



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

30 July, 2021

TITLE: North Wales Growth Deal – Quarter 1 Report

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1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to present the Quarter 1 (March-June) 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 1 Performance Report and updated Portfolio Risk Register.
- 2.2. That the Board approves the submission of the Quarter 1 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 NWEAB 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 1 Performance Report
 - Portfolio Risk Register – July 2021

North Wales Growth Deal – Quarter 1 Performance Report

- 4.4. The Quarter 1 performance report provides an overview of progress on the Growth Deal programmes and projects.

- 4.5. This quarter saw the first Outline Business Case (OBC) considered and approved by the North Wales Economic Ambition Board and the assurance process for the project has since been approved by Welsh Government. The Morlais tidal energy project, run by Anglesey social enterprise, Menter Môn will now move to the next phase and submit a Full Business Case for consideration once the consenting process has been completed.
- 4.6. Two further Outline Business Cases – the Glynllifon Rural Economy Hub led by Grŵp Llandrillo Menai, and the Digital Signal Processing Centre led by Bangor University, have started the approval process. Both have completed their independent Gateway Reviews and are scheduled to be presented to the North Wales Economic Ambition Board in July.
- 4.7. The majority of programmes and projects are currently reporting as Amber following revising the business case development timetables resulting in a delay compared to the timetable outlined in the Portfolio Business Case. This is primarily due the business case development process and our internal assurance and approvals process taking longer than originally estimated. The process we follow is robust and in-line with the relevant guidance, and will ultimately ensure that only business cases of the highest quality are approved to deliver for North Wales. The delays are not considered to represent a risk to the overall delivery of the Growth Deal benefits but may impact on exact timing of benefits realisation.
- 4.8. Four projects are currently reporting as Red due to either risks to the project scope, or significant delays to project timescales:
- Full Fibre at Key Sites and Connected Campuses (Digital Programme) – The business case development timetable has been pushed back to allow programme capacity to focus on initial two Portfolio Management Office projects.
 - Key Strategic Site, Bodelwyddan (Land and Property Programme) – outline planning consent on the site has lapsed and the project will need to be reviewed when the new planning policy for the site is established.
 - Holyhead Gateway (Land and Property Programme) – scope of the project under review due to concerns about the cost of the project and the commercial case.
- 4.9. A number of procurement activities have been completed to support the work of the team. We have welcomed a new strategic communications partner, Ateb Cymru, who have been appointed to support our communications and marketing activities, while Hatch Regeneris are appointed to provide general business case consultancy to the Portfolio Management Office. We also commissioned Wavehill to support the development of an economic case for the Smart Local Energy project and Real Wireless to deliver a scoping study to support the Connected Corridors project within the Digital Programme.
- 4.10. At this stage, no project Full Business Cases have been approved, therefore the only expenditure to date relates to the drawdown against the 1.5% allocation for Portfolio Management Office costs.

Portfolio Risk Register – July 2021

- 4.11. The Portfolio Risk Register is updated on a regular basis by the Portfolio Management Office and reviewed by the Portfolio Board (Executive Officers Group) and the North Wales Economic Ambition Board on a quarterly basis.
- 4.12. 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.

4.13 The overall risk profile of the Growth Deal is stable, however the risk on affordability has increased as construction costs have increased significantly in recent months. This is impacting on other City and Growth Deals and is being kept under review. There remain some significant risks associated with a couple of individual projects and securing the required private sector investment in 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 quarterly performance report provides an overview of the expected capital expenditure profile of Growth Deal funding. At this stage, no project business cases have been approved and therefore the only expenditure to date relates to the drawdown against the 1.5% allocation for Portfolio Management Office costs. Future iterations of the report will include reporting on financial expenditure following project business case approval.

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.

APPENDICES:

Appendix 1	North Wales Growth Deal – Quarter 1 Performance Report
Appendix 2	Portfolio Risk Register – July 2021

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 constitute 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):

“As paragraph 1.2 states, this report is a requirement to be able to continue to claim the Government grant instalments. Paragraph 4.13 of the front report identifies that affordability risk has increased along with rising construction costs. While part of the impact may be transferred to project sponsors, this risk should be kept under review. I confirm the accuracy of the financial aspects and figures contained in part 10 and part 11 of the Performance Report (Appendix 1) and I will continue to assist the Ambition Board’s Portfolio Management Office in managing the relevant risks.”