in project business cases	N/A Monthly Complete N/A	PMO, Programme and Project SROs PMO PMO PMO	3	3	9	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R016	22/10/2020	Programme and Project Delivery	Assurance	Operations Manager	If agreed assurance processes are not followed, there is a risk that project approval could be impacted and could result in suspension/postponement of government grant payments.	3	5	15	↔	Integrated Assurance and Approval Plan (IAAP) agreed with Welsh and UK Government as part of Final Deal. Continued engagement with Welsh Government Assurance Hub to refine and update the Integrated Assurance and Approval Plan (IAAP) PMO assurance lead to coordinate delivery of assurance in accordance with the IAAP	Complete Quarterly N/A	PMO PMO PMO	2	4	8	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22
R017	22/10/2020	Financial	Financial Management	s151 Officer	If appropriate financial arrangements are not put in place, there could be a risk to the delivery of the deal, draw-down of the funding grant and allocation of funds.	3	4	12	↔	NWEAB will utilise existing financial processes of Gwynedd Council as Host Authority Project Business Cases will set out detailed project level financial, commercial and risk management measures to manage finances Robust monthly performance, risk and financial reporting arrangements will be established for all projects Robust financial claims process established for the drawdown of funding	N/A N/A Monthly N/A	PMO PMO, Project SRO PMO, Project SRO PMO	2	3	6	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22

Risk ID	Date Raised	Risk Category	Risk Name	Risk Owner	Description of the Risk	Current Gross Risk Rating			Trend	Mitigating Actions	Action Due Dates	Action owner	Residual Risk Rating			Trend	Status (Open / Closed)	Commentary	Date of last update
						P	I	Score					P	I	Score				
R018	01/10/2020	Financial	Revenue Funding	Portfolio Management Office and Project Sponsors	If sufficient revenue funding is not in place to support the activities of the NWEAB and delivery of the Growth Deal, then project delivery and achievement of spending objectives and benefits may be impacted	3	4	12	↔	<p>NWEAB has approved extension of fixed term contracts to March 2024. Longer term solutions continue to be investigated</p> <p>Partners and project sponsors responsible for sourcing revenue funding to support non-NWEAB led projects</p> <p>PMO working to identify additional funding opportunities for NWEAB led projects</p> <p>PMO exploring the potential capitalisation of project salary costs.</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>PMO</p> <p>PMO, Project SRO</p> <p>PMO, Project SRO</p> <p>PMO</p>	<p>2</p> <p>4</p> <p>8</p>	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	28.06.22		
R019	01/10/2020	Programme and Project Delivery	Supply Chain & Skills Capacity	Portfolio Management Office	If the regional supply chain does not have the capacity to deliver projects, then projects delivery could be impacted and regional benefits could be lower.	4	4	16	↔	<p>Project business cases and implementation plans to clearly set out risks to project delivery and mitigations, including supply chain risks.</p> <p>RSP working with PMO to identify regional supply chain / skills challenges and identify mitigations</p> <p>Additional funding secured for skills activity</p> <p>Projects to conduct early market engagement where appropriate</p>	<p>N/A</p> <p>N/A</p> <p>In place</p> <p>N/A</p>	<p>PMO</p> <p>PMO</p> <p>PMO</p> <p>Project Sponsors</p>	<p>3</p> <p>4</p> <p>12</p>	↔	Open	Risk reviewed. No changes to gross or residual risk scores.	30.03.22		



## REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

15/07/2022

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**Title:** NWEAB's Statement of Accounts for 2021/22.

**Author:** Dewi A Morgan, Host Authority Statutory Finance Officer

Sian Pugh, Host Authority Group Accountant

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### 1. Purpose of the Report

1.1 This report introduces the statutory Statement of Accounts for the 2021/22 financial year, which provides details of the Joint Committee's financial activities during the year which ended on 31 March 2022.

### 2. Decision Sought

2.1 **The Board is asked to receive and note the NWEAB's Statement of Accounts (subject to audit) for 2021/22.**

### 3. Reasons for the Decision

3.1 There is no statutory requirement for the Board to approve the draft Statement of Accounts of the Joint Committee, but we consider that the submission of the draft statement for information is good practice to follow.

3.2 The Board will need to approve the final version in October following receipt of the Audit Wales report, and the submission of the draft now is an opportunity for Board members to consider the content and ask financial officers about the content. This is

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an opportunity for members to equip themselves with relevant information to consider relevant risks, and other issues that will be subject to audit, in their context.

#### **4. Background and Relevant Considerations**

4.1 The NWEAB, for the first year in 2021/22, has produced a full annual Statement of Accounts rather than an annual return, which is used for smaller Joint Committees with a turnover of less than £2.5m.

4.2 The draft accounts presented here are currently subject to audit by Audit Wales and a final version following audit will be submitted for approval at the October 2022 meeting of the NWEAB.

4.3 A report on the Revenue and Capital out-turn position for 2021/22 was presented to the Board on 29 April 2022. That report was more useful for internal / management purposes, while the Statement of Accounts is more suited for external / governance purposes.

#### **5. Legal Implications**

5.1 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.

5.2 The Accounts and Audit (Wales) Regulations 2014 (as amended) require all Joint Committees to prepare year-end accounts. Where the annual income or expenditure are over £2.5m, the joint committee is deemed to be a “larger relevant body” and an annual Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom must be prepared.

#### **6. Appendices**

Appendix 1 – NWEAB’s Statement of Accounts for 2021/22.

**STATUTORY OFFICERS' RESPONSE:**

**i. Monitoring Officer – Accountable Body:**

There are no proprietary or legal implications.

**ii. Statutory Finance Officer – Accountable Body:**

Author of this report.

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# NARRATIVE REPORT

## INTRODUCTION

The North Wales Economic Ambition Board's (NWEAB) Joint Committee was established on 1 February 2019 to develop a regional approach to economic growth and to address the challenges and barriers facing the North Wales economy. It covers the six local authority administrative areas of North Wales comprising the councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire. The Joint Committee also includes the University of Bangor, Glyndwr University, Coleg Cambria and Grŵp Llandrillo Menai. In December 2020, the Joint Committee agreed the North Wales Growth Deal with UK Government and Welsh Government securing an investment of £240million into the North Wales economy as part of the Deal. A Portfolio Management Office has been established to deliver the Growth Deal and the first project business case was approved in December 2021 and is now in delivery.

Gwynedd Council has been appointed as host authority for the NWEAB.

The NWEAB's accounts for the year 2021/22 are presented here on pages 7 to 35. The Statements of Accounts are prepared in accordance with CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*.

The Statement of Accounts consist of:

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded in accordance with generally accepted accounting practices.
- **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- **Movement in Reserves Statement** – This statement shows the movement in year on the different reserves held by the Joint Committee, analysed into 'usable reserves' and 'unusable reserves'.
- **The Balance Sheet** - Sets out the financial position of the Joint Committee on 31 March 2022.
- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during 2021/22 for revenue and capital purposes.

These accounts have been prepared on a going concern basis and are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

## NWEAB'S ambition

The NWEAB'S ambition is to build a more vibrant, sustainable and resilient economy for North Wales to:

- Focus on improving the region's economic, social and environmental well-being.
- See the region develop in a sustainable way, with opportunities for people to gain new skills for the future and develop rewarding careers, seeing businesses grow and communities prosper.
- Champion our language, culture and heritage, in line with the well-being goals for Wales.

## North Wales Growth Deal

The Growth Deal aims to bring over £1 billion of investment to North Wales in order to generate over 4,000 new jobs and an increase in Gross Value Added (GVA) of £2.4 billion. The UK and Welsh governments have committed to jointly investing £240 million capital over a 15-year period, with the remainder leveraged from private and public sources. The desired outcomes of this investment are to be delivered through the delivery of a portfolio of five separate programmes which:

- build on our regional strengths in manufacturing and low carbon energy
- target digital innovation and infrastructure to better connect the region
- invest in key sites and premises for the developer market
- enable innovation to boost productivity
- support our key industries in tourism and agriculture to develop for the future

The five programmes are Low Carbon Energy, Agri-food and Tourism, Innovation in High-Value Manufacturing, Digital Connectivity, and Land and Property.

## 2021/22 Budget

The Joint Committee adopted its budget for 2021/22 at its meeting on 26 March 2021 and is available at: [Agenda for North Wales Economic Ambition Board on Friday, 26th March, 2021, 2.30 pm \(llyw.cymru\)](#)

The changes in response to the Covid-19 pandemic will also affect the medium term financial position of the Joint Committee. The Joint Committee like other councils in Wales has worked with Welsh Government to respond to the situation in the best way possible.

## 2021/22 Performance

The NWEAB reports quarterly on the progress against the North Wales Growth Deal, and the Annual Report is available at:

<https://democracy.gwynedd.llyw.cymru//ieListDocuments.aspx?CId=418&MId=4655&Ver=4>

## 2021/22 Financial Performance

- The Comprehensive Income and Expenditure Statement on page 8 shows that the Joint Committee's gross revenue expenditure on 'cost of services' level was £2,828k during 2021/22, with a net position of (£487k).
- The financial out-turn position for 2021/22 was reported to the Joint Committee at its meeting on 29 April 2022 and is available at: <https://democracy.gwynedd.llyw.cymru//ieListDocuments.aspx?CId=418&MId=4527&Ver=4>
- The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement on pages 8 and 9 detail the analysis in movements for the year.

## TABLE I - Budget and Actual Comparison Summary (Net)

Table I provides a budgetary performance comparison at a summary level, which is detailed further in Table 2.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expenditure on Operations	2,976	3,304	328
Financed by-			
Partners' Contributions	(1,318)	(1,318)	0
Grants, contributions and other income	(1,243)	(1,889)	(646)
Contribution from the General Fund	(415)	(415)	0
<b>Net (Underspend)/Overspend</b>	<b>0</b>	<b>(318)</b>	<b>(318)</b>



**TABLE 2 –Transposition movement between ‘Budget and Actual Comparison Summary (Net)’ (Table I) to the Income and Expenditure format**

	<b>Performance Report (Out-turn)</b>	<b>Transposition Adjustment</b>	<b>Net Position to be funded by / (transferred to) the General Fund</b>	<b>Adjustments between Funding and Accounting Basis</b>	<b>Income &amp; Expenditure Statement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expenditure	3,304	(889)	2,415	413	2,828
Income	(3,622)	431	(3,191)	(124)	(3,315)
<b>Net Cost of Services</b>	<b>(318)</b>	<b>(458)</b>	<b>(776)</b>	<b>289</b>	<b>(487)</b>

Transposition Adjustment - Adjustments in the transposition column relate to the net contribution to and from reserves.

### Material Items of Income and Expenditure

Related Items include :-

- £200k on pensions, being the annual remeasurement of the net defined benefit liabilities relating to pensions, in line with Gwynedd Pension Fund’s Actuary’s assessment (Note 14.2).
- £3,315k in grants and contributions and equivalent expenditure (Note 20).

### Other Issues

- There are financial risks with the global economy and the Joint Committee has taken the circumstances into account in its financial plans, whilst maintaining a prudent level of reserves.
- Continued economic uncertainty following the termination of the UK’s membership of the European Union and this may effect some factors and financial decisions by the Joint Committee.
- The current Covid-19 crisis remains a financial challenge for the Joint Committee in the short and medium term.

### Capital Expenditure in 2021/22

Capital expenditure for 2021/22 amounted to £124k. The following table gives an analysis of this expenditure and the way it was financed.

**TABLE 3 - SUMMARY OF CAPITAL EXPENDITURE AND FINANCING**

<b>2020/21</b>		<b>2021/22</b>
<b>£'000</b>		<b>£'000</b>
0	Projects	124
<b>0</b>		<b>124</b>
	<b>FINANCED BY -</b>	
0	Grants and Contributions	124
<b>0</b>		<b>124</b>

The £124k in above table is Revenue Expenditure Funded from Capital under Statute and has been charged to the Income and Expenditure Statement in the year. It has been spent on the Digital Signal Processing (DSP) Centre project by Bangor University and funded by the Growth Deal Grant.

## Reserves

The Joint Committee has usable reserve of £1,531k. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Note 9.

## Pension Fund

The Joint Committee has a net liability from its share of the assets and liabilities of the Gwynedd Pension Fund, which has been calculated in accordance with International Accounting Standard 19. The Balance Sheet contains an assessment by the Fund's Actuary, Hymans Robertson, of the Joint Committee's share of the Pension Fund liability. This net liability at 31 March 2022 was £942k. Refer to Note 24 for further information.

The net pension liability is a position at one point in time. Market prices can move substantially up or down in the short-term and it is therefore not possible to quantify the long-term effect such movements in market prices will have on the Pension Fund. The last valuation was at 31 March 2019, with the next based on 31 March 2022 for the 2022/23 accounts.

## Governance

The NWEAB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Further information is included within the Annual Governance Statement.

## Accounting Policies

The accounting policies adopted on behalf of the Joint Committee comply with all relevant recommended accounting practices and are fully explained in the Accounting Policies set out in Note 1 of the Accounts commencing on page 12.

## Changes in Accounting Policies and to the Accounts

The Joint Committee's existing accounting policies have been amended to reflect only the changes required in accordance with proper accounting practices, following adjustments for the 2021/22 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

## Further Information

The Statement of Accounts is available on Gwynedd Council's website [www.gwynedd.llyw.cymru](http://www.gwynedd.llyw.cymru).

Further information relating to the accounts is available from:

Ffion Madog Evans  
Senior Finance Manager  
01286 679133

or

Sian Pugh  
Group Accountant  
01286 679134

Finance Department  
Gwynedd Council  
Council Offices  
Caernarfon  
Gwynedd  
LL55 1SH

This is part of the Council's policy of providing full information relating to the Council and the Joint Committees' affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website at the appropriate time.

# **NORTH WALES ECONOMIC AMBITION BOARD**

## **STATEMENT OF ACCOUNTS**

### **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

#### **THE JOINT COMMITTEE'S RESPONSIBILITIES**

Gwynedd Council as host authority bears the responsibility for the arrangements and administration of the Joint Committee's financial affairs.

Gwynedd Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Gwynedd Council, that "Section 151 Officer" is the Head of Finance. It is the Joint Committee's responsibility to manage its affairs to secure economic, efficient and effective use of its resources, to safeguard its assets, and to approve the Statement of Accounts.

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#### **THE HEAD OF FINANCE'S RESPONSIBILITIES**

The Head of Finance is responsible for the preparation of the North Wales Economic Ambition Board's Joint Committee Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing the statement of accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent and complied with the Code.

The Head of Finance has also kept proper accounting records which were up to date, and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

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#### **RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE**

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of the North Wales Economic Ambition Board's Joint Committee at 31 March 2022 and the Joint Committee's income and expenditure for the year then ended.



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**Dewi Aeron Morgan CPFA**  
**Head of Finance, Gwynedd Council**

**30 June 2022**

## EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
800	0	800	Programme Management Office	1,384	289	1,673
127	0	127	Accountable Body Support Services	141	0	141
42	0	42	Joint Committee	13	0	13
117	0	117	Projects	226	124	350
0	0	0	Grant Schemes	651	0	651
(1,320)	0	(1,320)	Income	(3,191)	(124)	(3,315)
<b>(234)</b>	<b>0</b>	<b>(234)</b>	<b>Cost of Services</b>	<b>(776)</b>	<b>289</b>	<b>(487)</b>
(7)	0	(7)	Financing and Investment Income and Expenditure	(16)	3	(13)
<b>(241)</b>	<b>0</b>	<b>(241)</b>	<b>(Surplus)/ Deficit on Provision of Services</b>	<b>(792)</b>	<b>292</b>	<b>(500)</b>
(498)			Opening Balance	(739)		
(241)			(Surplus)/ Deficit in Year	(792)		
<b>(739)</b>			Closing Balance	<b>(1,531)</b>		

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing the Joint Committee service in accordance with generally accepted accounting practices.

2020/21			Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
800	0	800	Programme Management Office	1,673	0	1,673
127	0	127	Accountable Body Support Services	141	0	141
42	0	42	Joint Committee	13	0	13
117	0	117	Projects	350	0	350
0	0	0	Grant Schemes	651	0	651
0	(1,320)	(1,320)	Income	0	(3,315)	(3,315)
<b>1,086</b>	<b>(1,320)</b>	<b>(234)</b>	<b>Cost of Services</b>	<b>2,828</b>	<b>(3,315)</b>	<b>(487)</b>
0	(7)	(7)	Financing and Investment Income and Expenditure	3	(16)	(13)
<b>1,086</b>	<b>(1,327)</b>	<b>(241)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,831</b>	<b>(3,331)</b>	<b>(500)</b>
		0	Remeasurement of the net pension defined benefit liability/(asset)	14.2		(200)
		0	<b>Other Comprehensive Income and Expenditure</b>			<b>(200)</b>
		<b>(241)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(700)</b>

## MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other 'unusable reserves'. The Statement shows how the movements in year of the Joint Committee's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (via the Councils' contributions). The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

		<b>Movement in Reserves Statement</b>		
	<b>Note</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Joint Committee's Reserves</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance 31 March 2020 carried forward</b>		<b>(498)</b>	<b>0</b>	<b>(498)</b>
<u>Movement in reserves during 2020/21</u>				
(Surplus)/Deficit on provision of services		<b>(241)</b>	<b>0</b>	<b>(241)</b>
Other Comprehensive Income and Expenditure		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>(241)</b>	<b>0</b>	<b>(241)</b>
Adjustments between accounting basis and funding basis under regulations	8	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>		<b>(241)</b>	<b>0</b>	<b>(241)</b>
<b>(Increase)/Decrease in 2020/21</b>		<b>(241)</b>	<b>0</b>	<b>(241)</b>
<b>Balance 31 March 2021 carried forward</b>	9	<b>(739)</b>	<b>0</b>	<b>(739)</b>
IAS 19 Opening Balance		<b>0</b>	<b>891</b>	<b>891</b>
Opening Balance 1 April 2021		<b>(739)</b>	<b>891</b>	<b>152</b>
<u>Movement in reserves during 2021/22</u>				
(Surplus)/Deficit on provision of services		<b>(500)</b>	<b>0</b>	<b>(500)</b>
Other Comprehensive Income and Expenditure		<b>0</b>	<b>(200)</b>	<b>(200)</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>(500)</b>	<b>(200)</b>	<b>(700)</b>
Adjustments between accounting basis and funding basis under regulations	8	<b>(292)</b>	<b>292</b>	<b>0</b>
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	9	<b>(792)</b>	<b>92</b>	<b>(700)</b>
<b>(Increase)/Decrease in 2021/22</b>		<b>(792)</b>	<b>92</b>	<b>(700)</b>
<b>Balance 31 March 2022 carried forward</b>		<b>(1,531)</b>	<b>983</b>	<b>(548)</b>

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Joint Committee is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021 £'000		Note	31 March 2022 £'000
509	Short-term Debtors	11	21,253
16,255	Cash and Cash Equivalents	12	16,768
<b>16,764</b>	<b>Current Assets</b>		<b>38,021</b>
(25)	Short-term Creditors	13	(428)
(16,000)	Capital and Revenue Grants Receipts in Advance	20	(29,000)
<b>(16,025)</b>	<b>Current Liabilities</b>		<b>(29,428)</b>
0	Pension Liability	24	(942)
0	Capital and revenue Grants Receipts in Advance	20	(7,103)
<b>0</b>	<b>Long-term Liabilities</b>		<b>(8,045)</b>
<b>739</b>	<b>Net Assets</b>		<b>548</b>
(739)	Usable Reserves	9	(1,531)
0	Unusable Reserves	14	983
<b>(739)</b>	<b>Total Reserves</b>		<b>(548)</b>

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating and investing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of grant income or from the recipients of services provided by the Joint Committee. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee's future service delivery.

2020/21 £'000		Note	2021/22 £'000
(241)	Net (Surplus) / Deficit on the Provision of Services		(500)
(15,505)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15a	(137)
(15,746)	Net cash flows from Operating Activities		(637)
0	Investing Activities	16	124
0	Financing Activities		0
(15,746)	Net (Increase)/Decrease in cash and cash equivalents		(513)
(509)	Cash and cash equivalents at the beginning of the reporting period	12	(16,255)
<b>(16,255)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	12	<b>(16,768)</b>



# **NOTES TO THE ACCOUNTS**

## **NOTE I – ACCOUNTING POLICIES**

### **I.1 General Principles**

The Statement of Accounts summarises the Joint Committee's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

The nature of the Joint Committee's transactions is limited and only the relevant policies can be seen below.

### **I.2 Accruals of Expenditure and Income**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **I.3 Cash and Cash Equivalents**

The Joint Committee does not have its own bank account and cash is administered by Gwynedd Council within its own accounts.

### **I.4 Employee Benefits**

#### **I.4.1 Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which the employee renders service to the Joint Committee. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

#### **I.4.2 Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept redundancy voluntarily and are charged on an accruals basis to the service in the Comprehensive Income and Expenditure Statement at the earlier of when the Joint Committee can no longer withdraw the offer of those benefits or when the Joint Committee recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Joint Committee fund balance to be charged with the amount payable by the Joint Committee to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits

## **NOTE I – ACCOUNTING POLICIES (continued)**

for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

### **1.4.3 Post-employment Benefits**

Employees of the Joint Committee are members of one pension scheme:

- The Local Government Pensions Scheme, administered by the Gwynedd Pension Fund at Gwynedd Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees when they worked for the Joint Committee and their previous employers.

### **1.4.4 The Local Government Pension Scheme**

All other staff, subject to certain qualifying criteria, are entitled to become members of the Local Government Pension Scheme. The pension costs charged to the Joint Committee's accounts in respect of this group of employees is determined by the fund administrators and represent a fixed proportion of employees' contributions to this funded pension scheme.

The Local Government Scheme is accounted for as a defined benefit scheme.

The liabilities of the Gwynedd Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions such as mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.75% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

The assets of the Gwynedd Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value as determined by the Fund's Actuary.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-distributed Costs.
- Net interest on the net defined benefit liability/(asset), i.e. the net interest expense for the Joint Committee – the change during the period in the net defined benefit liability/(asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period – taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments.

Remeasurements comprising:

- The return on Plan assets – excluding amounts included in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

## **NOTE I – ACCOUNTING POLICIES (continued)**

- Contributions paid to the Gwynedd Pension Fund – cash paid as employer’s contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Joint Committee to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Joint Committee of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

International Accounting Standard (IAS) 19 governs how the long-term liabilities which exist in relation to pension costs should be reported. Local Councils (including Joint Committees) in Wales and England are required to produce their financial statements in accordance with IAS 19.

### **1.4.5 Discretionary Benefits**

The Joint Committee also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **1.5 Events after the Reporting Period**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **1.6 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee’s financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **1.7 Government Grants and Other Contributions**

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised immediately in the relevant service line in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Joint Committee has not satisfied.

## **NOTE I – ACCOUNTING POLICIES (continued)**

Grants and contributions funding capital expenditure that have been credited to the Comprehensive Income and Expenditure Statement are not proper income charges due to the capital control regime requirements to finance capital expenditure as part of the Capital Financing Requirement. Therefore, the Joint Committee accounts for these amounts as follows:

- Where a capital grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date, the grant is recognised as a Capital Grant Receipt in Advance on the Balance Sheet. Once the condition has been met, the grant or contribution is transferred to the Comprehensive Income and Expenditure Statement.
- Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

### **1.8 Overheads and Support Services**

Charges for services provided by the Central Support Departments within Gwynedd Council are derived from a combination of pre-determined fixed charges, actual recorded staff time, transaction logging and pre-determined formulae.

### **1.9 Reserves**

Specific reserves are created to set aside amounts for future spending schemes. This is done through transfers out of the General Fund Balance in the Movement in Reserves Statement.

Certain reserves, namely “unusable reserves”, are kept for the technical purpose of managing the accounting processes for non-current assets and employee benefits. These do not represent the usable resources of the Joint Committee.

### **1.10 Revenue Expenditure Funded from Capital Under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as an asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund. This type of expenditure is valued at historical cost and written down over a year.

### **1.11 Value Added Tax**

Only in a situation when VAT is irrecoverable will VAT be included or charged as ‘irrecoverable VAT’. Since the Joint Committee has not registered for VAT, the VAT is recovered through Gwynedd Council’s VAT registration.

### **1.12 Debtors and Creditors**

The Joint Committee's Accounts are maintained on an accruals basis in accordance with the Code of Accounting Practice. The accounts reflect actual expenditure and income relating to the year in question irrespective of whether the payments or receipts have actually been paid or received in the year.

### **1.13 Long-Term Contracts**

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

### **1.14 Joint Operations**

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangements. The activities undertaken by the Joint Committee in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Joint Committee as a joint operator recognises its share of assets, liabilities, revenue and expenses.

The NWEAB Joint Committee has been categorised as a Joint Operation, making use of the assets and resources of the operators rather than the establishment of a separate entity.

## **NOTE 2- CHANGE IN ACCOUNTING POLICY**

The Joint Committee's existing accounting policies are amended only insofar as to reflect the guidance in the 2021/22 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

## **NOTE 3- ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. This applies to the following new or amended standards within the 2022/23 Code:

Annual Improvements to IFRS 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- IAS 37 (Onerous contracts) – clarifies the intention of the standard.
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

The Code requires implementation from 1 April 2022 and therefore there is no impact on the 2021/22 Statement of Accounts, and none of the new or amended standards within the 2022/23 Code are expected to have a material impact on the information provided in the financial statements.

## **NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Joint Committee has had to make judgements, estimates and assumptions relating to complex transactions, those involving uncertainty about future events and also the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The judgements, estimates and associated assumptions applied are based on current proper practices, historical experience and other factors that include historical and current assumptions and projections, and actual future projections, professional assessment, current trends, and local factors that are considered to be relevant.

Whilst the effects of the Covid-19 crisis remain a financial challenge for the Joint Committee in the short and medium term, the Joint Committee has determined that this uncertainty is not yet sufficient to provide an indication that their assets might be impaired.

All available and related information is sourced and applied in assessing and determining the position, which is particularly critical when considering such matters as actuarial valuation of pension fund assets and liabilities, earmarked reserves, provisions and contingent liability. However, because these issues cannot be determined with certainty, actual results may subsequently differ from those estimates. The estimates and underlying assumptions are continually reviewed.

## NOTE 5 – ASSUMPTIONS MADE ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because certain balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The following item in the Joint Committee’s Balance Sheet at 31 March 2022 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.</p> <p>Brexit and COVID-19 both initially had negative impacts on the UK economy and pension asset values, but the market appears to be recovering and stabilising. However, another serious outbreak of COVID-19 could have a detrimental impact on asset returns, as could an increase in interest rates to curb inflation increases as a result of the recovery.</p>	The effects on the net pension liability of changes in individual assumptions are set out in Note 24.

## NOTE 6 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:-

- £200k on pensions, being the remeasurements of the net pension defined benefit liabilities relating to pensions, in line with Gwynedd Pension Fund’s Actuary’s assessment (Note 14.2).
- £3,315k in grants and contributions and equivalent expenditure (Note 20).

## NOTE 7 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2021/22	ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS			
	Adjustments for Capital Purposes (i) £'000	Net change for the Pensions Adjustments (ii) £'000	Other Differences (iii) £'000	Total Adjustments £'000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Programme Management Office	0	248	41	289
Accountable Body Support Services	0	0	0	0
Joint Committee	0	0	0	0
Projects	124	0	0	124
Grant Schemes	0	0	0	0
Income	(124)	0	0	(124)
<b>Cost of Services</b>	<b>0</b>	<b>248</b>	<b>41</b>	<b>289</b>
Financing and Investment Income and Expenditure	0	3	0	3
<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>251</b>	<b>41</b>	<b>292</b>

There was no transactions in 2020/21.

### (i) Adjustments for Capital Purposes

- For **services**, this column adds in depreciation, impairment and revaluation gains and losses.

### (ii) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* for pension-related expenditure and income:

- For **Services**, this represents the removal of the employer pension contributions made by the Joint Committee as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure**, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### (iii) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Services**, this represents an adjustment for accumulated absences earned but not taken during the year.
- For **Financing and investment income and expenditure**, the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

## NOTE 8 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Joint Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Joint Committee to meet future expenditure.

2021/22	Usable Reserve General Fund Balance	Movement in Unusable Reserves
<b>ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustments involving the Capital Adjustment Account</b>		
Capital grants and contributions applied	124	(124)
Revenue expenditure funded from capital under statute	(124)	124
<b>Adjustments primarily involving the Pensions Reserve</b>		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 24)	(413)	413
Employer's pensions contributions and direct payments to pensioners payable in the year	162	(162)
<b>Adjustment primarily involving the Accumulated Absences Account</b>		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(41)	41
<b>Total Adjustments</b>	<b>(292)</b>	<b>292</b>

There was no transactions in 2020/21.

## NOTE 9 – TRANSFERS TO/FROM USABLE RESERVES

The note below sets out the amounts set aside from the General Fund in usable reserves to provide financing for future expenditure plans, with a net increase of £792k.

### Usable Reserves

2021/22	Balance 31 March 2021	Transfers			Balance 31 March 2022
Note	£'000	between reserves	in	out	£'000
9.1 Earmarked Reserve	739	(5)	318	(415)	637
9.2 Projects Reserve	0	0	195	0	195
9.3 Interest Reserve	0	5	694	0	699
<b>Total</b>	<b>739</b>	<b>0</b>	<b>1,207</b>	<b>(415)</b>	<b>1,531</b>

9.1 Earmarked Reserve - to support future years' budgets and staffing structure.

9.2 Projects Reserve - to fund expenditure that supports the delivery of Regional Economic Framework priorities.

9.3 Interest Reserve - to fund the cost of borrowing in future years.



## NOTE 10 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2020/21		2021/22
£'000		£'000
0	Net interest on the net pension defined benefit liability/(asset)	3
(7)	Interest receivable and similar income	(16)
<b>(7)</b>	<b>Total</b>	<b>(13)</b>

## NOTE 11 – SHORT-TERM DEBTORS

	31 March 2021 £'000	31 March 2022 £'000
Trade Receivables	3	0
Prepayments	0	6
Other Receivable Amounts	506	21,247
<b>Total</b>	<b>509</b>	<b>21,253</b>

## NOTE 12 – CASH AND CASH EQUIVALENTS

The Joint Committee does not have its own bank account and cash is administered by Gwynedd Council within its own accounts. The figure shown in the table each year is the net cash sum held on behalf of the Joint Committee within the Gwynedd Council amounts.

	31 March 2021 £'000	31 March 2022 £'000
Cash in Bank held by Host Authority	16,255	16,768
<b>Cash and Cash Equivalents</b>	<b>16,255</b>	<b>16,768</b>

## NOTE 13 – SHORT-TERM CREDITORS

	31 March 2021 £'000	31 March 2022 £'000
Trade Payables	49	259
Other Payables	(24)	169
<b>Total</b>	<b>25</b>	<b>428</b>

## NOTE 14 – UNUSABLE RESERVES

31 March 2021		31 March 2022
£'000		£'000
0	Capital Adjustment Account	0
0	Pensions Reserve	(942)
0	Accumulated Absences Account	(41)
<b>0</b>	<b>Total Unusable Reserves</b>	<b>(983)</b>

### 14.1 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation; impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Joint Committee as finance for the costs of acquisition, construction and enhancement.

Note 8 provides details of the source of all the transactions posted to the Account.

2020/21		2021/22
£'000		£'000
<b>0</b>	<b>Balance 1 April</b>	<b>0</b>
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
0	Revenue Expenditure funded from Capital under Statute	(124)
	<u>Capital financing applied in the year:</u>	
0	Grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	124
<b>0</b>	<b>Balance 31 March</b>	<b>0</b>

## NOTE 14 – UNUSABLE RESERVES (continued)

### 14.2 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Joint Committee accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Joint Committee has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £000	2021/22 £000
<b>0 Balance 1 April</b>	<b>(891)</b>
0 Re-measurements of the net pension defined benefit (liabilities) / assets	200
0 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(413)
0 Employer's pensions contributions and direct payments to pensioners payable in the year	162
<b>0 Balance 31 March</b>	<b>(942)</b>

### 14.3 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise appear on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/21 £000	2021/22 £000
<b>0 Balance 1 April</b>	<b>0</b>
0 Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(41)
<b>0 Balance 31 March</b>	<b>(41)</b>

**NOTE 15a – CASH FLOW STATEMENT: ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS**

2020/21 £'000		2021/22 £'000
(15,998)	(Increase)/Decrease in Creditors	(20,465)
493	Increase/(Decrease) in Debtors	20,744
0	Pension Liability	(251)
0	Other non-cash items charged to net surplus/deficit on the provision of services	(165)
<b>(15,505)</b>		<b>(137)</b>

**NOTE 15b – CASH FLOW STATEMENT – OPERATING ACTIVITIES**

2020/21 £'000		2021/22 £'000
(7)	Interest received	(16)

**NOTE 16 – CASH FLOW STATEMENT – INVESTING ACTIVITIES**

2020/21 £'000		2021/22 £'000
0	Other payments for investing activities	124
<b>0</b>	<b>Net cash flows from investing activities</b>	<b>124</b>

## NOTE 17 – EXPENDITURE AND INCOME ANALYSED BY NATURE

The Joint Committee's expenditure and income is analysed as follows:

2020/21		2021/22
£'000	<u>Expenditure / Income</u>	£'000
	<b>Expenditure</b>	
611	Employee benefits expenses	1,435
17	Premises	17
0	Transport	0
368	Supplies and Services	1,117
90	Third Party	135
0	Interest Payments	3
0	Depreciation, amortisation, impairment	124
<b>1,086</b>	<b>Total Expenditure</b>	<b>2,831</b>
	<b>Income</b>	
(640)	Partner Contributions	(1,318)
(7)	Interest and investment income	(16)
(680)	Grants and other contributions	(1,997)
<b>(1,327)</b>	<b>Total Income</b>	<b>(3,331)</b>
<b>(241)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(500)</b>

## NOTE 18 – OFFICERS' REMUNERATION

**18a.** The Accounts and Audit (Wales) Regulations 2014 (as amended) require the Joint Committee to disclose the following information relating to employees appointed as Senior Officers, and whose salary is between £60,000 and £150,000. In compliance with the defined requirements, the pensionable pay, employer's pension contributions and other employer costs are included below (including termination benefits), but the employer's national insurance contributions are excluded. The remuneration paid to the Joint Committee's senior officers directly employed by Joint Committee is as follows:

2020/21			Chief Officers	2021/22		
Salary	Employer's Pension Contribution	Total		Salary	Employer's Pension Contribution	Total
£	£	£		£	£	£
103,179	21,049	<b>124,228</b>	Portfolio Director	107,899	22,011	<b>129,910</b>
58,624	11,959	<b>70,583</b>	Head of Operations	61,710	12,845	<b>74,555</b>

**18b.** In 2021/22 and 2020/21, no other employee received more than £60,000 remuneration for the year (excluding employer's pension and national insurance contributions).

## NOTE 19 – EXTERNAL AUDIT COSTS

The Joint Committee has incurred the following costs relating to external audit.

2020/21 £'000	2021/22 £'000
Fees payable to the auditor appointed by the Auditor General for Wales with regard to external audit services	11
<b>2 Net Fees</b>	<b>11</b>

## NOTE 20 – GRANT INCOME

**20a.** The Joint Committee credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2020/21		2021/22	
	£'000	£'000	£'000	£'000
<b>Grants and Contributions Credited to Services</b>				
Welsh Government				
European Social Fund Priority 5	561		808	
Decarbonisation Grant	67		500	
North Wales Regional Economic Framework Grant	0		195	
North Wales Growth Deal Grant	0		124	
Other	52		15	
		<b>680</b>		<b>1,642</b>
<b>Other Grants and Contributions</b>				
Partners' Contributions				
Conwy County Borough Council	90		168	
Denbighshire County Council	90		154	
Flintshire County Council	90		194	
Gwynedd Council	90		172	
Isle of Anglesey County Council	90		137	
Wrexham County Borough Council	90		181	
Bangor University	25		118	
Wrexham Glyndwr University	25		59	
Coleg Cambria	25		60	
Grŵp Llandrillo Menai	25		75	
		<b>640</b>		<b>1,318</b>
<b>Community Renewal Fund</b>				
Denbighshire County Council	0		34	
Gwynedd Council	0		34	
Isle of Anglesey County Council	0		34	
Wrexham County Borough Council	0		34	
		<b>0</b>		<b>136</b>
<b>Gwynedd Council (North Wales Growth Deal Grant)</b>		<b>0</b>		<b>219</b>
<b>Total Grants and Contributions Credited to Services</b>		<b>1,320</b>		<b>3,315</b>

The North Wales growth Deal Grant is funded 50% by Welsh Government and 50% by UK Government.

## NOTE 20 – GRANT INCOME (continued)

20b. The Joint Committee has received grants, contributions or donations that have yet to be recognised as income as they have conditions attached that could require the monies to be returned to the giver. The balance at the year-end are as follows:

	<b>31 March 2021 £'000</b>	<b>31 March 2022 £'000</b>
<b>Grants and Contributions Received in Advance</b>		
<b>Capital Grants</b>		
<b><u>Short Term</u></b>		
North Wales Growth Deal	16,000	29,000
<b><u>Long Term</u></b>		
North Wales Growth Deal	0	7,103
<b>Total</b>	<b>16,000</b>	<b>36,103</b>

## NOTE 21 – RELATED PARTIES

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee. To conform to the requirements, this is done by Members and Senior Officers completing a personal declaration, as defined in the CIPFA Code of Practice.

### Function of the Joint Committee

The North Wales Economic Ambition Board's (NWEAB) Joint Committee was established on 1 February 2019 to develop a regional approach to economic growth and to address the challenges and barriers facing the North Wales economy. It covers the six local authority administrative areas of North Wales comprising the councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire. The Joint Committee also includes the University of Bangor, Glyndwr University, Coleg Cambria and Grŵp Llandrillo Menai. In December 2020, the Joint Committee agreed the North Wales Growth Deal with UK Government and Welsh Government securing an investment of £240million into the North Wales economy as part of the Deal. A Portfolio Management Office has been established to deliver the Growth Deal and the first project business case was approved in December 2021 and is now in delivery. Welsh Government has effective control over the general operations of the Joint Committee, and is responsible for providing the statutory framework and provides the majority of its funding in the form of grants. Grants received from Welsh Government are set out in the subjective analysis in Note 17 which analyses expenditure and income by nature. The position as at 31 March is detailed in Note 20.

Summarised below are the payments and income between the Joint Committee, the Local Authorities and Further and Higher Education Establishments for the 2021/22 financial year. Gwynedd Council has been appointed as host authority for the NWEAB.

	Payments made	Income Received	Amounts owed by the NWEAB	Amounts owed to the NWEAB
	£'000	£'000	£'000	£'000
Conwy County Borough Council	32	(168)	(6)	0
Denbighshire County Council	38	(178)	(10)	0
Flintshire County Council	0	(194)	0	0
Gwynedd Council	220	(442)	0	0
Isle of Anglesey County Council	0	(137)	(34)	0
Wrexham County Borough Council	0	(181)	(34)	0
Bangor University	0	(118)	0	124
Wrexham Glyndwr University	0	(59)	0	0
Coleg Cambria	0	(25)	(35)	0
Grŵp Llandrillo Menai	0	(75)	0	0

### Board Members, Advisers and Officers

Members and advisers of the Joint Committee have influence over the Joint Committee's financial and operating policies.

All Board Members, Advisers and Senior Officers of the Joint Committee have completed declaration forms to declare their interest or relationship in companies, voluntary, charitable or public bodies that have dealings with the Joint Committee. There are no further declarations required than those included in the table above.



## NOTE 22 – CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

<b>31 March</b>	<b>31 March</b>
<b>2021</b>	<b>2022</b>
<b>£'000</b>	<b>£'000</b>
0	0
0	0
<b>0 Capital Adjustment Account (Note 14.1)</b>	<b>0</b>
<b>0</b>	<b>0</b>
<b>0 Capital Financing Requirement</b>	<b>0</b>

The movement in the year is explained as follows:

<b>2020/21</b>	<b>2021/22</b>
<b>£'000</b>	<b>£'000</b>
<b>0 Capital Financing Requirement 1 April</b>	<b>0</b>
0	124
0	(124)
<b>0</b>	<b>0</b>
<b>0 Capital Financing Requirement 31 March</b>	<b>0</b>

## NOTE 23 – EXIT PACKAGES

There were no exit packages during 2021/22 or 2020/21.

## NOTE 24 – PENSION COSTS

As part of the terms and conditions of employment of its officers and other employees, the Joint Committee makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments. These need to be disclosed at the time that employees earn their future entitlement.

NWEAB participates in two post-employment schemes:

- a) **The Local Government Pension Scheme** administered locally by Gwynedd Council. This is a funded defined benefit scheme based on final salary for service up to 31 March 2014 and based on a career average salary from 1 April 2014. The Joint Committee and the employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- b) **Arrangements for the award of discretionary post-retirement benefits upon early retirement.** This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Gwynedd Council. Policy is determined in accordance with the Local Government Pensions Scheme Regulations. In the past the investment managers of the fund have been appointed by the Gwynedd Pension Fund Committee. As the investments are transferred to the Wales Pension Partnership (WPP) the managers will be appointed by the partnership.

## NOTE 24 – PENSION COSTS (continued)

The principal risks to the Joint Committee from the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (such as large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the amounts required by statute as described in the accounting policies note to the General Fund.

### Transactions Relating to Post-employment Benefits

The Joint Committee recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge it is required to make against Council Tax (via the Councils' contributions) is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Joint General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2022		
	Assets	Liabilities	Net (liability) /asset
	£'000	£'000	£'000
Fair Value of Plan Assets	883	0	883
Present Value of Funded Liabilities	0	(1,774)	(1,774)
Present Value of Unfunded Liabilities	0	0	0
<b>Opening Position at 1 April</b>	<b>883</b>	<b>(1,774)</b>	<b>(891)</b>
Service Cost			
Current Service Cost*	0	(410)	(410)
Past Service Costs (including curtailments)	0	0	0
<b>Total Service Cost</b>	<b>0</b>	<b>(410)</b>	<b>(410)</b>
Net interest			
Interest Income on Plan Assets	20	0	20
Interest Cost on Defined Benefit Obligation	0	(23)	(23)
<b>Total Net Interest</b>	<b>20</b>	<b>(23)</b>	<b>(3)</b>
<b>Total Defined Benefit Cost Recognised in Profit/(Loss)</b>	<b>20</b>	<b>(433)</b>	<b>(413)</b>
Cash flows			
Participants' contributions	60	(60)	0
Employer contributions	159	0	159
Estimated contributions in respect of unfunded benefits	0	0	0
Estimated benefits paid	0	0	0
Estimated unfunded benefits paid	0	0	0
<b>Expected Closing Position</b>	<b>1,122</b>	<b>(2,267)</b>	<b>(1,145)</b>
Remeasurements			
Change in demographic assumptions	0	15	15
Change in financial assumptions	0	202	202
Other experience	0	(84)	(84)
Return on Assets excluding amounts included in net interest	70	0	70
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>70</b>	<b>133</b>	<b>203</b>
Fair Value of Plan Assets	1,192	0	1,192
Present Value of Funded Liabilities	0	(2,134)	(2,134)
Present Value of Unfunded Liabilities	0	0	0
<b>Closing Position at 31 March</b>	<b>1,192</b>	<b>(2,134)</b>	<b>(942)</b>

\* The current service cost includes an allowance for administrative expenses of 0.5% of payroll.

## NOTE 24 – PENSION COSTS (continued)

### The Major Categories of Plan Assets as a Percentage of Total Plan Assets

The actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets, and to further break them down between those with a quoted price in an active market, and those that are not quoted. The asset split for Gwynedd Council is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2021. The split is shown in the table below. The actuary estimates the bid value of the Fund's assets as at 31 March 2022 to be £2.734bn based on information provided by the Administering Authority and allowing for index returns where necessary. Only a portion of the Fund is relevant to the NWEAB.

### Fair Value of Employer Assets

The asset values below are at bid value as required under IAS 19.

Asset Category	At 31 March 2022			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£'000	£'000	£'000	%
<b>Equity Securities</b>				
Consumer	0	0	0	0
Manufacturing	0	0	0	0
Energy and Utilities	0	0	0	0
Financial Institutions	0	0	0	0
Health and Care	0	0	0	0
Information Technology	0	0	0	0
Other	0	0	0	0
<b>Private Equity</b>				
All	0	67	67	6
<b>Debt Securities</b>				
Other	0	0	0	0
<b>Real Estate</b>				
UK Property	0	102	102	9
Overseas Property	0	0	0	0
<b>Investment Funds and Unit Trusts</b>				
Equities	0	758	758	63
Infrastructure	0	23	23	2
Other	0	238	238	20
<b>Cash and Cash Equivalents</b>				
All	4	0	4	0
<b>Total</b>	<b>4</b>	<b>1,188</b>	<b>1,192</b>	<b>100</b>

## NOTE 24 – PENSION COSTS (continued)

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, life expectancy and salary levels. Life expectancy is based on fund-specific projections called VitaCurves with long-term improvement assumed to have already peaked and converging to 1.5% per annum.

Both the Gwynedd Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. Estimates for the Gwynedd Pension Fund were based on the latest full valuation of the scheme as at 31 March 2019. The significant assumptions used by the actuary in the following table have had a significant impact on the values of the assets and liabilities as follows:

	<b>31 March 2022</b>
<b>Financial Assumptions</b>	<b>% p.a.</b>
Pensions Increase Rate	3.15
Salary Increase Rate	3.45
Inflation Rate	3.15
Discount Rate	2.75
Long-term expected rate of return on all categories of assets	2.75
<b>Take-up option to convert annual pension into retirement lump sum</b>	
for pre-April 2008 service	50
for post-April 2008 service	75
<b>Mortality assumptions</b>	<b>Years</b>
Longevity at 65 for current pensioners	
Men	21.3
Women	23.7
Longevity at 65 for future pensioners	
Men	22.4
Women	25.7

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme liabilities as at 31 March 2022 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided in this note.

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Joint Committee of a one-year increase in life expectancy. For sensitivity purposes this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

## NOTE 24 – PENSION COSTS (continued)

The figures in the table below have been derived based on the membership profile of the Joint Committee as at 31 March 2019, the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

<b>Impact on the Defined Benefit Obligation in the Scheme</b>		
<b>Change in assumption</b>	<b>Approximate increase to Defined Benefit Obligation</b>	<b>Approximate monetary amount</b>
	<b>31 March 2022</b>	<b>31 March 2022</b>
	<b>%</b>	<b>£'000</b>
0.1% decrease in real discount rate	3	55
1 year increase in member life expectancy	4	85
0.1% increase in the salary increase rate	1	27
0.1% increase in the pension increase rate	1	55

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

### Impact on the Joint Committee's Cash Flows

One of the objectives of the scheme is that employer contributions should be kept at as constant a rate as possible. Gwynedd Council has agreed a strategy with the fund's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis.

The contributions paid by the Joint Committee are set by the Fund Actuary at each triennial valuation (the most recent being as at 31 March 2019), or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2022 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Joint Committee, please refer to the 2019 actuarial report dated 31 March 2020.

### Information about the Defined Benefit Obligation

	<b>Liability Split</b>	
	<b>31 March 2022</b>	
	<b>£'000</b>	<b>%</b>
Active Members	2,116	99.2
Deferred Members	18	0.8
Pensioner Members	0	0.0
<b>Total</b>	<b>2,134</b>	<b>100.0</b>

The above figures are for funded obligations only and do not include unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2019. The weighted average duration of the defined benefit obligation for scheme members is 30 years, 2021/22.

### Impact in Future Years

The total contribution expected to be made to the Local Government Pensions Scheme by the Joint Committee in the year to 31 March 2023 is £159k.

As the Actuary's report is based on estimates and due to timing issues, an adjustment of £2,666 has been made in 2021/22, to bring the deficit in the Scheme based on the Actuarial figures in line with the liability related to the defined benefit pension schemes in the Balance Sheet. This adjustment has been treated as Actuarial Gains and Losses

## **NOTE 24 – PENSION COSTS (continued)**

on Pension Assets and Liabilities and therefore has been included in the Liability related to the defined benefit Pension Schemes in the Balance Sheet.

## **NOTE 25 – EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts was authorised by the Head of Finance on 30 June 2022. Events taking place after this date are not reflected in the financial statements or related notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect its impact.

## Glossary

**Actuarial Gains and Losses** – For a defined benefit pension scheme, the changes in actuarial surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

**Asset** – Items of worth that are measurable in terms of value.

- A current asset will be consumed or will cease to have material value within the next financial year.
- A non-current asset provides benefit to the Joint Committee and to the services it provides for a period of more than one year.

**Balances (or Reserves)** – These represent accumulated funds available to the Joint Committee. Some balances (reserve) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities.

**Capital Adjustment Account** – A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

**Capital Expenditure** – Expenditure on the procurement of a non-current asset, which will be used in providing services beyond the current accounting period or expenditure that adds to, and not merely maintains, value of an existing non-current asset.

**Capital Financing** – Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

**CIPFA (Chartered Institute of Public Finance and Accounting)** – The professional institute for accountants working in the public sector.

**Creditors** – Amounts owed by the Joint Committee for work done, goods received or services rendered, for which payments have not been made by the end of that accounting period.

**Current Service Cost** – The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

**Debtors** – Amount owed to the Joint Committee for work done, goods received or service rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

**Defined Benefit Scheme** – A pension or other retirement benefit scheme other than a defined contribution scheme.

**Defined Contribution Scheme** – A pension or other retirement benefit scheme into which an employee pays regular fixed contributions as an amount or as a percentage of pay, and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employees benefits relating to the employee Service in the current and prior periods.

**Depreciation** – A measure of the cost of the economic benefits of the tangible fixed assets consumed during the period.

**Fair Value** – The price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**General Fund** – This is the main revenue fund of the Joint Committee and it includes the net cost of all services financed by partners' contributions and Government grants.

**International Financial Reporting Standards (IFRS)** – A suite of accounting standards used across the world. They must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

**Liability** – Amounts due to individuals or organisations which will have to be paid at some time in the future.

**Related Parties** – Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.



# Agenda Item 7



## 2022 Audit Plan – North Wales Economic Ambition Board Joint Committee

Audit year: 2021-22

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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# 2022 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

- 2 I complete work each year to meet the following duties.

## Audit of financial statements

- 3 Whilst the North Wales Economic Ambition Board Joint Committee (the Joint Committee) has previously prepared a minor Joint Committees Annual Return, this will be the first year that the Joint Committee will be producing full financial statements. We will audit the financial statements to make sure that public money is being properly accounted for.

## Value for money

- 4 The Joint Committee has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

## Impact of COVID-19

- 5 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 6 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

## Audit of financial statements

- 7 It is my responsibility to issue a certificate and report on the financial statements. This includes:
  - an opinion on the on the 'truth and fairness' of the Joint Committee's financial statements for the financial year ended 31 March 2022; and
  - an assessment as to whether the Joint Committee's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Joint Committee.

- 8 In addition to my responsibilities for auditing the Joint Committee's financial statements, I also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).
- 9 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Joint Committee prior to completion of the audit.
- 10 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 11 There have been no limitations imposed on me in planning the scope of this audit.
- 12 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

## Audit of financial statements risks

- 13 The following table sets out the significant risks I have identified for the audit of the Joint Committee.

### Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>

Audit risk	Proposed audit response
<b>Other audit risks</b>	
<p>As the Joint Committee will be producing full financial statements for the first time, they are inherently more susceptible to material misstatements. There is also an increased risk that they do not fully comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code).</p>	<p>We will work with your team to discuss the accounting treatment of income expenditure and other balances, including contributions from constituent bodies. We will also:</p> <ul style="list-style-type: none"> <li>• verify prior-year balances and disclosures;</li> <li>• carry out detailed audit testing of income and expenditure and other balances; and</li> <li>• ensure that the financial statements have been properly prepared in accordance with the Code.</li> </ul>
<p>Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resources and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, e.g. around estimates, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>

## Performance audit

- 14 In addition to my Audit of Financial Statements, I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money.
- 15 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.

16 We also understand that the introduction of Corporate Joint Committees under the Local Government and Elections (Wales) Act 2021 may impact on future organisational structure and governance arrangements for the Joint Committee. This may result in some additional audit work on any newly introduced arrangements. Should this occur, I will discuss any potential fee implications with the Joint Committee.

**Exhibit 2: performance audit programme 2022-23**

This table summarises the performance audit programme for 2022-23

Performance audit programme	Brief description
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Joint Committee putting in place proper arrangements to secure value for money in the use of resources.</p> <p>This year the project is likely to focus on the range and availability of performance information and how the Committee uses this to assure itself that it is making the expected progress and delivering value for money in all its activities.</p>

## Statutory audit functions

17 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

18 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 19 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 20 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

- 21 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 22 The estimated fee for 2022 is set out in **Exhibit 4**.

### Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts <sup>2</sup>	12,239	1,800
Performance audit work <sup>3</sup>	10,500	0
<b>Total fee</b>	<b>22,739</b>	<b>1,800</b>

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2021 to October 2022.

<sup>3</sup> Payable April 2022 to March 2023.



- 23 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Joint Committee.
- 24 Further information can be found in my [Fee Scheme 2022-23](#).

## Audit team

- 25 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

### Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Matthew Edwards	Engagement Director	029 2032 0663	<a href="mailto:matthew.edwards@audit.wales">matthew.edwards@audit.wales</a>
Yvonne Thomas	Audit Manager (Financial Audit)	029 2267 7830	<a href="mailto:yvonne.thomas@audit.wales">yvonne.thomas@audit.wales</a>
Jeremy Evans	Audit Manager (Performance Audit)	07825 052861	<a href="mailto:jeremy.evans@audit.wales">jeremy.evans@audit.wales</a>
Sioned Owen	Audit Lead (Financial Audit)	029 2082 9338	<a href="mailto:sioned.owen@audit.wales">sioned.owen@audit.wales</a>
Alan Hughes	Audit Lead (Performance Audit)	029 2082 9349	<a href="mailto:alan.hughes@audit.wales">alan.hughes@audit.wales</a>

- 26 There are some threats to independence that I need to bring to your attention relating to the Audit Manager who is an acquaintance of a member of the Joint Committee's Executive Group. The work of the Audit Manager does not require any direct contact with the member outside of Joint Committee meetings, and appropriate steps will be implemented to ensure that any potential conflicts are

managed. With the exception of this, I can confirm that all other members of my team are independent of the Joint Committee.

## Timetable

- 27 The key milestones for the work set out in this plan are shown in **Exhibit 5**.
- 28 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Joint Committee’s accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors’ rights to inspect the accounts that are also set out in the 2004 Act.

### Exhibit 5: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	April to May 2022	June 2022
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> </ul>	July to August 2022	October 2022
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Assurance and Risk Assessment</li> </ul>	Timescales for the project will be discussed with the Joint Committee and detailed within a specific project briefing.	





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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.