



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD
3rd FEBRUARY 2023

TITLE: Egni Change Request and Project Replacement Process Update
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1. PURPOSE OF THE REPORT

1.1. The purpose of the report is to set out the Egni change request and proposed impact on the project replacement project

2. DECISION SOUGHT

2.1. To agree to the change request submitted by Bangor University to retain phase 1 of the Egni project within the North Wales Growth Deal and withdraw phase 2 of the project.

2.2. Subject to agreeing 2.1, allocate the funding released from Egni Phase 2 to the project replacement process and to extend the scope as set out in this report.

2.3. To agree the scope and minimum requirements for replacement Low Carbon Energy projects as set out in the report.

2.4. To agree to the revised timetable set out in this report for the project replacement process including a formal launch in February 2023.

2.5. To delegate authority to the Portfolio Director to implement the Project Replacement Process as set out in this report and to undertake all necessary steps required to finalise the documentation required to commence the process.

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. The North Wales Growth Deal has a change management process in place to ensure potential changes to the scope of the Growth Deal and the projects are captured, assessed and where relevant considered by the Board.

4.3. The Final Deal agreement sets out the board position in relation to potential replacement projects:

“Any new or replacement projects to be brought forward for consideration must demonstrate delivery against the relevant programme business case and the objectives of the portfolio business case. Where those projects are within the existing agreed financial envelope for the partnership, those projects would be a matter for the Economic Ambition Board to decide.”

- 4.4. In December 2022, the Board agreed the criteria for the original project replacement process to be launched on the 16th January. The Portfolio Director, in consultation with the Chair of the Economic Ambition Board took the decision to delay the process having been informed on the change request to be submitted by Bangor University regarding the Egni project which would have implications for this process.
- 4.5. The Egni project with Bangor University has been reporting red for over 12 months and has been under review by the Portfolio Management Office. A two-phase approach to the project was being explored with the University to accelerate delivery.

Egni Change Request

- 4.6. The original scope of the Egni project was to invest 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.
- 4.7. As a result of delays to the development of the business case, escalating costs and a lack of certainty regarding the wider Bangor University estates strategy, the Portfolio Management Office have been working with the University to develop a phased approach to the project. Phase 1 would focus on the smaller development at the Menai Science Park, with Phase 2 comprising of the wider Bangor University campus facilities.
- 4.8. Bangor University have submitted a change request to the Economic Ambition Board to retain phase 1 (new development at Menai Science Park) within the Growth Deal and to withdraw Phase 2 (wider University campus development). The change request from the University is included as Appendix A.
- 4.9. Phase 1 of the project would see a £4m Growth Deal investment to create a new building and facilities at the Menai Science Park aligned to the original scope of the project and would deliver 49 net jobs and £4m in match funding. A comparison of the original project and the revised Egni Phase 1 scope is set out below:

	Original 2020 Portfolio Business Case	Change Request
Growth Deal Funding	£21m	£4m
Total Investment	£97.7m*	£8m
Net Jobs	20	49

** Forecast was revised to £41m since the original Portfolio Business Case was approved, however this change was never approved by the Board as the project remained under review.*

- 4.10. The PMO supports the change request as the revised project still delivers on the objectives of the programme and on job creation. The significant reduction in total investment is partially mitigated by the release of £17m which can be used to attract new projects to the Growth Deal. This recommendation was endorsed by the Portfolio Board on 20th January 2023 for consideration by the Economic Ambition Board.

Impact on Project Replacement Process

- 4.11. The withdrawal of phase 2 would release approximately £17m, which subject to a decision from the Economic Ambition Board could be included within the project replacement process creating an overall funding pot of approximately £30m for new projects to apply for.
- 4.12. The scope of the project replacement process would be extended to include the Low Carbon Energy programme (in addition to Land and Property and Agri food and Tourism programmes approved in December 2022) and a set of minimum requirements for this programme are included as Appendix B.
- 4.13. Proposed scope is the three programmes outlined above, however proposals would be considered for Digital Connectivity and Innovation in High Value Manufacturing where projects can demonstrate significantly more impact in terms of jobs and investment than the minimum criteria set out for the other programmes.
- 4.14. All other principles approved by the Board in December 2022 remain unchanged.

Timescales

- 4.15. A provisional timescale is included below, subject to Board decision on the 3rd February. The length of time required to complete assessment activities will be dependant on the number of proposals received.

Activity	Timescales
Horizon Scanning Launch	Mid-February 2023
Horizon Scanning Close	End of March 2023 (approx. 6 weeks)
Hard gate, Longlisting and Shortlisting	April 2023
Seek further information from shortlisted projects	May 2023
Shortlist Assessment and Economic Ambition Board Decision	June 2023

5. FINANCIAL IMPLICATIONS

- 5.1. Funding that has been provisionally allocated to a project that is withdrawn from the North Wales Growth Deal is retained within the wider portfolio and the decision on a replacement project or projects is a matter for the Economic Ambition Board to determine.

6. LEGAL IMPLICATIONS

- 6.1. The Final Deal agreement agreed between the Economic Ambition Board partners, Welsh Government and UK Government sets out the broad parameters that a process for identifying new or replacement projects must adhere to.
 - 6.2. In line with Governance Agreement 2 and the Overarching Business Plan, the reallocation of funding within the Growth Deal is a matter for the Economic Ambition Board to decide upon within the agreed affordability envelope for the partnership and where the projects deliver against the objectives of the Growth Deal and its programmes.
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APPENDICES:

Appendix 1	Egni Change Request
Appendix 2	Low Carbon Energy – Minimum Requirements
Appendix 3	Egni Withdrawal Letter from Bangor University

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“I am satisfied that the decision sought is appropriate and in accordance with Ambition Boards role.”

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

“I am satisfied that the report is a fair reflection of the situation, and correctly outlines the latest situation with regards to this project and the financial effect on the work programme of the Ambition Board.”