



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD
25 March 2022

TITLE: PORTFOLIO MANAGEMENT OFFICE – STRUCTURE AND CONTRACTS

AUTHORS: Alwen Williams, Portfolio Director
Hedd Vaughan-Evans, Operations Manager

1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to present a proposal and rationale to the Board for the extension of fixed term contracts within the Portfolio Management Office.
- 1.2. The Board has a responsibility for ensuring adequate resources are in place for the delivery of the North Wales Growth Deal.

2. DECISION SOUGHT


- 2.1. That the Board approve the principle of extending the fixed term contracts within the Portfolio Management Office until 31 March 2024 and request that the Portfolio Director action this with immediate effect.
- 2.2. That the Board note that costs for this extension will be met from existing funding sources (including reserves) and will result in no additional financial ask on partners.
- 2.3. That the Board note that delegated authority has previously been provided [January 2020] to the Portfolio Director to make changes to the Portfolio Management Office structure in consultation with the Chief Executive of the Host Authority and the Statutory Finance Officer to amend the structure as required within the funding envelope.
- 2.4. That the Board note that the resource requirements of the Portfolio Management Office for the delivery of the Growth Deal post March 2024 will be part of a review of regional resources to be carried out by the Executive Officers Group which will also take into consideration the wider implications of the Regional Economic Framework, Shared Prosperity and other funding sources and the Corporate Joint Committee.

3. REASONS FOR THE DECISION

- 3.1. As stated in the report.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

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

- 
- 4.2. The ESF grant secured is until the end of June 2023 and the majority of staff within the Portfolio Management Office are on fixed term contracts until 30 June 2023.
 - 4.3. This represents a significant risk for the Portfolio Management Office as staff who are key to delivering the North Wales Growth Deal are approaching the final 12 months of their contracts and could seek other opportunities with a greater degree of contractual certainty.
 - 4.4. The Growth Deal is at a key stage as we start to move project development to delivery. It was always envisaged that the ESF funding would enable the Growth Deal to reach the delivery phase. As a result of a number of factors including the pandemic, project development delays and recruitment challenges the Growth Deal is approximately 12 months behind the original delivery timetable. With one project already in delivery, the next 24 months are crucial in terms of moving the remaining projects forward to the delivery phase where we begin to realise the benefits for North Wales.
 - 4.5. The Portfolio Management Office has managed to recruit high calibre staff over the past 18 months despite the recruitment challenges facing all sectors. While staff turnover is normal challenge for any organisation, the significant proportion of staff on fixed term contracts in the Portfolio Management Office does increase the potential impact caused by staff departures. It should also be noted that recruiting any replacement staff would be increasingly difficult due to the shorter length of the fixed term contracts and there would likely be a delay to project delivery as a result of the need to recruit and train new staff.
 - 4.6. The risk of losing staff and/or delivering with a reduced capacity at this point in time is significant. The proposal for a 9-month extension to these contracts is a short-term risk mitigation action, that would reduce the risk of staff leaving while the region considers the longer-term resource requirements of regional work. The proposed extension would provide the capacity within the Portfolio Management Office to enable the majority of projects to commence delivery as per the original timetable.

5. FINANCIAL IMPLICATIONS

- 5.1. The cost of the 9-month extension has been estimated at £602k and would be funded from existing resources including using existing reserves, the capitalisation of some project manager salaries for projects in delivery, use of the Growth Deal grant and through budget reductions in other operational areas (e.g. communications and marketing).
- 5.2. Extending the fixed terms contracts would increase the exposure of the Board to potential redundancy costs in the future. At present a proportion of redundancy costs could be claimed from the ESF grant for staff being made redundant at June 2023. This is estimated at £26k. This would be an additional cost for the Board. Should the Board agree the extension, redundancy costs for those on fixed term contracts in March 2024 have been estimated at £153k with sufficient reserves remaining to cover this cost.

6. LEGAL IMPLICATIONS

- 6.1. There are no direct legal implications arising from the report.

APPENDICES:

None

STATUTORY OFFICERS RESPONSE:

- i. Monitoring Officer – Host Authority:**
No observations in relation to propriety

- ii. Statutory Finance Officer (the Host Authority’s Section 151 Officer):**
Part 5 of the report explains the source of the additional funding required to fund this change, and I can confirm the accuracy of what is reported. I am satisfied that the combination of funding methods described is sufficient to fund the proposed changes. The report also sets out the main risks in place should the Board decide, or not, to implement the decision sought, and I am satisfied that this is a fair reflection of the situation.