

GWYNEDD COUNCIL

REPORT TO THE CABINET

Date of Meeting:	3 July 2018
Cabinet Member:	Cllr. Dyfrig Siencyn, Leader
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Contact Telephone Number:	01286 679685
Title of Item:	North Wales Growth Deal Bid - Progress Update and Governance Procedure

1. PURPOSE OF THE REPORT

- 1.1. The purpose of this report is to present the governance agreement which needs to be put in place in order to formalise the constitutional arrangements for the North Wales Economic Ambition Board, together with giving decision-making powers to the Board, with prescribed limits.
- 1.2. The Ambition Board co-ordinates the "Growth Deal" bid for North Wales, which involves targeting significant resources and new powers for the region, specifically in order to strengthen the economy and create employment.
- 1.3. The Cabinet's approval is sought to the Governance Agreement (first stage) subject to ratification by the Full Council.

2. DECISIONS SOUGHT

- a. That progress on the development of a Growth Deal Bid is noted and welcomed.
- b. That the first stage Governance Agreement and establishment of a Joint-Committee for the Growth Bid is approved subject to Council's approval (at its meeting on 12 July) of the arrangements for Scrutiny.
- c. That the Council be presented be presented for approval to the Council in October 2018 prior to the stage of reaching Heads of Terms with UK Government and Welsh Government.
- d. That delegated authority be given to the Corporate Director and Head of Legal Services, in consultation with the Leader to make minor necessary changes to the draft first stage Draft Governance Agreement as necessary to complete the agreement.

3. BACKGROUND

- 3.1. In September 2016, the Cabinet adopted the "Growth Vision for the Economy of North Wales" which sets out a strategic ambition for the region, and the development of transport and infrastructure, skills and employment, promoting innovation and business growth. The Cabinet and the five other partner Councils in the region similarly adopted the strategy.
- 3.2. A second report was submitted to the Cabinet in March 2017 noting that North Wales had been formally invited to develop the strategy into a Growth Deal Bid for national investment by UK and Welsh Governments. At the time, a statutory Joint-Committee model was adopted, as the preferred model for governance.
- 3.3. In September 2017, the Cabinet confirmed its support to the Joint-Committee model and the Leader was authorised to represent the Council on the "Shadow Joint-Committee" during the interim period.
- 3.4. This report is required in order to formalise the constitutional arrangements, together with giving decision-making powers to the Joint-Committee, with prescribed limits.
- 3.5. The Joint-Committee will be known as the North Wales Economic Ambition Board.
- 3.6. The Cabinets of the six Local Authorities in north Wales will consider the content of the template report, attached to this report as **Appendix 1**. This appendix provides further details about the background of the governance arrangements.
- 3.7. The draft Governance Agreement (first stage), attached to this report as **Appendix 2**, covers executive and non-executive arrangements. It is intended to submit a report on this matter to the Full Council in July to seek its approval to the Agreement and the provision in place to Scrutinise the Agreement.
- 3.8. It is important that the governance arrangements have credibility, and that they are clear and robust and recognised by both governments. Clearly, this is crucial if we are to attract resources to the region, and the conferment of additional powers. The Governance Agreement (first stage) achieves this and, having received the support of the Local Authorities, the Joint-Committee will move from its "shadow" form to be a "actual" one.
- 3.9. **The first stage of the Governance Agreement refers to the planning and delivery period (until April 2019). A new and more detailed Governance Agreement will be required for the second stage, which will deal with the implementation period and from April 2019 onwards.**
- 3.10. The main issues which have been included in the Governance Agreement (first stage) are:-
 - terms of reference and membership
 - voting and decision-making arrangements
 - sharing of risks
 - reserved matters
 - scrutiny arrangements

The "Governance Map" is also presented as **Appendix 3** which shows the links with Sub-boards and other Forums.

- 3.11. This report does not attempt to present the content of the proposed Growth Deal in detail, as its main purpose is to present the governance arrangements for adoption.
- 3.12. Nevertheless, a draft executive summary of the Growth Deal is presented in **Appendix 4**, together with a narrative of the various projects. This gives Members a flavour of the nature of the projects intended to be submitted for funding via the Growth Deal.
- 3.13. A draft of the Ambition Board's full bid for resources and powers from UK and Welsh Governments via the Growth Deal will be submitted to the Council in October 2018, prior to the process of reaching Heads of Terms (with both governments).
- 3.14. A report on the proposed governance arrangements was submitted to the Education and Economy Scrutiny Committee on 21 June 2018. The main messages from members of the Committee were as follows:

"Committee members were grateful for the update by the Leader regarding the North Wales Economic Growth arrangements. Committee members have expressed their support for the direction of the deal from the beginning, and remain supportive. However, the main messages today focus more on the risks which need to be considered as the deal evolves."

FINANCIAL RISKS

As a result of the report and discussions today, the members identified the potential risks and financial implications for the Council as a result of the deal. Assurances are needed that:

- the benefits of the deal outweigh the financial risks*
- all Gwynedd members are satisfied that every possible step has been taken to minimise the financial risks*
- the business plans and project plans are resilient, and are managed carefully in order to minimise risks of partners withdrawing from projects and the associated financial risk that would fall on the authority*
- that members need to be able to scrutinise the projects often to ensure that business risks (financial and delivery) are managed*

GOVERNANCE RISKS

Again, as a result of the information to hand and today's discussions, the following messages and risks were noted regarding the proposed governance arrangements:

- there is support to scrutinising the Growth Deal in each authority*
- concern was expressed regarding delegating rights to the Leader, while also accepting that this is necessary. However, it must be ensured that the Leader regularly feeds information to Gwynedd Members and is accountable to the members about the direction of the deal, progress on projects and how the risks are managed.*

OTHER RISKS

Some other risks that should be considered were also noted

- political risks, such as a change of direction from Welsh Government, and the need to be awake to this*
- continue to note the political risks of collaborating across North Wales authorities*

However, crucially, it was noted that one of the main risks would be not working Regionally. By collaborating Regionally, Gwynedd Council can ensure a strong voice to insist that developments materialise as a result of the deal for Gwynedd as a whole. A request was also made to consider the benefits and implications of Gwynedd becoming the host authority for the Deal".

4. ANY CONSULTATIONS UNDERTAKEN PRIOR TO RECOMMENDING THE DECISION

4.1. Views of the Statutory Officers:

i. Monitoring Officer:

Because the governance elements of the report and recommendations are the result of substantial legal input, I have no observations to add from a propriety perspective.

ii. Head of Finance Department:

There will be valuable opportunities for the North Wales region with the "Growth Bid", together with potential financial risks for the relevant local authorities. Therefore, I have been supporting and advising the Council Leader and the Corporate Director as this innovative agenda moves forward, with a view to protecting the interests of the people of Gwynedd.

I support the decisions sought, in order to enable the regional partnership to move forward to implementation. We are ready to host the 'Board' for the duration of the initial agreement, whilst noting that there will be more substantial commitments and risks during the period of the second governance agreement after signing the Growth Bid. In good time by then, it will be essential to determine a single accountable body with sufficient professional resources to manage the significant risks.

4.2. Views of the Local Member:

4.2.1 Not a local matter.

4.3. Results of Any Consultation:

4.3.1 None to note.

Appendices:

Appendix 1	Template Report
Appendix 2	Governance Agreement
Appendix 3	Governance Map
Appendix 4	Executive Summary and Project Narrative

Background Documents:

None.