
NORTH WALES ECONOMIC AMBITION BOARD 30/09/22

Present:

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

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

Chief Officers - Dylan Williams (Isle of Anglesey County Council), Jane Richardson (Conwy County Borough Council), Neal Cockerton (Flintshire Council), Ian Bancroft (Wrexham County Borough Council), Graham Boase (Denbighshire Council) and Sioned Williams (Cyngor Gwynedd).

Officers in attendance - Sian Pugh (Group Accountant - Host Authority), Iwan Evans (Monitoring Officer - Host Authority), Alwen Williams (Portfolio Director), Hedd Vaughan-Evans (Operations Manager), Nia Medi Williams (Senior Operational Officer), Robyn Lovelock (Agri-food and Tourism Programme Manager), David Mathews (Land and Property Programme Manager), Stuart Whitfield (Digital Programme Manager), Graham Williams (Decarbonising Transport Project Manager), Margret Peters (Land and Property Project Manager) and Annes Sion (Democracy Team Leader - Host Authority).

Also in attendance - Wendy Boddington (Welsh Government), Gareth Ashman (UK Government) and Rhys Horan (Welsh Government)

1. APOLOGIES

Apologies were received from Cllr Ian Roberts (Flintshire County Council).

2. DECLARATION OF PERSONAL INTEREST

A declaration of personal interest was received from Alwen Williams for item 7 – Part-time Secondment of the Ambition Board's Portfolio Director as Interim CJC Chief Executive. It was a prejudicial interest and she left the meeting during the item.

3. URGENT BUSINESS

None to note.

4. MINUTES OF THE PREVIOUS MEETING

The Chair signed the minutes of the meeting held on 15 July 2022, as a true record.

5. ANNUAL GOVERNANCE STATEMENT

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

RESOLVED

To accept and approve the Annual Governance Statement.

REASONS FOR THE DECISION

The Accounts and Audit (Wales) (Amendment) Regulations 2018 set fixed requirements on public bodies that operate partnership management arrangements through formal joint committees.

Section 5 requires the Joint Committee to review and approve a statement of internal control. The Annual Governance Statement has been prepared to comply with this requirement. The document has been produced to offer a framework to the Ambition Board's operation.

DISCUSSION

The Accounts and Audit (Wales) (Amendment) Regulations 2018 set fixed requirements on public bodies that operate partnership management arrangements through formal joint committees. It was noted that the Board is required to review and approve a statement of internal control, which highlights robust and transparent arrangements based on good practice. It was explained that this had been confirmed by Internal Audit by Cyngor Gwynedd as the Accountable Body.

6. 2022/23 REVENUE AND CAPITAL BUDGET REVIEW - AUGUST 2022

The report was presented by Sian Pugh (Group Accountant - Host Authority).

DECISION

To note and accept the Ambition Board's revenue end of August 2022 review which includes claiming a reduced amount from the North Wales Growth Deal grant in order to leave a neutral position for the year.

The Ambition Board's reserves update was noted and accepted.

It was agreed on the Ambition Board's revised capital expenditure profile and project delivery plan.

REASONS FOR THE DECISION

It was noted that an underspend of £189,048 was forecast against the revenue budget in 2022/23. Any underspend at the end of the financial year may be transferred to reduce the amount claimed from the North Wales Growth Deal Grant.

A slippage on the capital programme across the whole portfolio was noted, with a lower number of business cases approved than was originally anticipated at this point.

DISCUSSION

The report was submitted noting that an end of August 2022 review was being submitted. It was explained that the report noted the actual revenue position until the end of August 2022 and estimated the position until the end of the financial year. It was

stated that the finance department estimated an underspend of £38k on the Programme Management Office, highlighting that this was mainly due to an underspend of £11k on employee expenditure, an underspend of £18k on the Regional Engagement Team contribution and £10k underspend on the ESF evaluation report heading. Attention was drawn to the overspend under the Support Services heading of £5k and it was explained that this was due to an overspend on a legal budget.

A net underspend of £10k was estimated on the Joint Committee heading, which included an underspend of £18k on External Legal Support, a £5k underspend on External Financial Fees and an overspend of £13k on the External Audit Fees. It was noted that audit fees were based on the Audit Wales' Audit Plan that had been submitted to the Board in July, but it included a fee for the performance audit work that had not been included in the budget. It was stated that the projects heading showed an underspend of £161k, highlighting that this was due to slippage in the capital programme

In terms of income sources for 2022/23, it was noted that they included partner contributions, ESF Grant, North Wales Growth Deal Grant and other specific grants. It was explained that this would then leave an estimated position of an underspend of £189k for 2022/23. As a result, rather than claiming the full amount of £750k from the Growth Deal Grant, it was suggested that a reduced amount of £563k was claimed, which would leave a neutral position for the Board for this year.

It was stated that the estimated general reserve balance at 31 March 2023 was £552k and it was added that the Board had already approved the use of this reserve to fund the Portfolio Management Office staff until March 2024. It was expected to use £100k from the projects fund in 2022/23, which would give an estimated end of year balance of £95k. It was noted that partner interest contributions of £265k for 2022/23 would be added to the interest fund and give an estimated balance of £964k at the end of March 2023. In addition, it was noted that interest on this reserve balance as well as interest on the capital grant would be added at the end of the financial year, and due to the capital grant balance of approximately £34m as well as the increase in interest rates over recent months, this was likely to be in the region of £500k to £600k for this year.

In terms of the capital review, it was noted that the budget had been approved in March 2022, and it was expected to run until 2028/29, but it was stated that the revised profile showed that one of the projects would be running until 2032/33. Although the Digital Signal centre project was continuing, it was explained that further expenditure was predicted in 2022/23, and there had been a slippage in the capital programme across the whole portfolio with a lower number of business cases approved than had been originally anticipated. It was noted there had been a slippage of £1.86m in 2021/22, and an anticipated slippage of £26.55m in 2022/23 and £32.46m in 2023/24. It was explained that the North Wales Growth Deal grant was used to fund the Capital Programme for the first three years, and that no external borrowing would be needed until 2024/25.

Observations arising from the discussion

- Gratitude was expressed for the report and an enquiry was made about overspend in the legal field. It was noted that the department had not managed to fill a post to support the Ambition Board and had now recruited an experienced locum to undertake the work since August. It was explained that the position would be reviewed early next year and that expenditure needed to be kept under review. It was added that funding was available to employ specialist lawyers who were needed as a result of contract sizes.
- A question was asked about the Interest Reserve - as there had been a slippage in projects, was there a need to charge the money now or was it better to revisit this as a result of interest costs? It was explained that the finance department had revisited the matter as part of drawing up the

budget last year and they would revisit again as they established next year's budget. It was stated that a discussion would be needed with an external company in terms of interest rates as the department was unaware of what could happen in future.

- In terms of the budget, it was noted that the table noted that the Growth Deal was £240m and that only £156m of it was funded by the Growth Deal Grant, while the further expenditure was funded through loans. It was emphasised that all schemes were funded by the grant but the grant would not be available annually when schemes were implemented and, therefore, the loans were for cash flow, which would be repaid through a grant.

7. NORTH WALES CORPORATE JOINT COMMITTEE (CJC)- PART-TIME SECONDMENT OF THE EAB PORTFOLIO DIRECTOR AS INTERIM CJC CHIEF EXECUTIVE

The report was presented by Neal Cockerton (Chief Executive, Flintshire County Council).

DECISION

The Ambition Board

- supported the CJC's request to release the Portfolio Director's time for two days per week until 31 March 2023 on a part-time secondment basis to undertake the Interim Chief Executive role.
- That all associated employment and associated costs were covered by the North Wales CJC.
- To delegate authority to the Portfolio Director in consultation with Chair and Vice-Chair of the EAB to agree on the re-allocation of responsibilities within the Portfolio Management Office (PMO) in order to ensure that the proposed interim arrangements supported the PMO priorities and responsibility to all the EAB partner organisations.

REASONS FOR THE DECISION

A request had been made by the North Wales Corporate Joint Committee to the Ambition Board to release part of their Portfolio Director's time to fulfil the CJC Chief Executive role, initially on a temporary basis until 31 March 2023.

DISCUSSION

The report was presented noting that it submitted a request to release part of the Portfolio Director's time to fulfil the CJC Chief Executive role, initially on a temporary basis until 31 March 2023. It was explained that there was a number of outstanding matters to resolve and an individual was required to lead the work until the end of the financial year.

It was explained there was a possibility for the Board to be part of the CJC in future, and the Chief Executive's assistance was needed to provide a focus for the CJC and to ensure that work was not duplicated between the CJC and the Ambition Board. It was stated that the Corporate Joint Committee would pay employment costs and associated costs for the secondment of the Portfolio Director, which would also potentially provide a development opportunity for those within the Portfolio Management Office.

Observations arising from the discussion

- The understanding of the need to move in this direction was noted but it

was emphasised that some Members of the Board would only have support until March 2023. It was enquired what was the plan to employ a Chief Executive for the Corporate Joint Committee after this period. It was stated that the interim Chief Executive would need to develop the role, along with expectations and arrangements during this period.

- It was asked what was the plan from March 2023 onwards. It was noted again that it was part of the interim Chief Executive's role to understand the role and to put a job advertising system in place.
- A number of questions were asked that were currently unanswerable and that this would provide a pragmatic answer for the situation, and it was highlighted that a six-month period would fly by.
- It was emphasised that it was clear that appointing a long-term Chief Executive would take time and, therefore, reports would be submitted regularly to provide updates to the Board.

8. REGIONAL ENERGY STRATEGY - ACTION PLAN

The report was presented by Rhys Horan, Strategic Lead (Welsh Government Energy Service).

DECISION

To approve the draft Action Plan.

To approve the proposed governance arrangements for overseeing delivery of the Regional Energy Strategy and Action Plan.

To approve the Action Plan to be considered by each Local Authority.

REASONS FOR THE DECISION

The North Wales Energy Strategy was endorsed by the Ambition Board and the Welsh Government's Minister for Climate Change in March 2021. It was stated that the development of the Action Plan was the next stage of the regional energy planning process and was directed at translating priorities into strategic actions and interventions.

DISCUSSION

The report was submitted and it was noted that this report was an important step forward in terms of Regional Energy. It was explained that the Regional Energy Strategy had been accepted by the Board last year and that they were submitting the Draft Action Plan today. It was emphasised that North Wales was leading the way in terms of work in this field.

It was noted that the strategy accepted last year highlighted the main priorities as did the Action Plan. It was explained that discussions held had highlighted the need to consider the industrial sector and, therefore, it had been included. It was stated that the Action Plan highlighted how it was possible to move the priorities within the strategy to specific actions.

It was explained that the Action Plan was part of the whole picture, emphasising that it conveyed energy targets that corresponded with national policies. Following this, it was emphasised that local schemes would be developed over the next few months before being submitted to local authorities. It was noted that the work of creating the document had been supervised by a task and finish group where clear support was seen from

stakeholders.

It was emphasised that the document highlighted who was qualified to move the plan forward, along with the timetable and the financial element. It was explained that a number of actions had already been funded or did not anticipate the need for additional funding.

In terms of Governance, it was stated that the Task and Finish Group had now delivered its task and it would be adapted to become a Project Group to supervise the work and to agree on arrangements to report on progress. It was noted that the Welsh Government had agreed to fund three new posts to support with the work and to assist with progress reporting.

It was highlighted that developing the energy system was a journey and that this plan was part of the journey.

Observations arising from the discussion

- In terms of the three new posts, an enquiry was made as to whether there would be financial requirements for the Board. It was noted that the three new posts would be funded by the Welsh Government, and it was emphasised that there was no financial commitment for the Board at present.
- It was agreed that this report would be submitted to the Business Delivery Board.
- It was stated that the current high-level Plan, which got things in order, was in place. It was noted that more operational plans would be shared in due course.

9. NORTH WALES GROWTH DEAL - HORIZON SCANNING

The report was presented by Alwen Williams, Portfolio Director and Hedd Vaughan-Evans, Operations Manager.

DECISION

To agree with the principles and proposed process as noted in the report as a basis to the process for identifying the preferred way forward when projects are withdrawn from the North Wales Growth Deal. It was agreed that the Board, following the withdrawal of any project from the Growth Deal, would receive a further report to recommend the parameters and scoring criteria for any horizon scanning exercise on a case by case basis.

REASONS FOR THE DECISION

The North Wales Growth Deal had a change management process in place to ensure potential changes to the scope of the Growth Deal and the projects were captured, assessed and, where relevant, considered by the Board. The report outlined the principles as well as the proposed process to identify the preferred way forward when projects were withdrawn from the North Wales Growth Deal.

DISCUSSION

The report was submitted noting that it outlined the principles for alternative projects when projects would be withdrawn from the North Wales Growth Deal. It was noted as follows:

1. Principle 1: Before considering new projects, the Board will initially consider

applications from existing projects for additional funding, on a case by case basis.

2. Principle 2: As part of the horizon scanning exercise, all options should be considered as part of the process to identify the preferred way forward.
3. Principle 3: The preferred way forward must deliver against the business case targets of the portfolio and seek to deliver a comparative level of benefits for the project that is withdrawn from the Growth Deal.
4. Principle 4: The preferred way forward must deliver against the relevant business case of the programme and get to grips as much as possible with the void left as the project is withdrawn from the Growth Deal.
5. Principle 5: Any new projects in the preferred way forward must be able to demonstrate the regional impact in the same way as existing projects.

It was stated that the principles were supported by a process and the three key stage process was highlighted. In terms of the first stage - Horizon Scanning - the need to agree on criteria, scoring and weighting was noted, highlighting the need to include targets for jobs, investment and delivery criteria. It was explained there would be a public call for projects and an initial hard gate assessment would be carried out by the Portfolio Director to remove any proposals that do not meet a required level of outcomes.

As the second stage - Longlisting and Shortlisting - it was noted there would be an assessment of the longlist against criteria to agree and identify a shortlist. Additional information would be requested from the projects in order to submit a short list assessment to the Ambition Board to identify the way forward.

The final stage would involve approving and developing business cases. It was noted that a recommendation would be proposed to the Ambition Board prior to the commencement of creating a business case.

Observations arising from the discussion

- In terms of giving an opportunity to existing projects to receive more funding as a result of projects being withdrawn from the Growth Deal, an enquiry was made as to what would be the next steps for these plans? It was noted that the Board would consider these applications before proceeding to the horizon scanning exercise.
- The plan was welcomed and it was enquired how realistic it was to have new projects that would meet the specific requirements of the schemes. It was noted that the projects would possibly not be similar ones but rather a collection of smaller schemes.
- It was noted that specific projects were the decision of the Board but they needed to reach the targets noted in the Growth Deal.
- It was agreed for the report to be submitted to the Business Delivery Board.

10. CHANGE CONTROL: BODELWYDDAN KEY STRATEGIC SITE PROJECT

The report was presented by Hedd Vaughan-Evans (Operations Manager) and David Mathews (Land and Property Programme Manager).

DECISION

To agree to formally withdraw the Bodelwyddan Key Strategic Site project from the North Wales Growth Deal and notify the Welsh Government and UK Government of the decision.

It was agreed that the Board noted that funding provisionally allocated to the project was retained with the North Wales Growth Deal and that the decision on a replacement project or projects was a matter for the Ambition Board to determine.

The Portfolio Management Office was requested to bring forward a paper to a future meeting setting out the process for selecting a replacement project for the Board to consider.

REASONS FOR THE DECISION

The project Outline Planning Consent as originally scoped of 1,700 plus residential units, 26 ha of employment land, local centre, school, medical centre, hotel, extra care home, recreation and leisure uses lapsed in March 2021. Both private sector developers had withdrawn from the project before the permission lapsed.

It was explained that the project was one of six within the Land and Property programme and was estimated to deliver 26 ha of employment land, 1,715 new homes, primary school, local centre, recreation and leisure facilities, 576 jobs, £20m pa GVA and circa £185m capital investment.

Consequently, the Board was asked to remove the project from the North Wales Growth Deal.

DISCUSSION

The report was submitted noting that it was a request to formally withdraw the Bodelwyddan Key Strategic Site project from the North Wales Growth Deal. It was stated that this was a major scheme and it was highlighted that a number of changes had been undertaken following a Review of Denbighshire's Local Development Plan for 2023.

It was explained that household information had been updated for the 2023-33 period and the Employment Land Survey 2021 for the same period estimated that demand for new housing and employment land for the Bodelwyddan project had reduced to 400 homes from 1715 back in 2016. It was also added that planning permission had lapsed back in March 2021 and the developer had withdrawn. It was stated that the timeline to adopt the Local Delivery Plan, that had also been reviewed, had been extended and it was estimated that the new Plan would not be adopted until mid-2025. As a result, it was explained that the work would not commence until mid-2028 at the earliest.

It was explained that a discussion had been held by the Programme Board and that they recommended withdrawing it and earmarking the funding within the Growth Deal in order for the Portfolio Management Office to submit a paper to a future meeting outlining the process for selecting a replacement project for the Board to consider.

Observations arising from the discussion

- It was stated that it must be accepted that some schemes would not proceed and that the horizon scanning process needed to commence as soon as possible.

11. CHANGE CONTROL: MORLAIS

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

DECISION

The request to change was approved.

As it was a request to change, it was noted that Menter Môn would need to develop and submit a new outline business case for the Board to consider.

REASONS FOR THE DECISION

In May 2021, the Ambition Board approved an outline business case (OBC) for £9m funding towards the Morlais B development. Due to a combination of funding constraints, the OBC was withdrawn by Menter Môn in Autumn 2021. Following the withdrawal of the OBC, Menter Môn had prepared a change request seeking support from the Board to retain the £9m earmarked from the Growth Deal Low Carbon Energy Programme. This would enable Menter Môn to develop and submit a revised outline business case for a revised project called the Cydnerth Project. As per the North Wales Growth Deal's change control process, this proposal required approval from the Board

DISCUSSION

The report was submitted, noting that this proposal requested a project change. It was explained that this was the first OBC approved by the Board but it had been withdrawn due to a combination of WEFO funding constraints and state aid rules. It was noted that Menter Môn received funding from WEFO to be able to provide infrastructure on the land, but funding had not been secured to further extend the scheme. It was stated that Menter Môn had submitted an application to the Board for support to change and for the £9m to be earmarked by the programme in order to allow them to submit a revised OBC.

It was noted that the original OBC included £9m from the Growth Deal and £25m from WEFO to joint fund the Scheme but the project was now proceeding with WEFO funding only. It was explained that Menter Môn was requesting the Ambition Board's support to retain the £9m earmarked from the Growth Deal in order to remove the following barriers to the scheme, namely connection to the National Grid and to monitor sub-marine environmental impacts. It was stated that the name of the revised project was the Cydnerth Project.

The revised timetable was highlighted noting that they were eager to submit the OBC next Summer, and then construction and expenditure to commence in Summer 2024. In terms of benefits and outputs that they remained the same as the original project but that they were shared between the project funded by WEFO and the Cydnerth Project. It was noted that a letter of support had been received in principle from WEFO in September.

Observations arising from the discussion

- It was noted that it was a reasonable request - to continue to invest in the scheme.
- It was noted that the project had been a Business Support Board previously and happy to see the change.
- It was emphasised that there would be no commitment to fund today until the Business Plan was received by the Board in future.

12. EXCLUSION OF PRESS AND PUBLIC

It was agreed that the press and public should be excluded from the meeting during the

discussion on the following items due to the reasons noted in paragraph 14 of Schedule 12A of the Local Government Act 1972 - information about the financial or business transactions of any specific person (including the authority that retains that information).

There was an acknowledged public interest in openness in relation to the use of public resources and related financial issues. However, it was acknowledged that there were occasions, in order to protect the financial and commercial interests that matters related to such information needed to be discussed without being publicised. The report dealt specifically with financial and business matters 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.

13. TRANSPORT & DECARBONISATION (HYDROGEN) PROJECT - NEXT STEPS

The report was presented by Graham Williams (Project Manager) and Hedd Vaughan-Evans (Head of Operations)

DECISION

The next steps for the project and the draft procurement principles were approved.

The Board delegated to the Portfolio Director, in consultation with the Chair and Vice-Chair, the authority to finalise the procurement specification and then to undertake the procurement activity on behalf of the Board.

Following the completion of the procurement process, it was noted that a recommendation would be made to the Board for approval.

REASONS FOR THE DECISION

The project was currently running in line with the preferred way forward that was endorsed by the Economic Ambition Board in April 2022.

The next step was to seek Ambition Board approval to move onto the next phase and procure a project sponsor.

DISCUSSION

The report was discussed.

The meeting commenced at 2.30 pm and concluded at 4.20 pm

CHAIRMAN