



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD
5th FEBRUARY, 2021

TITLE: *North Wales Growth Deal – Funding and Business Case Processes*

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1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to update the North Wales Economic Ambition Board on the relevant processes for approving project business cases and securing the annual drawdown of funding.

2. DECISION SOUGHT

- 2.1. That the Board notes the contents of the report.

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. This report provides an overview of the process agreed by UK and Welsh Government for the annual funding approval and the approval of individual business cases.

Annual Funding – Approval Process

- 4.3. To secure the annual drawdown of funding the North Wales Economic Ambition Board will need to demonstrate the progress made each year through the submission of a set of key documents to both governments. These documents include:
- Annual Report on the Deal;
 - Updated Integrated Assurance and Approvals Plan
 - Updated Portfolio and Programme Business Cases
 - Latest Gateway 0 Report for the Growth Deal
 - Updated Implementation Plan
 - Updated Monitoring and Evaluation Plan
- 4.4. Once submitted, both Governments would take the documentation through their internal approval processes. There may be a requirement for the NWEAB to present or provide further information as part of the process. Following approval, the Welsh Government would issue a Grant Award Letter to enable the drawdown of funding.

Project Business Cases – Approval Process

- 4.5. Project business cases must be developed to the 5 Case Business Model according to Welsh Government and HM Treasury guidelines. These business cases are developed in three stages – Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC).
- 4.6. Each of the five cases within this model serves a specific purpose:
- Strategic Case – is the proposal needed?
 - Economic Case – is the proposal value for money?
 - Commercial Case – Is the proposal viable?
 - Financial Case – Is the proposal affordable?
 - Management Case – Is the proposal achievable?
- 4.7. While the NWEAB is the decision making body for the Growth Deal in approving business cases, the UK and Welsh Government will review and approve the assurance process undertaken by each project.
- 4.8. There are three key elements to the assurance process for business cases:
- Business Case Development Process – developing a high quality business case according to the guidance, undertaking the relevant workshops and using specialist expertise where required.
 - Internal Assurance – consideration through the relevant project board, programme board, portfolio board, and the Portfolio Management Office.
 - External Assurance – through Gateway Reviews.
- 4.9. Gateway Reviews are a key part of the assurance process. They are independent reviews undertaken at key decision points in the lifecycle of a project:
- Gateway 1 – Business Justification. Aligned to the Strategic Outline Case (SOC).
 - Gateway 2 – Delivery Strategy. Aligned to the Outline Business Case (OBC).
 - Gateway 3 – Investment Decision. Aligned to the Full Business Case (FBC).
 - Gateway 4 – Readiness for Service. Post construction, but pre-service delivery.
 - Gateway 5 – Operational Review and Benefits Realisation.
 - PAR – Project Assessment Review. Flexible and used where projects fall between traditional Gateways.
- 4.10. The majority of Growth Deal projects due to their maturity and the existence of the Portfolio and Programme Business Cases will progress to OBC stage.
- 4.11. The NWEAB in approving an Outline Business Case (subject to government approval of the assurance process) will enable the project to progress the requirement procurement activity. This will enable the Full Business Case to be developed, providing increased certainty on cost, timescales and benefits. Once the Full Business Case has been approved, delivery can commence.

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“No observations to add in relation to propriety.”

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

“As noted in paragraph 1.1, the report outlines the procedures to follow in securing the annual grant receipts.”