
NORTH WALES ECONOMIC AMBITION BOARD 3/02/23

Present:

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

Advisors – Paul Bevan (Grŵp Llandrillo-Menai), Dr Maria Hinfelaar (Glyndŵr University), Askar Sheibani (Business Delivery Board) and Chris Drew (Bangor University).

Chief Officers - Dylan Williams (Isle of Anglesey County Council), Rhun ap Gareth (Conwy County Borough Council), Neal Cockerton (Flintshire Council), Dafydd Gibbard (Cyngor Gwynedd), Ian Bancroft (Wrexham County Borough Council) and Graham Boase (Denbighshire County Council).

Officers in attendance - Dewi Morgan (Statutory Finance Officer - Host Authority), Iwan Evans (Monitoring Officer - Host Authority), Alwen Williams (Portfolio Director), Hedd Vaughan-Evans (Operations Manager), Nia Medi Williams (Senior Operational Officer), Sian Pugh (Group Accountant - Corporate and Projects - Host Authority), David Mathews (Land and Property Programme Manager), Stuart Whitfield (Digital Programme Manager), Graham Williams (Energy and De-carbonisation Project Manager), Henry Aron (Energy Programme Manager), David Roberts (Chair of North Wales Regional Skills Partnership), Sian Lloyd Roberts (Regional Skills Manager) and Eirian Roberts (Democracy Services Officer).

Observers - Dewi Williams (Welsh Government), Gareth Ashman and Darnley Reid (UK Government)

The substitutes and representatives of both Governments were welcomed to the meeting.

1. APOLOGIES

Apologies were received from Councillor Llinos Medi Huws (Isle of Anglesey County Council), Dafydd Evans (Grŵp Llandrillo-Menai), Professor Edmund Burke (Bangor University) and Wendy Boddington (Welsh Government).

2. DECLARATION OF PERSONAL INTEREST

Chris Drew (Bangor University) declared a personal interest in item 7 - Egni Change Request and Project Replacement Process Update, due to the fact that the report involved the University's request to change the Egni Project.

Paul Bevan (Grŵp Llandrillo-Menai) and Maria Hinfelaar (Glyndŵr University) declared a personal interest in item 11- Portfolio Delivery Fund 2023-24 - Change Requests, as the report referred to allocating specific resources to Grŵp Llandrillo-Menai and Glyndŵr University projects, and due to the direct funding nature of the item.

The representatives were of the opinion that they were prejudicial interests, and they withdrew from the meeting during the discussion on those items.

3. URGENT ITEMS

None to note.

4. MINUTES OF THE PREVIOUS MEETING

The Chair signed the minutes of the previous meeting, held on 9 December 2022, as a true record.

5. NORTH WALES GROWTH DEAL - QUARTER 3 PERFORMANCE AND RISK REPORT

The report was submitted by Hedd Vaughan-Evans (Head of Operations) and the programme manager elaborated on the highlights of individual programmes.

RESOLVED

- 1. That the Board considers and notes the Quarter 3 Performance Report and updated Portfolio Risk Register.**
- 2. That the Board approves the submission of the Quarter 3 Performance Report to the Welsh Government and UK Government, as well as the local authority scrutiny committees.**

REASONS FOR THE DECISION

Quarterly reporting on progress against the North Wales Growth Deal is one of the requirements of the Final Deal Agreement. Following the NWEAB's consideration, the reports would be shared with Welsh Government, UK Government as well as the local authority scrutiny committees.

DISCUSSION

Details were provided about the background and relevant considerations and the consultations held.

It was enquired whether there was a plan to deal with the substantial risk that staff of the Portfolio Management Office, who were on fixed term contracts, may look for other opportunities. It was noted that there was a shortage of people with skills at present and that major companies were looking for a skilled workforce.

In response, it was noted that this was a high risk. It was explained that an investment had been made in resources within the Portfolio Management Office, and that current staff were very skilled in responding to the requirements of the UK Treasury in terms of business cases, namely the exact skills that many companies were looking for. This was being discussed with all North Wales Ambition funding partners and there was a number of potential options. It was intended to submit a paper to the Board in future offering options in terms of mitigation and responding to the risk.

Attention was drawn to a small error under the Low Carbon Energy Programme, which noted that the RAG status of the Innovative Local Energy project was green, although the logic referred to an amber score.

The officers were thanked for their detailed work in reporting back on performance and risks.

6. 2022/23 REVENUE AND CAPITAL BUDGET - END OF DECEMBER 2022 REVIEW

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

RESOLVED

1. To note and accept the NWEAB's revenue end of December 2022 review (Appendix 1 to the report), which includes using a further reduced amount from the North Wales Growth Deal grant to show a neutral position for the year.
2. To note and accept the NWEAB's reserves update (Appendix 2).
3. To agree the NWEAB's revised capital expenditure profile (Appendix 3).

REASONS FOR THE DECISION

It was noted that a further underspend of £127,078 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 used from the North Wales Growth Deal Grant.

To note the removal of two projects from the capital programme, which leaves £19.7m of the capital budget now unallocated to projects. The Board approved on 9 December 2022 for £7m of this funding to be allocated to a Portfolio Delivery Fund to support mature projects to move into delivery during 2023/24 and the remainder will be offered to new projects.

DISCUSSION

Details were provided about the background and relevant considerations and the consultations held.

Referring to the table in Appendix 3 of the report, it was noted that there was a presumption that substantial funding would start streaming into projects not allocated during 2024/25 and, therefore, there was a need for the whole proposal submission process for alternative projects to take place much faster than what had been happening so far.

In response, it was noted that one of the main considerations in terms of alternative projects was their ability to deliver. A project could not be conceptual and had to be nearing maturity for investment. The project would also have to indicate that it met the core objectives of creating new jobs within the economy, as well as bring forward private investment. They were seeking investment projects that were able to deliver against the core investment objectives, and it was believed that this had been clearly outlined in the criteria that had previously been agreed upon for new projects.

7. Egni CHANGE REQUEST AND PROJECT REPLACEMENT PROCESS UPDATE

The report was submitted by Hedd Vaughan-Evans (Head of Operations) and Henry Aron (Energy Programme Manager).

RESOLVED

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. To allocate the funding released from Egni Phase 2 to the project replacement process and to extend the scope as set out in this report.
3. To agree to the scope and minimum requirements for replacement Low Carbon Energy projects as set out in the report.
4. To agree to the revised timetable set out in this report for the project replacement process including a formal launch in February 2023.

- 5. To delegate authority to the Portfolio Director, in consultation with the Chair and Vice-chair, 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.**

REASONS FOR THE DECISION

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.

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."

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 of the change request to be submitted by Bangor University regarding the Egni project which would have implications for this process.

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.

The original scope of the Egni project was to invest in the development of infrastructure 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.

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

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).

DISCUSSION

Details were provided about the background and relevant considerations and the consultations held.

Referring to paragraph 4.9 of the report (creating a new building and facilities at the Menai Science Park), it was enquired how the number of net jobs had increased from 20 to 49 when the investment total had reduced.

In response, it was explained that it was likely that the original figures for the project had provided an estimate that was much too low in terms of the number of jobs created by the

project, and had provided an estimate that was too high in terms of the private sector investment that would be attracted by the project. This was a positive development in terms of jobs as the smaller project would provide more jobs, but was negative in terms of private sector investment. It also released the majority of the £21m from Growth Deal funding to seek alternative projects. There was originally no specific requirement in terms of match funding for projects and this varied from one project to the other, depending on their nature. Clearly, there was a general portfolio target that was based on those original figures, so that anything that derived from the Growth Deal would contribute towards those targets that were aimed for by means of any alternative project that would be selected by the Board in due course.

Referring to recommendation 2.5 in the report, which requires the delegation of authority to the Portfolio Director, in consultation with the Chair and Vice-chair, to implement the Project Replacement Process and to undertake all necessary steps required to finalise the documentation required to commence the process. A request was also made for an update to the Board within 12 months on the number of jobs, as there was a need to ascertain when jobs would be created within the project timetable in its entirety. It was also hoped that the University would work closely with industries to increase employment opportunities.

In response to a question regarding the robustness of current employment figures, it was noted that assurance processes established for business cases were much more robust than in the early days, prior to establishing the Portfolio Management Office. By now, the challenge faced by business cases, especially in terms of their wider impact in the economy, as well as the challenge through the Gateway Review Process, provided much more assurance in terms of these figures. It was further explained that the Board had only been requested to approve the request to change at present, and that the full business case for this project would be submitted to the Board meeting in March.

In response to a request for an update on the number of jobs, the intention was noted to report back to the Board on the jobs created, on an annual basis at least.

The suggestion to receive applications from projects from the Digital Connectivity and Innovation in High Value Manufacturing programme as part of the process was welcomed.

8. HYDROGEN HUB AND TRANSPORT DECARBONISATION PROJECT

The report was submitted by Henry Aron (Low Carbon Energy Programme Manager) and Graham Williams (Project Manager).

RESOLVED

- 1. To endorse the proposed process for appointing a project sponsor.**
- 2. To delegate to the Portfolio Director in consultation with the Chair, Vice Chair and Monitoring Officer the authority to finalise the documentation for the selection process for appointing a project sponsor and deliver the process on behalf of the Board.**
- 3. To note that, following the completion of the selection process, a recommendation will be made to the Economic Ambition Board for approval.**

REASONS FOR THE DECISION

The purpose of the report is to seek endorsement for delivering the process of appointing a project sponsor to deliver the project.

The agreed way forward for the project is to appoint a partner (project sponsor) by a competitive selection process to develop a business case and deliver a hydrogen hub

project. This started with a Prior Information Notice (PIN) to assess the market's appetite, capacity and capability to deliver the project in partnership with Ambition North Wales.

On 30th September 2022, the North Wales Economic Ambition Board agreed the following steps:

- To endorse the next steps for the project and the draft procurement principles;
- To delegate 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.
- To note that following the completion of the procurement process, a recommendation will be made to the Board for approval.

The Portfolio Management Office subsequently worked with a team of specialist procurement advisors from the consultancy Local Partnerships to consider the most appropriate approach for appointing a sponsor.

A number of meetings and workshops were held to discuss the potential procurement routes together with their advantages, disadvantages, and constraints. The process concluded that the use of a competitive public procurement in the context of the Public Procurement Regulations would not be the best approach for appointing a project sponsor.

Consequently, the option of utilising a process similar to the 'Replacement Projects Process' was considered as a more suitable process for appointing a sponsor. It was recommended that the process would provide a suitable alternative to a formal procurement process and would assist accelerate the process, provided that the process was implemented openly and transparently and communicated widely to potentially interested parties.

DISCUSSION

Details were provided about the background and relevant considerations and the consultations held.

In response to an observation, it was agreed that the timescale for completing the process was challenging but it would be sought to accelerate this forward as soon as possible. It was noted that a briefing event had been pencilled in for 18 April, and it would be an opportunity to learn lessons from similar processes, and also to receive questions from the market. These questions would need to be further considered and consulted upon, and our processes and documentation would possibly need to be amended slightly. It was also emphasised that it was important for the Board to understand that some external factors could change by Summer 2023, which would lead to new opportunities for all parties to discuss collaboration with other organisations, and the Clarification and Negotiation step allowed time to resolve the identified possibilities successfully, and also allow every party to address any changes in circumstances. It was currently difficult to project the timetable after appointing the sponsor as this would depend on the successful sponsor and their proposed project, the scope of the project and the timetable for delivery.

In response to a request for more assurance on the legal side, it was noted that a lot of work had gone into this matter, and that it was a very technical and innovative field. There was a desire to commission a specialist company to support the work and provide legal advice. The report identified the move from competitive public procurement to utilising a process similar to the 'Replacement Projects Process', and the main issues were regarding subsidy, and how exactly the plan was structured, so that it did not fall foul of these requirements. This was one of the next steps that would take place in terms of the legal

work with specialist support. It was fully accepted that this type of projects required an expertise in a specific field, and this was the intention.

In response to an enquiry, it was confirmed that there were sufficient resources in the budget of the Portfolio Management Office to meet costs associated with introducing the competitive process to appoint a sponsor, as they would undertake the work, and that the expertise was there. Should there be a need to bring in external expertise, there was reserve funding for this in the budgets to an extent, but clearly that funding would then be unavailable for other purposes. Therefore, it was a matter of monitoring the situation, but it was possible to fund this step, namely changing the procurement system to bring in expertise. It was further noted that it was possible to set a budget for next year, therefore, staff would be retained and work on this within the Portfolio Management Office. Also, a budget would be available in terms of developing a project to commission those experts as required over the next 12 months.

It was noted that these costs would need to be considered when setting next year's budget.

9. NORTH WALES SKILLS AND EMPLOYMENT PLAN 2023-35

The report was submitted by David Roberts (Chair of the North Wales Regional Skills Partnership) and Sian Lloyd Roberts (Regional Skills Manager).

RESOLVED to endorse the regional Skills and Employment Plan and the three priorities as set out in the plan.

REASONS FOR THE DECISION

The North Wales Skills and Employment Plan 2023-2025 has been developed to inform Welsh Government's strategic approach to the delivery of skills and employment provision in the region.

It has been produced by the North Wales Regional Skills Partnership after consultations with regional stakeholders, providers, and industry from April – September 2022.

There is a need to report to the North Wales Economic Ambition Board on the Plan.

DISCUSSION

Details were provided about the background and relevant considerations and the consultations held.

It was noted that the skills field was core to the Board's work and that the Board would be very pleased to support the work of the Skills Partnership.

It was noted that we had a social and moral duty to help over 200,000 disabled people in Wales to get access to employment, and it would be good if the Board and Skills Partnership could act on a joint level in that regard.

In response, it was noted that it was fully agreed with the observation and that the economic element was also important. There was a need to facilitate access to people from all backgrounds to the world of work, and the starting point was raising awareness and understanding of the situation. It was noted that disabled people had an enormous contribution to make, and possibly that Covid had paved the way by forcing everyone to think about employment in a more flexible manner e.g. working virtually etc. It was further noted that the Welsh Government had disability champions and that they were currently pushing this agenda forward. In this regard, the team was eager to collaborate with the

Welsh Government, and to use the programme they had to ensure that businesses and employers worked with us to get more disabled people into the workforce. A desire was also stated to collaborate with the Business Delivery Board in this regard in order to push the agenda forward.

The aspirations and priorities of the report were greatly welcomed and, as a key partner of the Growth Deal, a wish was expressed for all the work, those aspirations and priorities to be an integral part of everything carried out by the Board, and that the Board and the Skills Partnership collaborated to realise the priorities and aspirations through all of the projects.

In response, it was confirmed that the Skills Partnership would be very pleased of the opportunity to interact closer with the Board. It was further noted that the Partnership already collaborated closely with the Portfolio Management Office and contributed towards the delivery of the Growth Deal. Therefore, they wished to report to the Ambition Board quite regularly on the development of the action plan for the skills plan and to provide updates.

The wide range of stakeholders who were part of the plan e.g. from the education field, trade unions, regional bodies etc. were welcomed.

Reference was made to the Welsh Government's intention to establish the Commission for Tertiary Education and Research (CTER), which would replace the Higher Education Funding Council for Wales (HEFCW) and be responsible for strategy, funding and overseeing the sectors of further education, higher education, adult education and adult learning in the community and apprenticeships and training. It was noted that the body would be operational within a year and it would be an important interface for the Regional Skills Partnership. One of the body's first tasks would be to develop their proposed strategy for all of the post-compulsory education and training across Wales, and it was important for this strategy to correspond with what was deriving from the region. On that basis, an early discussion was needed with the body, and Maria Hinfelaar (Glyndŵr University Representative) noted that she would be very happy to contact the Chair of the Commission to make those connections.

In response, it was noted that discussions on an officers' level had already commenced, but it would be very beneficial if contact could be made with the Chair.

It was emphasised that the strategy had been written in partnership with the education sector in the region and it was considered that it was fair to say that this was the most operational partnership between education bodies and the regional skills partnership in the whole of Wales. The importance of the document was emphasised, especially for the further education sector in terms of leading the discussions with the Welsh Government, as this would be essentially important as the funding landscape diversified, and it was noted that this document was a good way of ensuring that there was no duplication across the various plans.

The observation in the document on re-skilling was welcomed and it was noted that this was important and timely, especially in light of recent news that the 2 Sisters factory in Llangefni would close.

David Roberts (Chair of the North Wales Regional Skills Partnership) and Sian Lloyd Roberts (Regional Skills Manager) were thanked for the presentation and for the work in preparing the strategy. It was noted that the Board would continue with the good and close relationship with Partnership, and it looked forward to seeing an action plan deriving from the strategy.

10. EXCLUSION OF PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion on the following item as information contained in the report is confidential as defined in section 100(A)3 of the Local Government Act 1972 on the basis that it was provided by a Government Department on terms which forbid its public disclosure.

The public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information will be disclosed.

11. PORTFOLIO DELIVERY FUND 2023-24 - CHANGE REQUESTS

The report was submitted by Hedd Vaughan-Evans (Head of Operations).

RESOLVED

- 1. That the Board agrees to the change request for the Former North Wales Hospital, Denbigh and to allocate a maximum of £3.0m extra temporarily to the project in the event that the Levelling Up bid is unsuccessful and subject to the separate approval of the Outline Business Case and Full Business Case. No further funding for the project will be allocated through the Growth Deal, any additional increase in costs will have to be incurred by the Project Sponsors.**
- 2. That the Board agrees to the change request for the Glynllifon Rural Economy Hub and to allocate a maximum of £1.97m extra temporarily to the project subject to the separate approval of the Full Business Case. No further funding for the project will be allocated through the Growth Deal, any additional increase in costs will have to be incurred by the Project Sponsors.**
- 3. That the Board agrees to the change request for the Enterprise Engineering and Optics Centre and to allocate a maximum of £1.7m extra temporarily to the project subject to the separate approval of the Full Business Case. No further funding for the project will be allocated through the Growth Deal, any additional increase in costs will have to be incurred by the Project Sponsors.**
- 4. That the Board allocates the remaining £225,000 in the Portfolio Delivery Fund to the Last Few % project subject to the separate approval of a future change request and a Full Business Case.**

REASONS FOR THE DECISION

In December 2022, the Board agreed to establish a Portfolio Delivery Fund for 2023-24 and allocated up to £7m of the funding released as a result of the withdrawal of the Bodelwyddan and Llysfasi projects to this fund to support mature projects within the portfolio dealing with cost inflation or viability issues to move into delivery during 2023-24 (subject to separate Board decisions).

The purpose of this report is to set out the change requests for additional funding to be provided through the Portfolio Delivery Fund to support the work of delivering projects during the 2023-24 financial year.

DISCUSSION

Details were provided about the background and relevant considerations and the consultations held.

The report was discussed.

The meeting commenced at 1.30 pm and concluded at 3.00 pm

CHAIR