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**REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD**  
**3<sup>rd</sup> FEBRUARY 2023**

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**TITLE:** North Wales Growth Deal – Quarter 3 Performance and Risk Report  
**AUTHOR:** Hedd Vaughan-Evans, Head of Operations

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**1. PURPOSE OF THE REPORT**

- 1.1. The purpose of the report is to present the Quarter 3 (October - December) 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 3 Performance Report and updated Portfolio Risk Register.
- 2.2. That the Board approves the submission of the Quarter 3 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 Economic Ambition Board 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 3 Performance Report
  - Portfolio Risk Register – January 2023
- 4.4. North Wales Growth Deal – Quarter 3 Performance Report
  - 4.4.1. The Quarter 3 performance report provides an overview of progress on the Growth Deal programmes and projects.

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- 4.4.2. This quarter saw the approval of the updated Portfolio Business Case and the submission to Welsh and UK Governments as part of the annual award of funding process.
- 4.4.3. Following the withdrawal of the Bodelwyddan Key Startegic Site and Llysfasi Net Zero Farm projects from the Growth Deal, the Economic Ambition Board made some key decisions regarding the reallocation of the funding within the deal. Firstly, a Portfolio Delivery Fund for 2023-24 has been established to support mature projects within the portfolio dealing with cost inflation or viability issues to move into delivery. Secondly, the Board agreed the criteria and an allocation of £13m for the project replacement process which is to be launched in early 2023. This is an exciting opportunity to identify new ambitious, innovative and transformational projects for the Growth Deal and to deliver jobs and investment in the region.
- 4.4.4. The Quarter 3 update is showing projects reporting against the revised portfolio delivery profile approved by the Board in September 2022. Four projects are currently reporting as red due to either risks to the project scope or significant delays to project timescales:
- Connecting the last few % - the project is faced with moderate issues, including delay to the timeline for Full Business Case, and a delay in the procurement schedule as market engagement period was extended. The issues are being addressed by the project team.
  - Low Carbon Energy Centre of Excellence (Egni) – project under review due to Bangor University developing a proposal to deliver the project in two phases. Phase 2 of the project remains under review with a decision on this element of the project expected during Quarter 4.
  - Glynllifon Rural Economy Hub – planning permission to be secured and potential funding gap due to escalating capital build costs.
  - Centre for Environmental Biotechnology – project development paused due to match funding issue and exploring alternative locations for the project.

#### 4.5. Portfolio Risk Register – December 2022

- 4.5.1. The Portfolio Risk Register is updated on a regular basis by the Portfolio Management Office and reviewed by the Portfolio Board and the North Wales Economic Ambition Board on a quarterly basis.
- 4.5.2. The risk register has been fully updated with a number of changes recorded in the documents, including revised risk descriptions, revised scoring and mitigating actions, and the commentary has been updated for all risks.
- 4.5.3. While the risk profile has remained stable over the past quarter, two residual risk ratings have increased. Capacity to deliver and revenue funding has increased, with the European Social Fund (ESF) funding ending in June 2023 and a number of Portfolio Management Office staff on fixed term contracts due to end in March 2024, both could have a significant impact on the successful delivery of the Growth Deal.

## 5. **FINANCIAL IMPLICATIONS**

- 5.1. There are no financial implications arising directly from approving the decision sought in this report.

5.2 The revised delivery and expenditure profile approved by the Board in September is included in the quarterly report.

## 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:

**Appendix 1** North Wales Growth Deal – Quarter 3 Performance Report

**Appendix 2** Portfolio Risk Register – January 2023

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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):**

“I am satisfied that the report is a fair reflection of the financial situation of Ambition North Wales.”