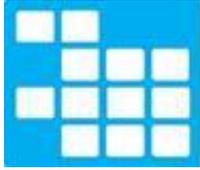


# Complete Agenda



north wales economic ambition board  
bwrdd uchelgais economaidd gogledd cymru

Meeting

**NORTH WALES ECONOMIC AMBITION BOARD**

Date and Time

**1.30 pm, FRIDAY, 23RD OCTOBER, 2020**

Location

**Virtual meeting - Zoom**

Contact Point

**Annes Sion**

**01286 679490**

**[AnnesSion@gwynedd.llyw.cymru](mailto:AnnesSion@gwynedd.llyw.cymru)**

(DISTRIBUTED 16/10/20)

# **NORTH WALES ECONOMIC AMBITION BOARD**

## **MEMBERSHIP OF THE JOINT COMMITTEE**

### **Voting Members**

#### **Councillors**

Hugh Evans	Denbighshire County Council
Llinos Medi Huws	Isle of Anglesey County Council
Mark Pritchard	Wrexham County Borough Council
Ian B. Roberts	Flintshire County Council
Dyfrig L. Siencyn	Gwynedd Council
Sam Rowlands	Conwy County Borough Council

### **Advisers - Non-voting**

Dafydd Evans	Grwp Llandrillo Menai
Maria Hinfelaar	Glyndwr University
Yana Williams	Coleg Cambria
Askar Sheibani	Business Delivery Board
Professor Iwan Davies	Bangor University

### **Chief Officers - Non-voting**

Annwen Morgan	Isle of Anglesey County Council
Iwan Davies	Conwy County Borough Council
Colin Everett	Flintshire County Council
Judith Greenhalgh	Denbighshire County Council
Ian Bancroft	Wrexham County Borough Council
Dilwyn Williams	Gwynedd Council

### **Officers in Attendance**

Dafydd L. Edwards	Section 151 Officer
Iwan G. Evans	Monitoring Officer
Alwen Williams	Programme Director
Hedd Vaughan Evans	Operations Manager
Nia Medi Williams	Senior Executive Officer

# **A G E N D A**

**1. ELECTION OF CHAIR**

To elect a Chair for 2020/21.

**2. ELECTION OF VICE-CHAIR**

To elect a Vice-chair for 2020/21.

**3. APOLOGIES**

To receive any apologies for absence.

**4. DECLARATION OF PERSONAL INTEREST**

To receive any declarations of Personal Interest

**5. URGENT BUSINESS**

To note any items that are a matter of urgency in the view of the Chair for consideration.

**6. MINUTES OF THE PREVIOUS MEETING**

4 - 9

The Chair shall propose that the minutes of the meeting held on 31 July 2020 be signed as a true record.

**7. FINAL GROWTH DEAL**

10 - 364

Alwen Williams to present the key documents required to reach Final Deal Agreement for the North Wales Growth Deal with the UK Government and Welsh Government.

**8. REVENUE BUDGET 2020/21 - SECOND QUARTER REVIEW**

365 - 370

Dafydd L Edwards to provide details of the actual expenditure and income for the second quarter of the 2020/21.

---

## NORTH WALES ECONOMIC AMBITION BOARD 31/07/20

---

### Present:

Voting Members - Councillors:- Hugh Evans (Denbighshire Council), Llinos Medi Huws (Isle of Anglesey County Council), Mark Pritchard (Wrexham County Borough Council), Ian B.Roberts (Flintshire Council), Sam Rowlands (Conwy County Borough Council) and Dyfrig L.Siencyn (Gwynedd Council) (Chair).

Advisors – Dafydd Evans (Grŵp Llandrillo Menai), Aulay Mackenzie (Glyndwr University), Garry Reid (Bangor University) and Askar Sheibani (Business Delivery Board).

Chief Officers - Dylan Williams (Isle of Anglesey County Council), Iwan Davies (Conwy County Borough Council), Colin Everett (Flintshire Council), Judith Greenhalgh (Denbighshire Council), Steve Bayley (Wrexham County Borough Council) and Dilwyn Williams (Gwynedd Council).

Officers in attendance - Dafydd Edwards (Statutory Finance Officer - Host Authority), Iwan Evans (Monitoring Officer - Host Authority), Alwen Williams (Programme Director), Hedd Vaughan-Evans (Operations Manager), Jane Richardson (Chair of the Executive Officers Group), Nia Medi Williams (Operations Officer) and Eirian Roberts (Democracy Services Officer).

Nia Medi Williams was congratulated on her appointment as Operations Officer within the Programme Office.

### **1. APOLOGIES**

Maria Hinfelaar (Glyndŵr University), Professor Iwan Davies (Bangor University), Yana Williams (Coleg Cambria), Annwen Morgan (Isle of Anglesey County Council) and Ian Bancroft (Wrexham County Borough Council).

### **2. DECLARATION OF PERSONAL INTEREST**

No declarations of personal interest were received.

### **3. URGENT ITEMS**

None to note.

### **4. MINUTES**

The Chair signed the minutes of the previous meeting of the NWEAB held on 12 June, 2020 as a true record.

### **5. RISK MANAGEMENT**

The report was submitted by Hedd Vaughan-Evans - Operations Manager.

### **RESOLVED**

- (a) **To adopt the Risk Management Framework attached to the report and as outlined in Appendix 1, and ask the Programme Office to adapt the format in accordance with the points noted in the discussion and develop a Risk**

- Management Strategy in accordance with the principles in the framework as part of the final package for the North Wales Growth Deal.**
- (b) To note that a report reviewing the content of the risk register in accordance with the new framework will be submitted to the next meeting of the Board.**

## **REASONS FOR THE DECISION**

The Programme Office needed to set effective risk management arrangements in order to ensure the successful delivery of the North Wales Growth Deal.

## **DISCUSSION**

The report was submitted, which provided an update to the North Wales Economic Ambition Board on risk management arrangements in order to deliver the North Wales Growth Deal.

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

It was explained that this was a report on the Management Framework, and not on the risks themselves, and that the risks would be discussed at the next meeting. It was noted that the two biggest risks were the capacity and support of the private sector, due to the effects of Covid-19.

During the discussion, it was noted that the Risk Management Framework should be praised, but a suggestion was made that the following should be added to the template:-

- Risk trend column (better, worse or static);
- A column noting how quickly unmitigated risks would have an impact (immediately, in the short-term or medium-term).
- A second traffic lights column showing the risk level as a result of implementing steps to improve the situation.

In response, it was noted that it was intended to work on an amended template which would include scores and trends of unmitigated risks, while also incorporating the above-mentioned suggestions.

It was noted that Appendix 2 did not refer to a change of direction by the Government. In response, it was noted that it was the framework alone that was under consideration at this meeting, and that the risk register would be discussed at the next meeting.

The framework, with the observations noted, was agreed to, accepting that a report on the risk position would be submitted at the next meeting.

## **6. GOVERNANCE AGREEMENT 2**

The report was submitted by Iwan G.D.Evans, Monitoring Officer - Host Authority.

**RESOLVED to approve the timetable.**

## **REASONS FOR THE DECISION**

The agreement of the partnership was key to agreeing on a comprehensive Governance Agreement 2 ("GA2"). These issues had been reported to the previous meeting. This report updated the timetable for the work.

## **DISCUSSION**

The report was submitted, which presented the updated GA2 Plan to the Board and reported on the outcomes of the Governance Workshop.

Details were provided about the background and relevant considerations, timetable, legal implications and the consultations held.

It was noted that it was intended to report on proposed models and final documentation to scrutiny committees during the second half of October; to the Cabinet during the second half of November and to Council meetings within the first half of December.

It was explained that there was specific work to complete around establishing the financial commitments of the partners for GA2 and the Growth Deal specifically. This was crucial to be able to proceed to seek recommendations for the councils to adopt in accordance with the timetable. It was intended to hold a workshop for officers in August, which would include officers from the Executive Group, together with the partners' Finance Directors from the councils and colleges in order to start reaching a viewpoint on the expenditure profiles of the projects and the financial framework in GA2. Following that, the workshop listed in the work programme would have to be held for representatives and members of the NWEAB to discuss the results of the officers' workshop and to reach a viewpoint on the way forward, but that would be in September. It was stressed that there was a balance to strike between the desire to move early with the projects, and the cost effect of that in terms of cash flow. It was noted that specialist work had been commissioned over the coming fortnight which would provide information for the officers' workshop, with the results of that fed into the members' workshop in due course.

It was stressed that it was important that the Leaders were part of the workshops to be held with the councils' members to support the Plan.

## **7. NORTH WALES GROWTH DEAL - PRIVATE SECTOR ENGAGEMENT**

The report was submitted by Alwen Williams, Programme Director.

### **RESOLVED**

- (a) To note the status of the current relations and engagement channels with the Private Sector.**
- (b) To note the intention of the North Wales Mersey Dee Business Council to withdraw as a partner of the North Wales Economic Ambition Board.**
- (c) To note the draft Terms of Reference submitted by the Acting Chair of the Business Delivery Group and request a further report from the Programme Director, in consultation with the Host Authority's Monitoring Officer, on the proposed amendments to the terms of reference of the Business Delivery Group adopted by the Ambition Board.**
- (ch) To confirm the next proposed steps and actions to improve the engagement and understanding of the private sector.**
- (d) To correspond with the Minister for Economy, Transport and North Wales to see whether or not Welsh Government could make a contribution to support the North Wales Mersey Dee Business Council, and to submit a much more detailed report regarding private sector engagement organisation to the next meeting.**

### **REASONS FOR THE DECISION**

A decision was required in order to enable the Programme Office to invest in the design and delivery of mechanisms to improve private sector engagement in North Wales.

## DISCUSSION

The report was submitted which:-

- Provided an overview of the current relations and engagement channels between the NWEAB and the private sector in North Wales (Appendix 1).
- Provided an update to members on the status of the North Wales Mersey Dee Business Council as a partner of the North Wales Economic Ambition Board (Appendix 2).
- Provided proposed draft Terms of Reference submitted for consideration by the Acting Chair of the Business Delivery Group (Appendix 3).
- Proposed the next steps and method of strengthening relations, engagement and involvement of the private sector in the North Wales Growth Deal (Appendix 4).

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

Reference was made to the decision of the North Wales Mersey Dee Business Council to withdraw from the North Wales Economic Ambition Board and the Business Council's resignation letter was shared with members in its entirety. Ashley Rogers, in particular, was thanked for his contribution over the years to the work of the Board in developing projects and moving the entire deal forward. It was noted that, in the current climate, it was recognised that the main focus of the Business Council needed to be on the businesses they represented. However, though this was a sad situation, this could open the door for the Board to review and strengthen its relationship with the private sector by creating something new and innovative, which would offer a significant contribution from the private sector once more. It was added that the private sector in North Wales would be supportive of the Growth Deal's objectives, and the fact that something positive came out of a particularly difficult situation was welcomed.

It was further noted that a meeting had already been held with Ashley Rogers and Jim Jones from the Business Council to discuss their ideas for future collaboration with the Board. It was noted that they were stakeholders with a contribution to make, and that some very good ideas had already been mentioned.

Following the decision to review the role of the Business Delivery Group, it was noted that the Chair of the NWEAB attended the Group meeting to explain the logic behind the decision. There was considerable support at the meeting and the Group's response had been very positive. The Chair had also been witness to the fact that the Group asked very difficult and thorough questions about the various projects, which proved that they had a very important role in getting to the bottom of some of the projects and ensuring that they were realistic.

As we move forward, it was noted that there was a need to consider some of the innovative and exciting ideas presented by the Business Delivery Group and the Business Council, and see how they could be combined, and to submit a much more detailed report regarding private sector engagement organisation to the next meeting.

With reference to the decision to transfer the secretariat of the Business Delivery Group to the Programme Office, Gerry Beer, Glyndŵr University, was thanked for fulfilling this role to date.

During the discussion the following matters were raised:-

- Disappointment was expressed that the Business Council had withdrawn from the NWEAB, but the fact that steps were afoot to improve engagement with the private sector in its entirety was welcomed.
- In response to a question regarding engagement with the private sector and other growth deals, it was noted that many deals were years ahead of the North Wales Growth Deal and had more experience in terms of how to create strong relations with the sector. It had to be acknowledged that North Wales was different to other regions, and it was important to focus on collaborating with the sector to create the best approach for North Wales, and take on board some of the lessons from elsewhere. No one had found the perfect approach as yet, and every region had faced challenges.
- It was noted that the Business Council's letter referred to a lack of revenue, and it was asked whether funding sources for that should be looked at.
- It was noted that losing the Business Council would be disastrous, and would send the wrong message out, and that the Board needed the expertise more than ever. To this end, it was suggested that the Board should agree in principle at this meeting whether to fund the Business Council or not. In response, it was noted that, although it was a sad situation, there were questions around propriety and a serious question about paying a member of the Board for their representation. All partners and the Business Council made a financial and / or in kind contribution. The Board was advised about the propriety matters, and it was noted that such proposals could not be made without a formal report and guidance on these aspects.
- It was suggested that Welsh Government could be asked whether they could provide grant support towards the financial sustainability of the Business Council (not paying them to be a member of the Board).
- Iwan Davies (Conwy County Borough Council) noted that there were some technical matters arising in terms of the Draft Terms of Reference, and he would send them for the attention of the Host Authority's Monitoring Officer.

## 8. EXCLUSION OF PRESS AND PUBLIC

**RESOLVED to exclude the press and public from the meeting during the discussion on the following item due to the likely disclosure of exempt information as defined in paragraph 14, Section 4, Schedule 12A, Local Government Act 1972. This paragraph is relevant as the report contains confidential and commercially sensitive information about the projects. This is pertinent to the situation of the councils, but specifically the parties who are applying, or who are partners for projects within the Growth Deal Programme.**

## 9. PROJECT BASELINE REVIEW

The report was submitted by Hedd Vaughan-Evans, Operations Manager.

### **RESOLVED**

- To note the content of the baseline review report and the presentation delivered at the meeting, and to continue to develop projects in order to assist to ensure the Final Growth Agreement at the earliest potential opportunity.**
- To confirm the renaming of the 'Land-based Industries and Tourism Programme' as the Agri-Food and Tourism Programme.**
- To confirm the renaming of the 'Advanced Manufacturing Programme' as the Innovation in High Value Manufacturing Programme.**

### **REASONS FOR THE DECISION**

To update the North Wales Economic Ambition Board on the position of each programme and project as part of the process to reach a Final Agreement for the North Wales Growth Deal.

To receive the approval of the Board to rename two of the programmes so that they reflected their relevant terms of reference more accurately.

## **DISCUSSION**

The report was discussed.

The meeting commenced at 1.00 pm and concluded at 2.55 pm

---

**CHAIRMAN**



---

**REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD****23 OCTOBER, 2020**

---

**TITLE:** *Final Growth Deal***AUTHOR:** *Alwen Williams, Programme Director*

---

**1. PURPOSE OF THE REPORT**

- 1.1. The purpose of this report is to present the key documents required to reach Final Deal Agreement for the North Wales Growth Deal with the UK Government and Welsh Government.
- 1.2. These key documents include the following:
  - Portfolio Business Case
  - Overarching Business Plan
  - Draft Final Deal Agreement
  - Governance Agreement 2

**2. DECISION SOUGHT**

- 2.1. To approve the submission of the Portfolio Business Case and the 5 Programme Business Cases to UK and Welsh Governments for Final Deal Agreement on the North Wales Growth Deal.
- 2.2. To recommend that each of the Partners individually approve the Overarching Business Plan that sets out the arrangements for delivering the North Wales Growth Deal as the basis for completing the Final Deal Agreement and acceptance of the Grant Funding Letter with the UK and Welsh Governments.
- 2.3. To recommend that each of the Partners individually approve and enter into Governance Agreement 2 and specifically adopt the delegations and Terms of Reference in "*Governance Agreement 2: Appendix 1*" thereof as the basis for entering into the Final Deal Agreement and acceptance of the Grant Funding letter with the UK and Welsh Governments.
- 2.4. To recommend approval of the method used to calculate the cost of borrowing notionally required to facilitate the negative cash flow for the Growth Deal, and the corresponding annual partner contributions required to meet this cost and the established core and supplementary contributions as set out in GA2 (and in paragraphs 5.5 - 5.7 below).
- 2.5. That the Programme Director in consultation with the Chair and Vice Chair of the NWEAB, the Accountable Body Monitoring Officer and the Accountable Body Section 151 Officer be granted delegated authority to agree minor changes to the documents as necessary to complete the agreement.

- 2.6. To approve the renaming of the of Programme Office to the Portfolio Management Office in line with best practice and as a consequence, and change the job title of the Programme Director to Portfolio Director.

### **3. REASONS FOR THE DECISION**

- 3.1. In 2016 the North Wales Economic Ambition Board adopted A Growth Vision for the Economy of North Wales. Based on the Growth Vision Strategy, a Growth Deal was prepared and agreed by all the partners working with both the UK and Welsh Government and the private sector in October 2018. In November 2019 the NWEAB and the Welsh and UK Governments agreed the Heads of Terms, for Final Deal Agreement to be completed in 2020.
- 3.2. The NWEAB are committed to achieving the Final Deal Agreement with both Governments before the end of December 2020.
- 3.3. The Portfolio Management Office have developed the documentation required to submit to both Governments to reach Final Deal Agreement. The contents of these documents are outlined within this report, and copies of the documents attached as appendices.
- 3.4. This report recommends that the Programme Office is renamed as the Portfolio Management Office. This proposed change responds to questions raised during the recent gateway review with Welsh Government where the review team questioned the name of the Programme Office given the Growth Deal is a portfolio of programmes and projects. The proposed name 'Portfolio Management Office' aligns with recognised best practice and creates a clear differential between the role of the Director who has responsibility for the whole Growth Deal and the Programme Managers responsible for the delivery of individual programmes.

### **4. BACKGROUND AND RELEVANT CONSIDERATIONS**

- 4.1. The North Wales Growth Deal is a portfolio consisting of 5 programmes to be delivered over the next 15 years. It is to be delivered by the Portfolio Management Office on behalf of the North Wales Economic Ambition Board.
- 4.2. The Growth Deal is seeking to deliver a total investment of up to £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- 4.3. The five programmes include 14 projects, which have been carefully designed and developed with stakeholders to address specific market failures and barriers to economic growth.
- 4.4. To agree the Final Deal with both Governments, the NWEAB have prepared a suite of documents, namely the Overarching Business Plan, Portfolio Business Case, Draft Final Deal Agreement and Governance Agreement 2.

#### **4.5. Overarching Business Plan**

- 4.5.1. The Overarching Business Plan developed by the Portfolio Management Office sets out the arrangements for delivering the North Wales Growth Deal, including an overview of the programmes and projects and to seek approval from each partner for the financial implications of delivering the deal.
- 4.5.2. A copy of the Overarching Business Plan is available in **Appendix 1**.

#### 4.6. Portfolio Business Case

4.6.1. The Portfolio Business Case has been developed by the Portfolio Management Office with support from Hatch Regeneris.

4.6.2. The purpose of the portfolio business case is to provide an overview of the North Wales Growth Deal and its programmes.

4.6.3. The portfolio and programme business cases once approved as part of the Final Deal will be live documents used to manage the delivery of the Growth Deal on an ongoing basis and updated regularly as the programmes and projects develop.

4.6.4. The Portfolio Business Case follows the structure of the Five Case Model and HM Treasury Green Book principles. The Portfolio Management Office have consulted with UK and Welsh Government throughout the development of the business case.

4.6.5. The Portfolio Business Case consists of the five cases:

- **The Strategic Case:** the rationale for the Growth Deal investments, their objectives and fit with wider policy
- **The Economic Case:** the value for money provided by the Growth Deal
- **The Commercial Case:** the contractual and procurement approach to be taken
- **The Financial Case:** the costs and funding profile for the Growth Deal
- **The Management Case:** the approach to managing the Growth Deal

4.6.6. The portfolio business case document provides a summary investment proposal for the North Wales Growth Deal, to inform the agreement of a Final Deal in 2020. It accompanies the Programme level business cases, which set out the detail for the five constituent programmes using the Five Case Model framework.

4.6.7. The Portfolio Business Case is available in **Appendix 2**.

4.6.8. The Portfolio Business Case is supported by a set of programme level business cases, which provide details on the five individual programmes. The programme business cases are summarised below, and the executive Summaries are available in **Appendix 3** (full copies of the programme business cases are available on request).

#### 4.6.9. Low carbon energy

**Strategic aims:** To unlock the economic benefits of transformational low carbon energy projects and position North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment.

**Types of intervention:** Enabling works for new low carbon energy generation, enhancing research and innovation facilities for low carbon energy sectors, transport decarbonisation and support for local energy projects.

#### 4.6.10. Innovation in high value manufacturing

**Strategic aims:** To consolidate North Wales' position as a powerful and innovative high value manufacturing cluster, building on existing specialisms and leading expertise to create a higher value, more diverse economic base that supports the transition to a low carbon economy.

**Types of intervention:** Industry and research collaborations along with the establishment of centres of excellence to help overcome barriers and market failures in the research commercialisation process.

#### 4.6.11. Agri-food and tourism

**Strategic aims:** To build a more sustainable, vibrant and resilient foundation economy within the region, optimising opportunities for employment and prosperity through our environment and landscape.

**Types of intervention:** Introducing new technologies & innovation, skills and practices to these sectors, via business support and upskilling.

#### 4.6.12. Land and property

**Strategic aims:** To address the shortage of suitable land and properties for business growth and to bring forward sites for housing development and to deliver improvements that stimulate investment in the Port of Holyhead and the wider region. These projects will play an enabling role for the other programmes by ensuring that serviced sites are available for investors and developers.

**Types of intervention:** The provision of primary services and enabling works to bring forward commercial and housing development sites, delivery of employment floor space and future proofing and capacity enhancement works to the port of Holyhead.

#### 4.6.13. Digital

**Strategic aims:** To deliver the step change in digital connectivity needed to ensure North Wales is able to satisfy user demand, maintain pace with the rest of UK, unlock the growth potential of priority sectors and sites and underpin a flourishing innovation ecosystem. Plays an enabling role for other programmes to deliver maximum benefit.

**Types of intervention:** The programme has identified a need to which balance investment in infrastructure and technology, through enhanced fixed broadband footprint at key sites in rural areas, unlocking applications through 5G access, and furthering digital innovation.

4.6.14. The Growth Deal is based on 14 transformational projects to be delivered across the 5 programmes named above. Individual project business cases will be developed and will be presented to the NWEAB for approval from January 2021 onwards.

### 4.7. Final Deal Agreement

4.7.1. The Heads of Terms Agreement was agreed by the NWEAB, Welsh Government and UK Government in November 2019, with the aim for Final Deal Agreement to be completed in 2020.

4.7.2. The Draft Final Deal Agreement was developed collaboratively between the NWEAB and both Governments.

4.7.3. The Final Deal Agreement is the contract between the NWEAB, UK Government and Welsh Government for the delivery of the North Wales Growth Deal.

4.7.4. The Final Deal will be signed on the basis of the portfolio business case and five programme business cases.

4.7.5. The Draft Final Deal Agreement is included in **Appendix 4**.

#### **4.8. Governance Agreement 2**

4.8.1. Governance Agreement 2 has been developed by the regional Heads of Legal with expert and independent advice by legal advisers Pinsent Masons.

4.8.2. Governance Agreement 1 was adopted into in order to take forward the formal offer of funding to both Governments. Government Agreement 2 will take the partnership into the implementation stage of the Growth Deal. The agreement is a partnership agreement between the 6 Local Authorities and the Partner University and College bodies. It continues the governance model adopted in GA1 namely a Joint Committee supported by a host authority and provides for the commitments and responsibilities of the Partners to the partnership. It also defines the relationship between the Board and its constituent Partner organisations, the limits of delegation and accountability.

4.8.3. Governance Agreement 2 is a necessary element for implementing the Growth Deal. It provides assurance to the Governments as to the governance of the partnership. It establishes a legally binding commitment by and to the Partners and Accountable Body which is necessary to enable the Growth Deal Final Agreement and Grant Letter to be agreed. Without that assurance the Final Deal Agreement and the Grant Offer Letter could not be entered into on behalf of the Partners.

4.8.4. A more detailed explanatory summary of Governance Agreement 2 is provided in **Appendix 5** and a copy of Governance Agreement 2 is included in **Appendix 6**.

### **5. FINANCIAL IMPLICATIONS**

5.1. There is a medium-term temporary funding gap between the expected expenditure profile of the Growth Deal and the expected profile of government funding received over 15 years. The NWEAB, through the host authority, will be responsible for managing this negative cash flow, and have worked with Arlingclose to model the cost of borrowing notionally required to facilitate the negative cash flow for the Growth Deal, and the corresponding annual partner contributions required to meet this cost.

5.2. With a range of assumptions to consider, the NWEAB have forecasted a range of figures, modelled as the best case scenario (Version 1) and the worst case scenario (Version 2), to reflect the timing of finalising the Growth Deal and consequent timing of government grant funding. The difference between the best and worst case scenarios highlights the importance of finalising the Growth Deal by the end of the calendar year. In both versions the other variables, i.e. interest rate and NNDR income have remained the same. The interest rate used was 2.2% and is considered to be a prudent assumption. The NWEAB will utilise its “retained” NNDR grant from Welsh Government to offset against the negative cash flow, with the net total cost (£12.46m - £17.73m) met by the local authorities (proportional to population) for regional NWEAB projects, and with project lead sponsors responsible for the cost in relation to their projects.

5.3. Any changes to the projects, will result in a reserved matter if it means increasing partner contributions (e.g. change from project lead sponsor to NWEAB, lower NNDR yield, higher cost, earlier spend profile).

5.4. With capital projects, there is always a risk of overspending, and controls will be put in place to limit overspending costs on specific projects. For regional projects, the Portfolio Management Office would be responsible for controlling expenditure and ensuring sufficient contingency budgets are included in the project business cases. Overspend would be a matter for the Lead Sponsor to deal with in relation to their projects.

5.5. The table below shows the **total (15 years) partner contributions** to cover the cost of ‘borrowing’ notionally required to facilitate the negative cash flow.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commerical Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	1.40	0.51	0.75	0.52	2.29	1.17	0.96	1.56	1.24	0.70	1.36	12.46
2	1.99	0.73	1.07	0.74	3.24	1.67	1.36	2.22	1.77	1.00	1.94	17.73

5.6. The table below shows the **annual partner contributions** to cover the cost of ‘borrowing’ notionally required to facilitate the negative cash flow.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commerical Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£	£	£	£	£	£	£	£	£	£	£	£
1	93,330	34,000	50,000	34,670	152,660	78,010	64,000	104,000	82,670	46,670	90,670	830,680
2	132,670	48,670	71,330	49,330	216,000	111,340	90,670	148,000	118,000	66,670	129,340	1,182,020

5.7. These annual partner contributions above are in addition to the established ‘core’ and ‘supplementary’ annual contributions below.

Contributions	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£	£	£	£	£	£	£	£	£	£	£
Core	25,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000	50,000	50,000	400,000
Supplementary	0	0	0	0	40,000	40,000	40,000	40,000	40,000	40,000	240,000

## 6. LEGAL IMPLICATIONS

6.1. The report explains relevant provisions of Governance Agreement 2 (GA2), The Overarching Business Plan (“OBP”) and the Final Deal Agreement. They form part of the legal implications, but in order to avoid duplication are not repeated in this section.

6.2. The recommendations in the report are made pursuant to the powers conferred on the Councils under sections 101, 102, 111 and 113 of the Local Government Act 1972, section 1 of the Local Authority (Goods & Services) Act 1970, section 25 of the Local Government (Wales) Act 1994, section 2, 19 and 20 of the Local Government Act 2000, section 9 of the Local Government Wales Measure 2009 and all other enabling powers now vested in the Councils.

6.3. The provisions of the Local Government and Elections Bill (Wales) 2019 in relation to proposed Corporate Joint Committees (CJC’s) and the recent publication of a consultation document on the proposed regulations are clearly of relevance to the matters addressed in this report. However, the North Wales Economic Ambition Board has been in operation as a formal Joint Committee since January 2019. GA2 does not change this basic governance model but is a necessary component to enable the Partners to commit to the Growth Deal within the given time frame. As a result there is no proposal to make any changes to the recommendations pending the advent of CJC’s although GA2 does acknowledge the provisions of the Bill and the possibility of future review.

- 6.4. The OBP is a key document in relation to the delivery of the Growth Deal. The content of the Plan serves to create a legitimate expectation that the Programmes will be progressed as set out in the Plan. Accordingly, it is important that each Partner is content with the content of the OBP. Decisions relating to the delivery of the programmes and projects will need to be considered in accordance with the provision set out in GA2 at which stage any legal issues raised in relation to a specific project can be considered and detailed legal advice provided.
- 6.5. In considering this matter regard should be had, amongst other matters, to the Councils duties under the Wellbeing of Future Generations (Wales) Act 2015. In summary the Act places a duty on public bodies in to act in accordance with the principle of sustainable development so as to ensure that the needs of the present can be met without undermining the ability of future generations to meet their needs. This is in order to improve the economic, social, environmental and cultural well-being of Wales. The OBP explains that the Wellbeing of Future Generations (Wales) Act 2015 will be intrinsic to the development and implementation of the Growth Vision and Growth deal.
- 6.6. A Well-being and Equality Assessment has been undertaken and is included in **Appendix 7**. Regard should be had to the same in reaching a decision on this matter.
- 6.7. Regard has been given to public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to:
- a. eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by that Act;
  - b. advance equality of opportunity between people who share a relevant protected characteristic and those who do not;
  - c. foster good relations between people who and share a protected characteristic and those who do not.
- 6.8. In Wales, public sector bodies listed are required to take certain steps in order to demonstrate that they have due regard to the public sector equality duty. These Welsh specific equality duties include assessing the impact of policies and procedures on equality (often called Equality Impact-Assessment).
- 6.9. The Well-being and Equalities Assessment demonstrates that the detail contained in the preparation of and in the draft OBP demonstrates compliance with the well-being 5 ways of working, supports the well-being goals and identifies that the Growth Vision and Growth Deal will a positive impact on all groups and people with protected characteristics.

## **7. STAFFING IMPLICATIONS**

- 7.1. None.

## **8. IMPACT ON EQUALITIES**

- 8.1. Copies of the impact assessments are included in **Appendix 7-8**.

## **9. CONSULTATIONS UNDERTAKEN**

- 9.1. On 7<sup>th</sup> of October, 2020 the contents of this report and the documentation was supported by the Executive Officers Group.

- 9.2. A report and the relevant documents have been circulated to all partner organisations. The covering report and appendices will be presented to all six local authority Scrutiny, Cabinet and Council Meetings – copy of the draft report can be found in **Appendix 9**.
- 

**APPENDICES:**

<b>Appendix 1</b>	Overarching Business Plan*
<b>Appendix 2</b>	Portfolio Business Case*
<b>Appendix 3</b>	Programme Business Cases: Executive Summaries* (full copies of the programme business cases are available on request)
<b>Appendix 4</b>	Draft Final Deal Agreement*
<b>Appendix 5</b>	Summary of Governance Agreement 2*
<b>Appendix 6</b>	Governance Agreement 2*
<b>Appendix 7</b>	Equality Impact Assessment
<b>Appendix 8</b>	Welsh Language Impact Assessment
<b>Appendix 9</b>	Draft Report to Scrutiny, Cabinet and Council Meetings

*\*subject to final edit and proof read*

---

**STATUTORY OFFICERS RESPONSE:**

**i. Monitoring Officer – Host Authority:**

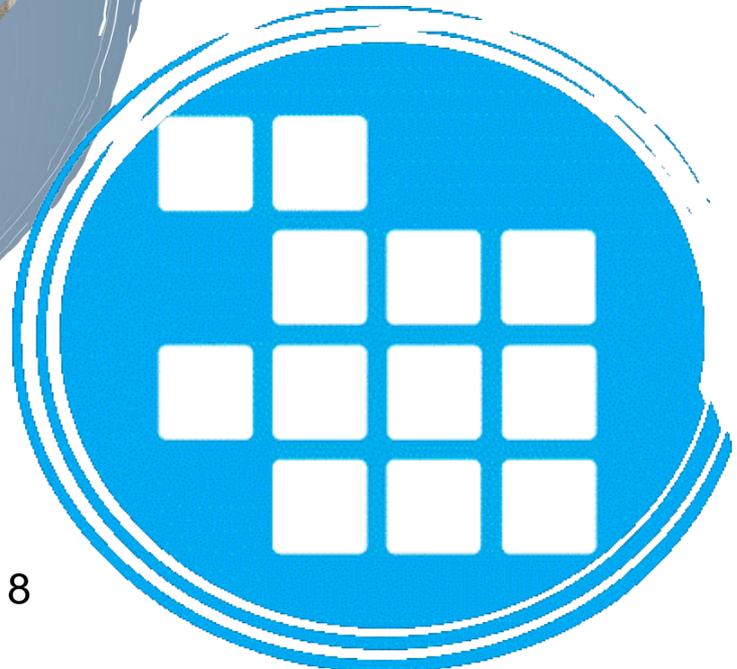
“I have contributed to the preparation of this report and I have no specific observations to add in relation to propriety but I will be in a position to give further guidance at the meeting.”

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

“I have contributed to the financial aspects of the report and support the recommendations.”

# NORTH WALES GROWTH DEAL OVERARCHING BUSINESS PLAN

2020-25



# Table of Contents

Table of Contents .....	2
Foreword .....	3
1. Executive Summary .....	6
2. Purpose.....	12
3. North Wales Economic Ambition Board .....	12
4. Background to the North Wales Growth Deal.....	14
5. The Case for Change .....	15
6. The Growth Deal Programmes .....	22
7. The Projects.....	25
8. Economic Impact .....	29
9. Growth Deal Funding Profile .....	31
10. North Wales Economic Ambition Board Partner Contributions.....	33
11. Commercial Strategy .....	35
12. Procurement Approach .....	35
13. Governance Arrangements .....	37
14. Growth Deal Project Delivery Timescales.....	42

## Foreword

The **Growth Deal** has been developed through close collaboration and commitment, from partners across all sectors including the UK and Welsh Governments, to deliver long-lasting positive investment and change that will enable economic and employment growth for the long-term.

Over the next fifteen years, the deal empowers us to work together and take control of how we invest in our future.

It's a unique opportunity to de-centralise government investment, make those investment decisions locally and demonstrate the value this brings. Ultimately, as part of a broader programme of investment, the Growth Deal will enable us to build a more vibrant, sustainable and inclusive economy for us all in North Wales.

We will be **smart** with our investment - building on our strengths to boost productivity, foster innovation and be competitive in the markets we serve. We already have well-established research and innovation hubs, which are helping us to push the boundaries in discovering new growth areas for our high value manufacturing business. We will invest further to create centres of excellence to enhance our reputation and enable growth in this important industry.

We will tackle the long-term market failure that has been a barrier for commercial investment - making North Wales more investable and unlocking the potential for new high-value skilled jobs, for young people and our future generations to thrive. We'll address the shortage of suitable land and property for business growth and to bring forward sites to provide the employment land and housing we need.

By investing now, we build our **resilience** for the future.

We are **connected** as a region. Our partnership across the six local authorities, universities, colleges and the private sector is well established and growing in strength. We're also driving a step change in digital connectivity by balancing investment in infrastructure and technology. We address those areas most in need of faster and more reliable broadband connections and exploit the potential of 5G access and new digital innovation. Opportunities also lie in our close connections with our neighbouring economies such as the Northern Powerhouse, Ireland and Mid-Wales. We can build stronger economies by working together.

We will strengthen our reputation as a cohesive region; leveraging our partnerships to promote growth in the economy that is scalable, sustainable and inclusive. Our Investment in low-carbon energy projects enable us to contribute directly to the climate change emergency, not only helping to make North Wales a cleaner, greener environment, but also positioning ourselves as one of the leading UK locations within the low carbon energy sector. Not forgetting our foundation economies in agriculture and tourism, we will help to

enable and encourage diversification to improve the long-term future of these key industries, ensuring they have opportunity to develop sustainably and thrive.

We will invest in a way that promotes social value and builds wealth in our communities. We recognise and value our obligation to deliver the Growth Deal in a way that improves and enhances our social, cultural, environmental and economic well-being.

We look forward to leading this important investment in our home and our region, North Wales.



**Dyfrig Siencyn,**  
Cadeirydd | Chair,

Bwrdd Uchelgais Economaidd Gogledd Cymru |  
North Wales Economic Ambition Board



**Mark Pritchard,**  
Is-gadeirydd | Vice Chair,

Bwrdd Uchelgais Economaidd Gogledd Cymru |  
North Wales Economic Ambition Board



**Alwen Williams,**  
Cyfarwyddwr Rhaglen | Programme Director,  
Bwrdd Uchelgais Economaidd Gogledd Cymru |  
North Wales Economic Ambition Board

---

The North Wales Growth Deal is a crucial package of capital investments for our region and will bring a substantial boost to the North Wales economy at a time when major market changes such as Brexit and global events including the Covid-19 pandemic, continue to impact our Communities and Economy. The North Wales Mersey Dee Business Council as the regional umbrella body for the private sector in North Wales has from the inception of the developing Growth Deal in partnership with the NWEAB, worked exceptionally hard to ensure that the investments proposed in the Deal are distributed across the region and our sectors to provide the maximum benefit to our businesses.

A Growth Deal that delivers on supporting business and productivity growth for both our home grown SME's and the International businesses based in North Wales in our key sectors e.g. Manufacturing, Tourism & Hospitality, Agriculture and Energy, has the potential to make a once in a lifetime positive impact for us all. It is imperative though that the proposed projects and programmes not only provide the catalyst for growth but with the fundamental tenet that they do so whilst contributing to the region's journey towards a Net Zero Carbon and Circular economy. We look forward to continuing meaningful engagement with the NWEAB on this key investment package.



**Jim Jones,**  
Cadeirydd | Chair,

Cyngor Busnes Gogledd Cymru Merswy Dyfrdwy |  
North Wales Mersey Dee Business Council



**Ashley Rogers,**  
Cyfarwyddwr Masnachol | Commercial Director,  
Cyngor Busnes Gogledd Cymru Merswy Dyfrdwy |  
North Wales Mersey Dee Business Council

North Wales has a unique and powerful coalition of private and public sector leaders who, through the North Wales Economic Ambition Board and the Business Delivery Group have been working as united partners to make sure that the Growth Deal leverages a substantial return on investment.

Members on the Business Delivery Group predominately entrepreneurs, have an independent voice with well-established track records within their sectors and industries which is recognised internationally. Members have influential and extensive business networks in Wales, UK and beyond and very importantly, they have a real passion for North Wales, which is where the majority call home.

To the East we're fortunate to be situated close to two major cities; Liverpool and Manchester, home to two international airports connecting us to the global market, whilst London is just a couple of hours away by train. To the West, the port of Holyhead facilitates our trade via sea-freight and opens up the path to international tourism and Ireland. Every inch of North Wales has a great history, rich culture, fantastic castles and beaches, unique tourist attractions, amazing wildlife and, irrefutably, the most breath-taking natural landscapes on planet Earth.

The Growth Deal programmes are concentrated on areas of the economy in which we have long-established experience and strong expertise; such as Advanced Manufacturing, Renewable Energy and Tourism. As an example, Morlais, the tidal power project on Anglesey has the potential to make North Wales one of the world leaders in tidal energy. There are very few places in the world that are suitable and the investment could put North Wales in the top three biggest tidal power generators in the world.

The Growth Deal also invests in the regions digital infrastructure. This is essential and underpins economic growth. Accessible and reliable high-speed fibre broadband and 5G capability is throughout the whole of North Wales is essential.

Throughout history, North Wales has demonstrated its resilience to combat all past economic shocks and come out battle-hardened and stronger. This recent pandemic has created a devastating social and economic earthquake.

I firmly believe that, North Wales, with a credible economic plan, investment in skills and education, and with determined, well-resourced local leadership, has a great opportunity and the potential to re-establish itself as a powerful economy in Wales, which will be greatly supported by the Growth deal investment over the next 15 years and beyond.



**Askar Sheibani,**  
Cadeirydd | Chair,

Grŵp Cyflawni Busnes | Business Delivery Group

# 1. Executive Summary

1.1 The aim of the North Wales Growth Deal (*hereafter referred to as the Growth Deal*) is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long-term challenges and economic barriers to delivering inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Wellbeing of Future Generations (Wales) Act 2015.

1.2 The Growth Deal is a partnership between the public sector and the private sector, supported by funding from UK Government and Welsh Government. The UK Government and Welsh Government are investing £240million into the North Wales Growth Deal over the next 15 years. The Growth Deal is seeking to deliver a total investment of up to £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.

Spending Objective 1 - Jobs	<b>To create between 3,400 and 4,200 net new jobs in North Wales through the Growth Deal by 2036.</b>
Spending Objective 2 - GVA	<b>To support a net additional GVA uplift of between £2.0 billion and £2.4 billion for the North Wales Economy through the Growth Deal by 2036.</b>
Spending Objective 3 - Investment	<b>To deliver a total investment of up to £1.1 billion in the North Wales Economy through the Growth Deal by 2036.</b>

1.3 This Overarching Business Plan (OBP) is the basis on which Partners are entering into the North Wales Growth Deal (*hereafter referred to as the Growth Deal*). It provides an overview of the deal including the programmes and projects to be delivered. It sets out what the Growth Deal will deliver in terms of outputs and benefits for the region, the financial contributions of each partner and the governance and performance management arrangements to ensure the Growth Deal is delivered.

## The Case for Change

1.4 North Wales is home to nearly 700,000 residents and contributes £14.2 billion to the UK economy each year,<sup>1</sup> representing 22% of the Welsh economy.<sup>2</sup> However, there remains a persistent and growing productivity gap between North Wales and the UK with wide variations in GVA (Gross Value Added) average per person across the region. **Addressing this disparity is an important priority for the Growth Deal.**

1.5 North Wales has a diverse economy with key sectors being manufacturing, energy and tourism as well as public sector jobs. Some of the productivity gap is accounted for by the sectoral structure of the North Wales economy with some areas particularly reliant on relatively low paid sectors including tourism and retail. At the same time, there are

<sup>1</sup> Measured by Gross Value Added (GVA). Source: ONS, 2018 data.

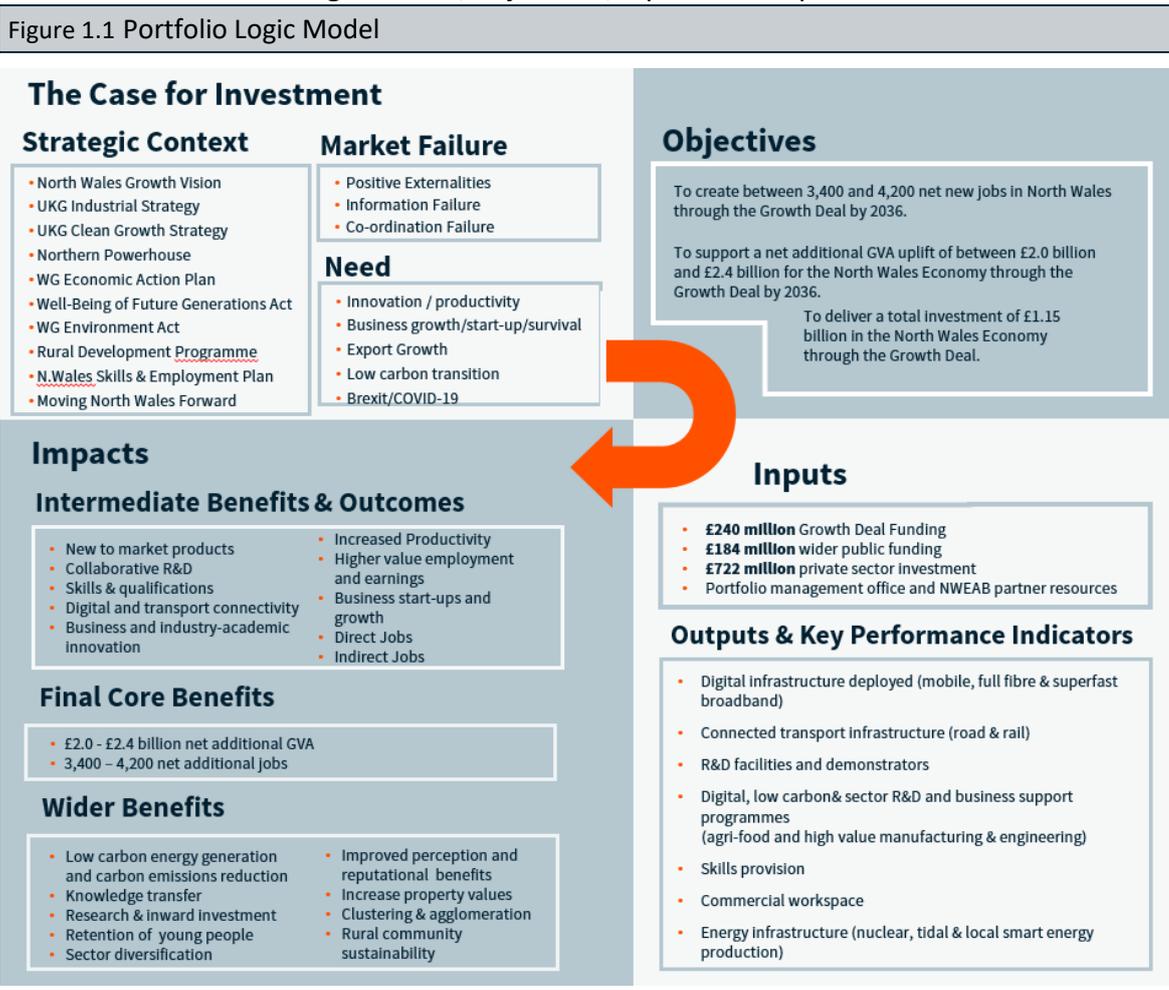
<sup>2</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gva-by-measure-welsh-economic-region-year>

areas of strength, with 64,000 people employed in high value sectors, defined as manufacturing; information and communication; and professional, scientific and technical activities.

**1.6 Supporting high value sectors and addressing long-term barriers to growth is at the heart of the North Wales Growth Deal.** Key challenges and opportunities have been identified as follows:

- Improving productivity
- Supporting innovation and Research and Development (R&D)
- Supporting the low carbon agenda and driving low carbon growth
- Supply chain integration
- Meeting skills needs
- The need for modern employment floorspace and serviced residential land
- Addressing the digital divide
- Expanding digital research capacity.

**1.7** A logic model is a way of articulating the context for change and investment. A summary logic model for the Growth Deal is set out in Figure 1.1 below and provides an overview of the strategic drivers, objectives, inputs and impact of the Growth Deal.



Source: Hatch

## COVID-19 Recovery

- 1.8 Covid-19 has had an immense economic impact on North Wales as in other parts of the UK and globally. The Economic Ambition Board works closely with the six local authorities, UK and Welsh Governments and private sector representatives to co-ordinate the regional response to economic recovery. The longer term effects of Covid-19 on the regional economy at this stage is still unknown.
- 1.9 The Growth Deal is designed to address structural, long-term barriers to economic growth. However, the Board is fully aware that in the short-term a range of actions will be needed to facilitate recovery and alignment between those short term measures and the Growth Deal is key.
- 1.10 The Growth Deal on its own cannot address all the challenges facing the North Wales economy, particularly in light of Covid-19. However, such a significant injection of capital investment into the North Wales economy through the Growth Deal will be a significant boost to the construction and related sectors at a time when there is likely to be spare capacity in the economy.

## The Growth Deal Programmes

- 1.11 The Growth Deal is based on the delivery of 14 transformational projects across 5 programmes. The programmes have been defined as either high growth programmes or enabling programmes. The programmes have been defined as either high growth programmes or enabling programmes.

### High growth sectors to drive productivity in the region

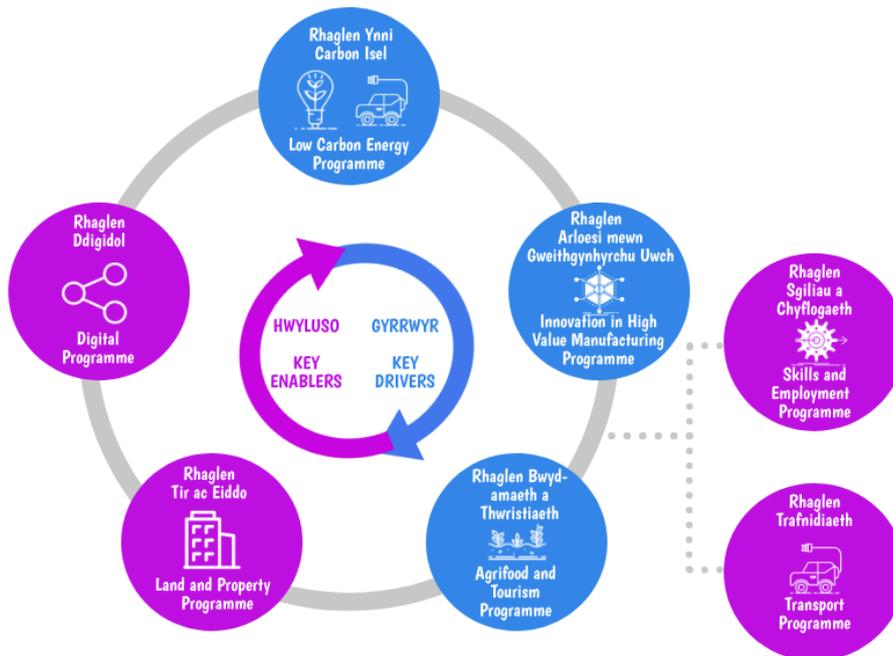
- 1.12 The projects within the Growth Deal aimed at increasing the value and impact of high growth sectors will be focused on three key programmes:
  - **Low carbon energy**
  - **Innovation in high value manufacturing**
  - **Agri-food and tourism**

### Addressing key barriers to enable and achieve economic growth

- 1.13 We have identified enabling sectors through the Growth Deal to tackle key economic barriers and address structural issues that have impacted on productivity and jobs. Delivery in these sectors will create the appropriate conditions for businesses to invest in the region and for the labour market to take advantage of new employment opportunities. A strategic approach will be taken with our investments, ensuring that they are well-targeted in order to enable economic and employment growth across the region. This will be done in partnership with key partners, especially the UK and Welsh Governments.
- 1.14 The projects within the Growth Deal to address key barriers to growth will be focused on two key programmes:
  - **Land and Property**

- **Digital**

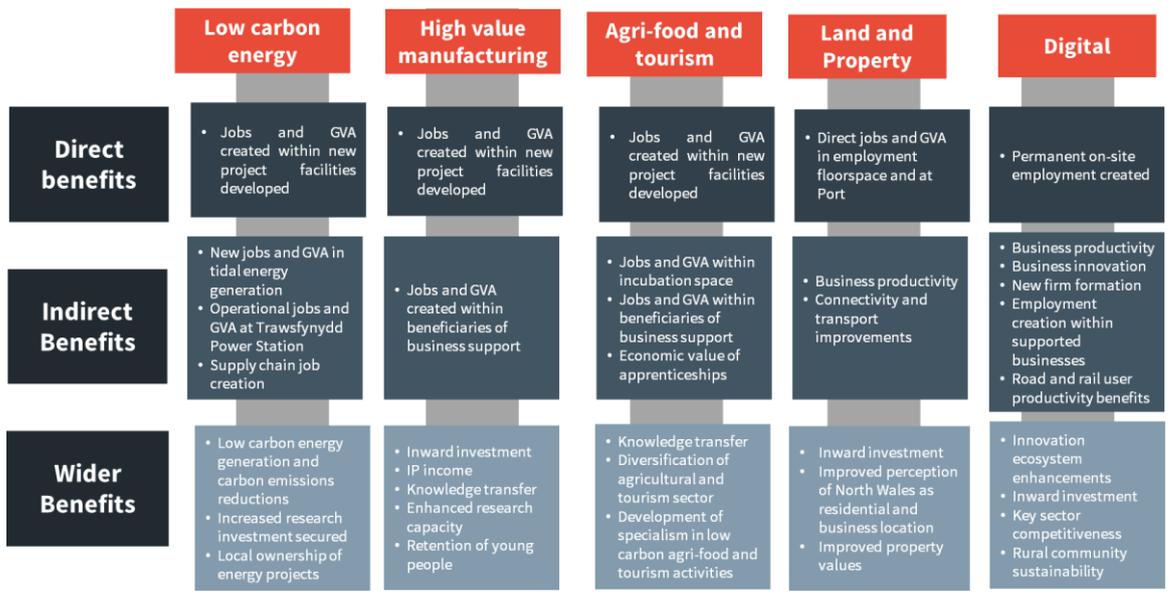
Figure 1.2. The Growth Deal Programmes



Source: North Wales Economic Ambition Board

- 1.15 The Skills and Employment and Strategic Transport programmes sit outside the Growth Deal. The programmes remain key to delivering the wider vision for North Wales and the Economic Ambition Board is working with the Regional Skills Partnership and through its Transport Sub-Board to identify and secure alternative funding sources to deliver these programmes.
- 1.16 All of the programmes and projects contribute to achieving the three key spending objectives. They also generate a set of additional benefits that have been classed as direct, indirect and wider benefits. These are set out in Figure 1.1 below.

Figure 1.3. Benefits Framework



Source: Hatch

## Growth Deal Funding Profile

1.17 The capital funding profile for each programme is summarised in the table 1 below.

Table 1 : North Wales Growth Deal Financial Summary

Programme Area	Government Contribution (£m)	Public Contribution (£m)	Private Contribution (£m)	Total Programme Costs (£m)
Innovation in High Value Manufacturing	13.0	26.5	0.0	39.5
Digital Connectivity	37.0	3.1	1.6	41.7
Agri-food and Tourism	24.5	12.4	4.4	41.3
Land and Property	79.1	1.9	274.4	355.4
Low Carbon Energy	86.4	140.4	441.7	668.5
<b>Total</b>	<b>240.0</b>	<b>184.3</b>	<b>722.1</b>	<b>1,146.4</b>

## North Wales Economic Ambition Board Partner Contributions

- 1.18 No revenue funding is provided through the Growth Deal for the delivery of the projects or the operational running costs of the project once completed. Revenue funding to support the Portfolio Management Office is provided through NWEAB partner contributions (including supplementary local authority contributions) and additional ESF funding has also been secured for the first three years of operation (from May 2020). An amount equivalent to the ‘top slice’ of the annual government grant at 1.5% can also be used to fund this, subject to Welsh Government flexibility to manage funding.
- 1.19 The annual partner contributions towards the Portfolio Management Office (PMO) costs are set out in the table below:

	Local Authority Contribution	HE/FE Annual Contributions	Total Annual Contribution
<b>Annual Core Contributions</b>	£50k per LA	*£25k per partner	£400k
<b>Annual Supplementary Contribution*</b>	£40k per LA	0	£240k

\* this is set at 50% of the Local Authority core contribution as agreed in GA1 (to be succeeded by GA2)

\*\* this contribution is a supplementary contribution agreed by the Councils only

- 1.20 The Growth Deal funding (£240m) grant contribution to the North Wales Growth Deal is provided by the UK and Welsh Government in annual instalments over a 15 year period. The nature of these government grant payments results in a medium term funding gap between the expected expenditure profile of the Growth Deal and the government funding received.
- 1.21 The North Wales Economic Ambition Board, through Gwynedd Council as the host authority will be responsible for managing this negative cash flow. This will be met by the local authorities (proportional to population) for regional NWEAB projects, and with project sponsors responsible for the cost in relation to their projects.
- 1.22 The total (15 year) contributions that will be required from the North Wales Economic Ambition Board partners, to enable the delivery of the Growth Deal, are set as a range for each partner. The best (version 1) and worst (version 2) case scenario below for the partners reflect the timing of finalising the Growth Deal and consequent timing of government grant funding. Any proposed increase in agreed contributions would need to be approved as a reserved matter. The table below shows the total contributions over the 15 year period. Annual contributions are shown in the main report in section 10.7.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commerical Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	1.40	0.51	0.75	0.52	2.29	1.17	0.96	1.56	1.24	0.70	1.36	12.46
2	1.99	0.73	1.07	0.74	3.24	1.67	1.36	2.22	1.77	1.00	1.94	17.73

## Growth Deal Governance

- 1.23 Having Secured the Growth Deal the Partners have agreed to enter into a second Governance Agreement (GA2) which will support the partnership into the next Growth Deal implementation phase and further development of the Growth Vision.
- 1.24 The agreement, which is a legally binding document, defines the role and function of the North Wales Economic Ambition Board and its delegated powers. It also provides for its decision making structures and democratic accountability. Provision is made for the commitments of the partners to the projects and how these are managed and apportioned. GA2 provides assurance for Gwynedd Council, the host authority, in assuming that role. The underlying arrangements providing for legal and compliance matters within the partnership and the governance of the Portfolio Management Office are also addressed.
- 1.25 GA2 is a key document, providing a clear structure and foundation, for taking the implementation of the Growth Deal forward.
- 1.26 The North Wales Economic Ambition Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management delivery and has established a Portfolio Management Office to deliver the Growth Deal.
- 1.27 Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the North Wales Economic Ambition Board, their partners, UK and Welsh Government.

## 2. Purpose

- 2.1 This Overarching Business Plan (OBP) is the basis on which Partners are entering into the North Wales Growth Deal (*hereafter referred to as the Growth Deal*). It provides an overview of the deal including the programmes and projects to be delivered. It sets out what the Growth Deal will deliver in terms of outputs and benefits for the region, the financial contributions of each partner and the governance and performance management arrangements to ensure the Growth Deal is delivered.

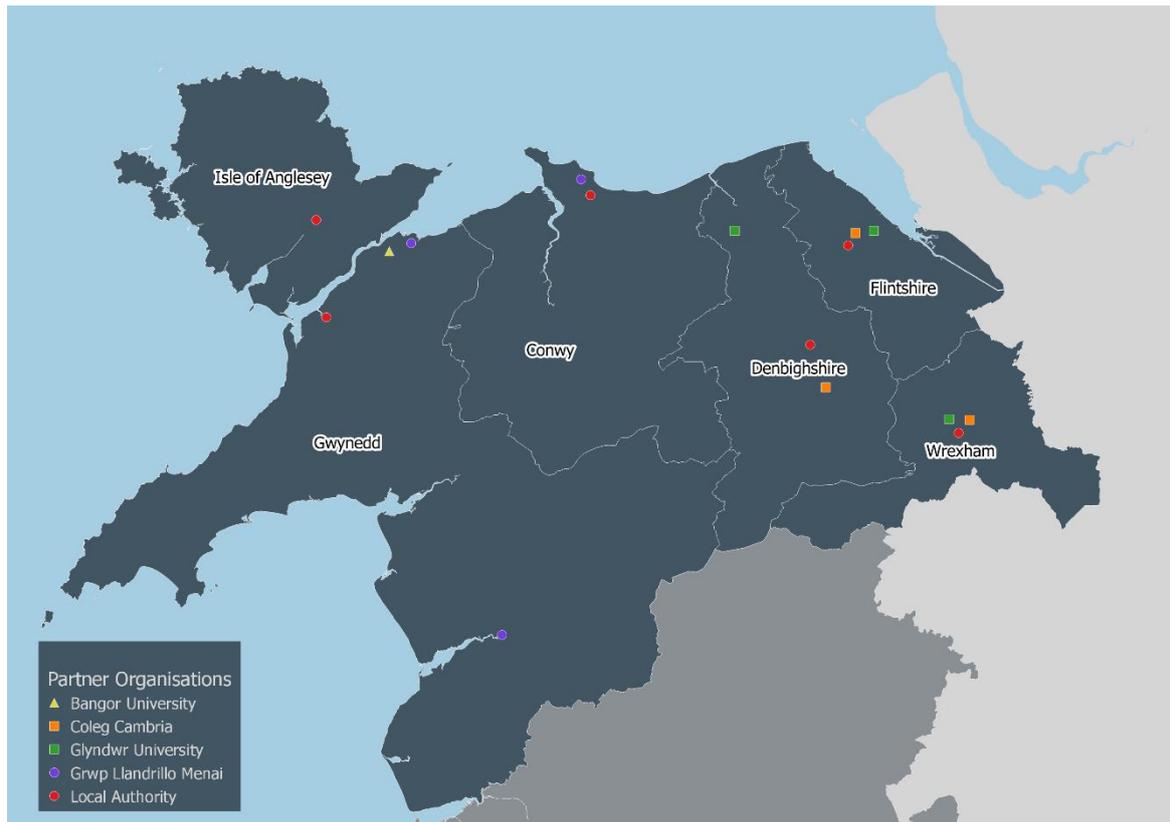
## 3. North Wales Economic Ambition Board

- 3.1 The North Wales Economic Ambition Board (hereafter referred to as Economic ambition Board or the Board) was established in 2012 as a partnership between the

six local authority areas of North Wales comprising the councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire. The Board also includes Bangor University, Glyndwr University, Coleg Cambria and Grŵp Llandrillo Menai.

- 3.2 In early 2019, the North Wales Economic Ambition Board was formally established as a joint committee following the adoption of Governance Agreement 1 (hereafter referred to as GA1) by the partnership. GA1 set out the framework through which the Board would operate in order to secure the Growth Deal.

Figure 3.1 Map of North Wales and NWEAB Partners



- 3.3 The Growth Deal is a partnership between the public and private sectors. The private sector has been strongly represented by the North Wales Mersey Dee Business Council, who, as a founding member of the North Wales Economic Ambition Board, have worked in close collaboration with partners and regional public and private sector stakeholders to shape and influence the Growth Deal proposition. Representing various member organisations including the Chamber of Commerce, Confederation of British Industry (CBI) and the Federation of Small Businesses (FSB), their active involvement in shaping the deal has been invaluable. As of August 3rd 2020, due to challenges caused by Covid-19, the Business Council withdrew membership. The Business Council remain a key stakeholder and will be an integral, more strategic and less operational, partner moving forward.

- 3.4 The private sector remains strongly represented in the Growth Deal through the Business Delivery Group who act as an independent advisory body to the Economic Ambition Board.

## 4. Background to the North Wales Growth Deal

- 4.1 Growth Deals first emerged from the 2010-2015 coalition government in Westminster as part of its long-term plan to boost local economies. The purpose of City and Growth Deals is to support cities and regions to deliver responsive and flexible local strategies. They are designed to promote decentralisation and stimulate local economic growth by giving more power and flexibility to regions, to make the case for investment, to drive inclusive economic activity and growth.
- 4.2 In response to this policy, partners across North Wales established the Board in 2012 to develop a regional approach to economic growth and to address the challenges and barriers facing the North Wales economy.
- 4.3 In 2016 the Economic Ambition Board's partners adopted a Growth Vision for the Economy of North Wales (the Growth Vision).
- 4.4 The adopted vision is to develop "a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland."
- 4.5 The Growth Vision was founded on three key principles:
- **Smart North Wales** – with a focus on innovation and high value economic sectors to advance economic performance.
  - **Resilient North Wales** – with a focus on retaining young people, increasing employment levels and skills to achieve inclusive growth.
  - **Connected North Wales** – with a focus on improving transport and digital infrastructure to enhance strategic connectivity to and within the region.
- 4.6 In the 2017 Autumn Budget the UK Government stated that it would begin negotiations to agree a Growth Deal for North Wales. Following this statement the Economic Ambition Board worked collaboratively with Welsh Government, UK Government and representatives of the public and private sector to develop the North Wales Growth Deal, which was outlined in the Proposition Document
- 4.7 Based on the Growth Vision strategy, the Proposition Document was agreed by the Economic Ambition Board's partners in October 2018. This set out a proposed package of 24 transformational projects across 9 strategic programmes, seeking £334.5m in capital funding plus £8m in revenue funding from the Growth Deal. The programmes were defined as a group of related projects managed in a co-ordinated way to obtain benefits and to deliver the overall vision and aims.
- 4.8 In the Autumn Budget 2018, the then Chancellor of the Exchequer, Rt Hon Phillip Hammond MP, announced £120 million in capital funding for the North Wales Growth Deal. The Welsh Government confirmed that it would match the UK Government's financial contribution to the North Wales Growth Deal, securing commitment for £240m as a grant contribution in capital funding from governments.
- 4.9 Following this announcement and in response to the UK Government's desire to see a consolidated portfolio of ambitious projects, and because the funds committed were

less than the proposition's original scope and capital funding only, the Economic Ambition Board developed and agreed a Draft Implementation Plan, setting out a streamlined package of 14 transformational projects, which was submitted to both governments in March 2019.

- 4.10 The Draft Implementation Plan became the basis for the Heads of Terms agreement signed by both governments in November 2019, and securing, in principle, £240m of capital funding for the North Wales Growth Deal. The Heads of Terms committed all parties to complete a Final Deal Agreement (FDA) within 12-15 months, which, once achieved would see funding released from governments to the region. This overarching business plan forms part of the agreed process to achieve the FDA.

## 5. The Case for Change

### The North Wales Economy

- 5.1 There remains a persistent and widening productivity gap between North Wales and the UK with wide variations in GVA (Gross Value Added) average per person across the region. Addressing this disparity is an important priority for the Growth Deal.
- 5.2 North Wales is home to nearly 700,000 residents and contributes £14.2 billion to the UK economy each year,<sup>3</sup> representing 22% of the Welsh economy.<sup>4</sup> Economic performance has been resilient following the financial crisis and during the period of austerity, with real<sup>5</sup> GVA increasing by 20% since 2009. This is compared to 14.9% increase in the Swansea Bay City Region and 12.6% increase in the Mid-Wales Growth Deal area.

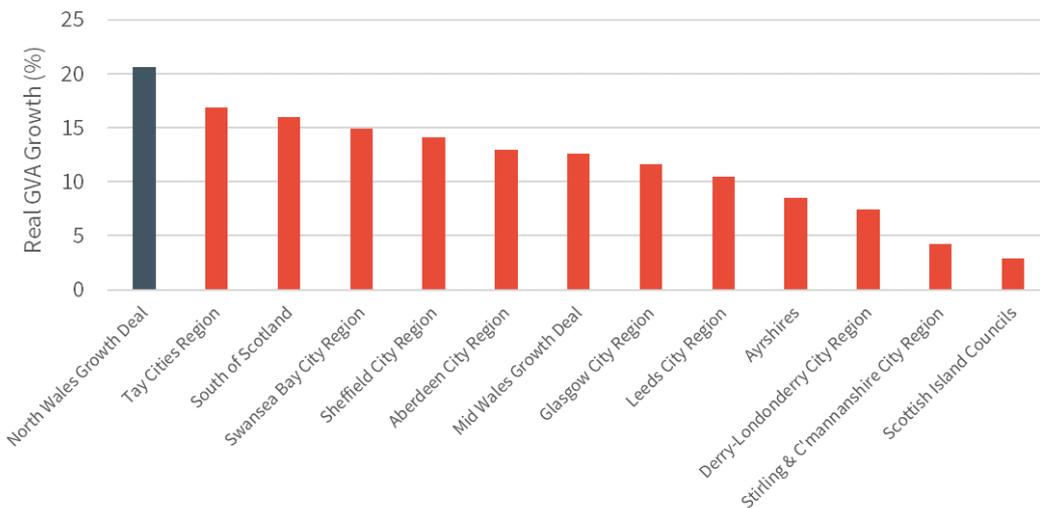
---

<sup>3</sup> Measured by Gross Value Added (GVA). Source: ONS, 2018 data.

<sup>4</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gva-by-measure-welsh-economic-region-year>

<sup>5</sup> i.e. inflation-adjusted.

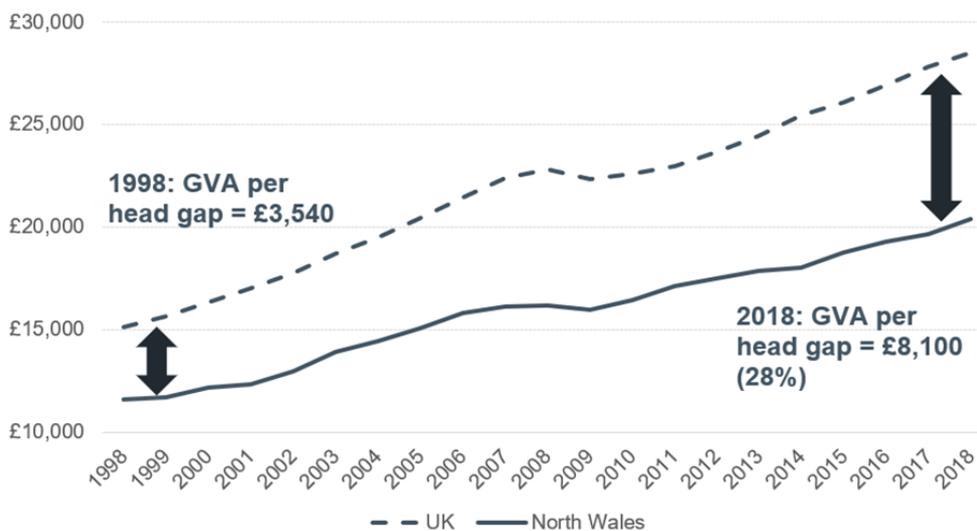
Figure 5.1 Real GVA Growth since 2009 in selected Locations in the UK



Source: Regional GVA, ONS, 2018

5.3 Nonetheless, there remains a persistent and widening productivity gap on the UK. GVA average per person is around 28% below the UK average, at £20,400 per annum. If London and the South East are removed, this gap is reduced but remains at 16%.

Figure 5.2 GVA per Head (£) 1998-2018

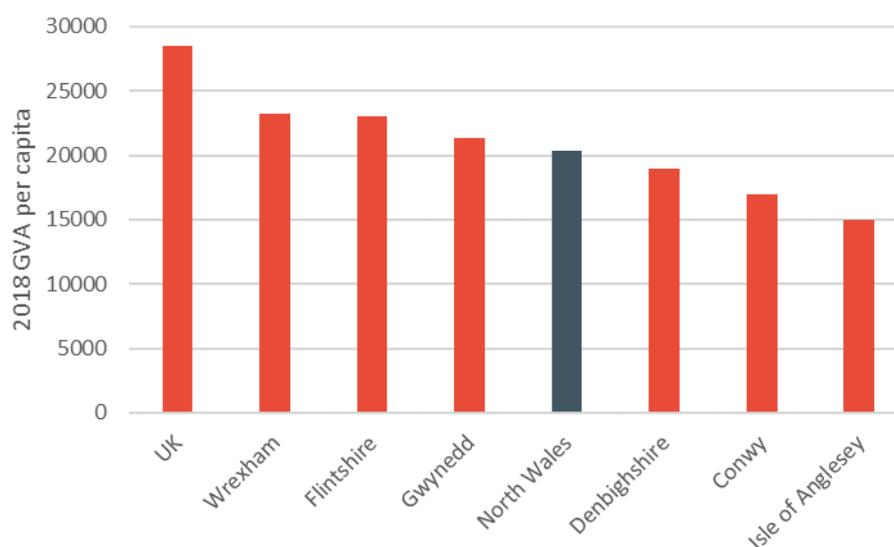


Source: Regional GVA, ONS, 2018

5.4 Within North Wales there are wide variations in GVA per capita, with particularly weak productivity in the Isle of Anglesey (53% of the UK average) but stronger performance in Flintshire and Wrexham (both of which are 81% of the UK average).<sup>6</sup> This is also reflected in average earnings, which lag behind the UK average. Indeed, some local authorities in the West have the lowest earnings in Wales and the UK.

<sup>6</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gvaperhead-by-area-year>

Figure 5.3 GVA per Head (£), 2018

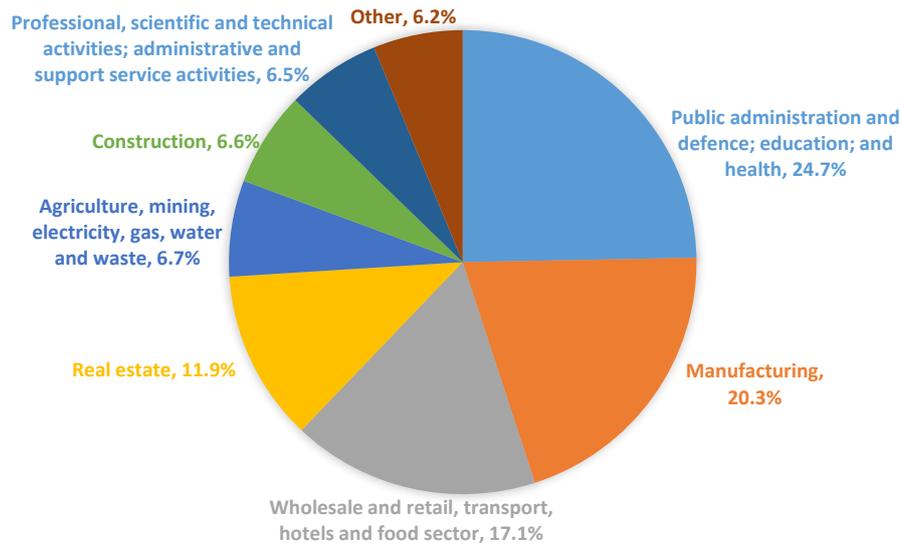


Source: Regional GVA, ONS, 2017

- 5.5 As a consequence of the lower productivity in Anglesey, Gwynedd, Conwy and Denbighshire, these areas have previously qualified for the highest level of EU structural funding intervention.

### Key Sectors

- 5.6 **Supporting high value sectors and addressing long-term barriers to growth is at the heart of the North Wales Growth Deal.**
- 5.7 North Wales has a diverse economy with key sectors being manufacturing, energy and tourism as well as public sector jobs. The public sector accounts for nearly a quarter (24.7%) of the region's GVA. A fifth (20.3%) of the economy is accounted for by manufacturing, which is significantly more important in North Wales than in Wales as a whole (where it accounts for 17% of GVA). Wholesale and retail, transport, hotels and food sector accounts for 17% of the economy of North Wales. The chart below shows the breakdown of industry contribution to 2018 GVA in North Wales.



5.8 A portion of the productivity gap is accounted for by the sectoral structure of the North Wales economy, with some areas particularly reliant on relatively low paid sectors including tourism and retail. At the same time, there are areas of strength, with 64,000 people employed in high value sectors, defined as manufacturing; information and communication; and professional, scientific and technical activities.

5.9 In particular, the Economic Ambition Board recognise the significant potential offered by high value and foundation sectors including:

- **Advanced manufacturing:** 36,000 people work in advanced manufacturing in North Wales, with particular strengths in aerospace, automotive, chemicals and pharmaceuticals, engineering, opto-electronics, food and drink, and metal and steel.<sup>7</sup> This includes anchor employers such as Airbus and Toyota, and areas of research and innovation excellence within the region’s universities. The AMRC (Advanced Manufacturing Research Centre) Cymru, a £20m state-of-the-art R&D facility, recently opened in Broughton and has been described by Welsh Government ministers as a “game changer” for the region.
- **Low carbon energy:** An estimated 16,750 people worked in specialist energy and environmental companies in North Wales in 2016. Wales has committed to a 95% reduction in carbon emissions by 2050. North Wales is already a hub for low carbon energy generation, with the equivalent of 82% of its electricity consumption already coming from local renewable sources. The region hosts over a third of Wales’ renewable energy capacity and also has two nuclear licensed sites, Wylfa and Trawsfynydd. The region’s geography, natural resources and heritage of energy production allow unique opportunities to deploy a broad range of low carbon energy technologies, with resources to scale-up offshore and on shore wind generation, tidal stream energy, tidal range energy, hydro-power, solar and new nuclear generation. This is supported by significant research and innovation capabilities including the Nuclear Futures Institute at Bangor University.

<sup>7</sup> Source: North Wales Regional Skills Partnership

- **Agri-food:** Agri-food is a pillar for the North Wales economy, employing an estimated 20,900 people and contributing £370m in GVA.<sup>8</sup> A fifth of all businesses in Gwynedd and Môn are in agriculture. The Welsh Government planned to grow sales in the Food and Drink industry by 30% to £7 billion by 2020<sup>9</sup>. The revised Action Plan is currently going through a consultation process however, the new Action Plan sets ambitious targets for the Food and Drink sector. This includes ensuring the turnover of the Food and Drink Sector will grow annually to match the change in the Consumer Price Index (CPI), plus an additional 2%.
- **Tourism:** Tourism is another well-established and vital sector for the North Wales economy, with around 37,200 people working in tourism and hospitality in the region, representing 12% of the workforce. The sector has seen increases in visits and expenditure in recent years, with a 4% increase in trips and a 10% increase in expenditure between 2013-2015 and 2014-2016.<sup>10</sup> There has been a welcome growth in adventure tourism, capitalising on the post-industrial landscape and the area's natural assets. According to the latest available STEAM summary data for North Wales the total economic impact of tourism to the North Wales economy is now £3.69billion.
- **Digital:** the deepening effect of digitalisation means that technology is increasingly disruptive and valuable to the North Wales economy, being a driver of both productivity and competitiveness. Whilst the digital sector has established itself as an important generator of employment and economic output, in reality, a much broader base of sectors have been shaped by digital technologies and processes. This is reflected in national policy – the sector has the backing of the UK and Welsh Governments, within respective Digital Strategies, aligning with the opportunity to exploit digital growth as set out in the UK Industrial Strategy. Ensuring that businesses, households and communities, have access to the very best digital connectivity, is seen as key to unlocking North Wales' and growth potential.

## Population and labour market

### 5.10 Investing in skills that match the needs of the region's new employment opportunities is fundamental to the future economic health of North Wales.

5.11 There is an ageing population in the region and a net outward migration of talent from the region. Whilst the population of North Wales is expected to increase to 722,317 by 2039, the share of the population aged 65 or above is expected to increase from 23.6% to 29.8%. This means a smaller share of working age people, which may place pressures on the supply of skills.

5.12 The employment rate amongst working age residents in North Wales stood at 75.9% at March 2020, which was the same as the UK. Over 5 years, between March 2015 and March 2020, 18,300 jobs were added to the economy, a growth of 6.2% for the region.

---

<sup>8</sup> Source: North Wales Regional Skills Partnership; Labour Market Insights, June 2020

<sup>9</sup> Source: Welsh Government Action Plan for Food and Drink

<sup>10</sup> Source: Welsh Government August 2018 'Tourism Profile- North Wales (2014-2016)'

The specific impacts of Covid-19 on the North Wales economy and the Growth Deal are set out in section 4.21-4.23.

## Sites and premises

### **5.13 The Growth Deal programme will address the shortages of sites and premises in the region and invest to enable the growth of Holyhead Port.**

5.14 Recent research has identified a lack of modern industrial and employment space across the region. Whilst there are business parks located along the A55 with land available for development, planning restrictions and plot sizes together with the lack of development funding and property values that are lower than build costs, has meant these have seen limited new development since 2008. A recent review by Jones Lang LaSalle (JLL, a leading property consultancy) for Welsh Government found that there was relatively weak and fragmented network of readily developable strategic sites, capable of supporting both local business growth and inward investment.<sup>11</sup> The SQW report for Welsh Government completed in March 2020 confirms the conclusions of the JLL report.

## Holyhead Port

5.15 Holyhead Port is of strategic and economic significance both for North Wales and the UK. The Port is the second busiest Roll on – Roll off ferry port in the UK: in 2018 the Port handled 75% of passengers, 71% of passenger vehicles and 81% of freight vehicles passing through Welsh ports to Ireland<sup>12</sup>. The port has the second highest number of short sea ferry crossings by total number of passengers in the UK.<sup>13</sup> The Port is owned and operated by Stena Line Ports Limited who are also the statutory Port Authority.

5.16 The Holyhead-Dublin route is the principal ferry link to the Republic of Ireland from the UK and serves primarily the North Wales and Central and Northern England markets and is currently operated by Stena Line and Irish Ferries. The ports usage by cruise ships has increased substantially over the past decade from 18 visits in 2013 to 51 in 2018<sup>14</sup>, in the same period passenger visits have increased from 15,000 to 50,000<sup>15</sup>.

5.17 The Holyhead Gateway scheme is a series of targeted investments to address life expired assets essential to the operation of the port and to increase capacity for both vehicle and ship movements for both passenger and freight traffic.

## Digital Connectivity

### **5.18 Enhancing digital connectivity is an important priority for unlocking economic growth.**

---

<sup>11</sup> Source : JLL (2017) Priority Property Interventions for Economic Development Report.

<sup>12</sup> DfT Port Freight Stats 2019

<sup>13</sup> DfT Port Freight Stats 2019

<sup>14</sup> Stena Line Ports, 2018

<sup>15</sup> Stena Line Ports, 2018

- 5.19 Demand for high-speed broadband and mobile connectivity in North Wales has kept pace with supply. However, the infrastructure in the region has historically lagged behind the rest of the UK in terms of coverage and capacity.
- 5.20 With the emergence of commercially available fibre optic technology towards the end of the 20th century, the widening of the 'digital divide' now has the potential to increase exponentially. Especially as the difference in affordable bandwidth can now be typically 100s of Megabits per second compared to other regions (e.g. 4.9% premises in Denbighshire with availability of ultrafast at >100Mbps compared to 49% in North West England). All four counties in North West Wales rank in bottom 25% of UK areas for Superfast (>30Mbps) broadband coverage.

### **The economic impact of Covid-19**

- 5.21 Covid-19 has had an immense economic impact on North Wales as in other parts of the UK and globally. The Economic Ambition Board works closely with the six local authorities, UK and Welsh Governments and private sector representatives to co-ordinate the regional response to economic recovery. The longer term effects of Covid-19 on the regional economy at this stage is still unknown.
- 5.22 Work is underway to define a situational analysis to describe the state of the economy in North Wales during what has been a volatile and challenging period for businesses and employees across many sectors. This period of uncertainty caused by the pandemic is ongoing and with the transition period for leaving the EU ending on the 31 December the outlook for winter is bleak. In terms of strengthening the economy in the long term, the Growth Deal will be a welcomed source of hope and investment for the citizens of North Wales.
- 5.23 Interventions already undertaken and planned to create a reliable and evidence based approach to the situational analysis include a regional survey of businesses which attracted over 1,800 responses. A commissioned report on tourism to identify the strengths, weaknesses and opportunities to preserve and revive and develop the tourism economy sustainably. The appointment of an independent economic partner to co-develop the situational analysis and framework for recovery planning for North Wales. Looking initially at the near-term economic recovery post-Covid but also recognising the need to measure and evaluate the impact of the Growth Deal investment on the North Wales economy in the long term throughout the lifetime of the deal.
- 5.24 The Growth Deal is designed to address structural, long-term barriers to economic growth. However, the Board is fully aware that in the short-term a range of actions will be needed to facilitate recovery and alignment between those short term measures and the Growth Deal is key.
- 5.25 The Growth Deal on its own cannot address all the challenges facing the North Wales economy, particularly in light of Covid-19. However, such a significant injection of capital investment into the North Wales economy through the Growth Deal will be a significant boost to the construction and related sectors at a time when there is likely to be spare capacity in the economy.

## 6. The Growth Deal Programmes

6.1 The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long-term challenges and economic barriers to delivering inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Wellbeing of Future Generations (Wales) Act 2015. The Growth Deal is based on the delivery of 14 transformational projects across 5 programmes. The programmes have been defined as either high growth programmes or enabling programmes.

### High growth sectors to drive productivity in the region

6.2 The projects within the Growth Deal aimed at increasing the value and impact of high growth sectors will be focused on three key programmes:

- **Low carbon energy**
- **Innovation in high value manufacturing**
- **Agri-food and tourism**

### Addressing key barriers to enable and achieve economic growth

6.3 We have identified enabling sectors through the Growth Deal to tackle key economic barriers and address structural issues that have impacted on productivity and jobs. Delivery in these sectors will create the appropriate conditions for businesses to invest in the region and for the labour market to take advantage of new employment opportunities. A strategic approach will be taken with our investments, ensuring that they are well-targeted in order to enable economic and employment growth across the region. This will be done in partnership with key partners, especially the UK and Welsh Governments.

6.4 The projects within the Growth Deal to address key barriers to growth will be focused on two key programmes:

- **Land and Property**
- **Digital**

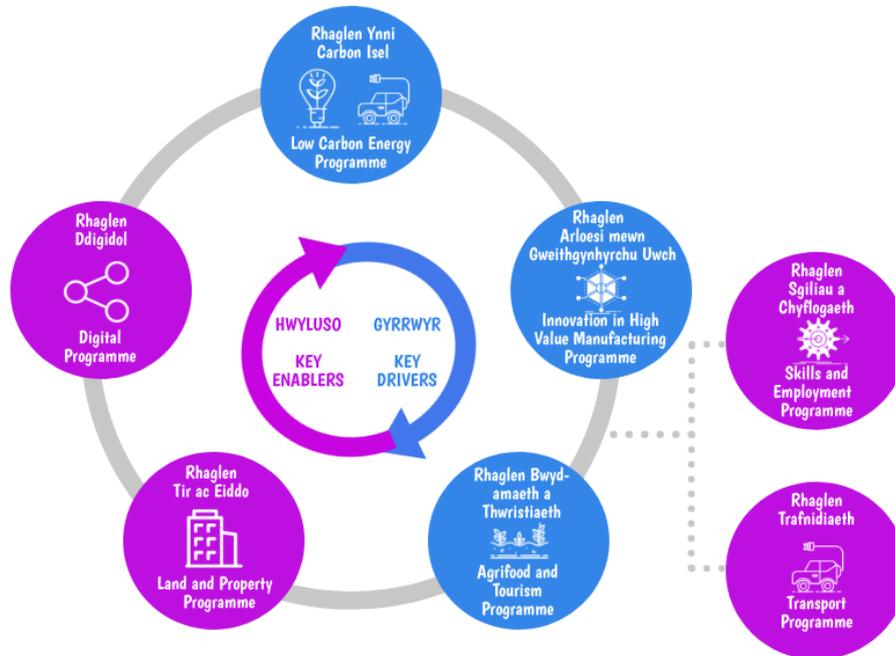
6.5 By focusing delivery on these programmes collectively, the Growth Deal will achieve a greater impact in terms of our ambition and use of resources rather than delivering them in isolation.

6.6 Two further enabling programmes sit outside the scope of the North Wales Growth Deal due to funding constraints:

- **Skills and Employment** - This programme aims to tackle economic inactivity and deliver a co-ordinated and integrated skills and employment approach in the region.
- **Strategic Transport** - This programme aims to enable improved accessibility and connectivity, to and within the region.

6.7 The programmes remain key to delivering the wider vision for North Wales and the Economic Ambition Board is working with the Regional Skills Partnership and through its Transport Sub-Board to identify and secure alternative funding sources to deliver these programmes.

Figure 6.1 The Growth Deal Programmes



Source: North Wales Economic Ambition Board

6.8 All programmes and projects within the Growth Deal will contribute to the achievement of the Growth Vision and the delivery of benefits for North Wales. The benefits from the Growth Deal will support sustainable and inclusive growth across the region – in accordance with the Growth Vision as well as the priorities of the Well-Being of Future Generations (Wales) Act 2015.

### Summary of the Programmes

6.9 The strategic aims to address in each programme, and the types of intervention they are intended to facilitate, are summarised below.

#### Low carbon energy

**Strategic aims:** To unlock the economic benefits of transformational low carbon energy projects and position North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment.

**Types of intervention:** Enabling works for new low carbon energy generation, enhancing research and innovation facilities for low carbon energy sectors, transport decarbonisation and support for local energy projects.

#### Innovation in high value manufacturing

**Strategic aims:** To consolidate North Wales' position as a powerful and innovative high value manufacturing cluster, building on existing specialisms and leading expertise to create a higher value, more diverse economic base that supports the transition to a low carbon economy

**Types of intervention:** Industry and research collaborations along with the establishment of centres of excellence in targeted technologies to help overcome barriers and market failures in the research commercialisation process.

#### **Agri-food and tourism**

**Strategic aims:** To build a more sustainable, vibrant and resilient foundation economy within the region, optimising opportunities for employment and prosperity through our environment and landscape.

**Types of intervention:** Introducing new technologies & innovation, skills and practices to these sectors, via business support and upskilling.

#### **Land and property**

**Strategic aims:** To address the shortage of suitable land and properties for business growth and to bring forward sites for housing development and to deliver improvements that stimulate investment in the Port of Holyhead and the wider region. These projects will play an enabling role for the other programmes by ensuring that serviced sites are available for investors and developers.

**Types of intervention:** The provision of primary services and enabling works to bring forward commercial and housing development sites, delivery of employment floor space and future proofing and capacity enhancement works to the port of Holyhead.

#### **Digital**

**Strategic aims:** To deliver the step change in digital connectivity needed to ensure North Wales is able to satisfy user demand, maintain pace with the rest of UK, unlock the growth potential of priority sectors and sites and underpin a flourishing innovation ecosystem. Plays an enabling role for other programmes to deliver maximum benefit.

**Types of intervention:** The programme has identified a need to which balance investment in infrastructure and technology, through enhanced fixed broadband footprint at key sites in rural areas, unlocking applications through 5G access, and furthering digital innovation.

## 7. The Projects

7.1 The Growth Deal is based on 14 transformational projects to be delivered across 5 programmes. These projects have been identified by the Economic Ambition Board on the basis that they:

- deliver against the North Wales Growth Vision and are aligned with relevant Wales and UK strategies;
- are spatially targeted across the whole region;
- deliver benefits that will have a positive impact on as many communities as possible across the region;
- are enablers for economic growth;
- support growth and attract private sector investment;
- promote innovation.

Table 4: Summary of North Wales Growth Deal Projects

Programme	Project	Project Sponsor	Project Summary
Innovation in High value manufacturing	Centre for Environmental Biotechnology (CEB)	Bangor University	The Centre for Engineering Biotechnology will be a world-leading centre in the discovery and characterisation of novel extremophilic enzymes of industrial relevance. The Centre for Engineering Biotechnology will provide a strong foundation for attracting world-leading researchers, significant public and commercial research funding, and inward investment to Wales, building on an initial £5mERDF investment into research capacity. The project also aims to draw companies in the biocatalysis sector to North Wales to take advantage of clustering and agglomeration benefits the regions offers due to its well-established specialism in bioengineering.
	Enterprise Engineering & Optics Centre	Glyndwr University	The Enterprise Engineering & Optics Centre will provide facilities (in Wrexham and St. Asaph) targeted to boost high level skills development for the region and enable SME's and large businesses to work in partnership with Wrexham Glyndwr University on commercially driven research and development.
Agri-food and tourism	Tourism TALENT Network	Grŵp Llandrillo Menai	The Tourism Talent Network sets out ambitious plans to future-proof skills provision and increase commercial benefits from one of the most established and fastest growing sectors in the region. The North Wales Tourism Talent Network aims to stimulate public-

Programme	Project	Project Sponsor	Project Summary
			private collaboration to coordinate action on skills and product development to transform and accelerate the growth of the tourism and hospitality sector in the region.
	<b>Glynllifon Rural Economy Hub</b>	Grŵp Llandrillo Menai	The vision is to create a distinctive, world-class Rural Economy Hub at Glynllifon, offering a range of facilities and services to strengthen and enhance the regional economy, specifically through growing the food and drink sector.
	<b>The Llysfasi Carbon Neutral Centre</b>	Coleg Cambria	Llysfasi Carbon Neutral Centre aims to lead North Wales to a resilient future where carbon neutral land management is at the centre of a developing renewable energy sector supporting a sustainable, thriving and healthy community covering the rural/urban mix of the region.
<b>Land and property</b>	<b>Holyhead Gateway</b>	Stena Line	Future proof the Holyhead Port by providing new deep-water heavy loading and cruise facilities, improved vehicular access, guaranteeing the future of the breakwater and providing for the demands of regional energy projects.
	<b>Regional Land and Property</b>	North Wales Economic Ambition Board	Comprised initially of five development sites: <b>Denbigh Hospital Site</b> -A planning application has been submitted to bring forward a mixed use commercial and residential development. The Growth Deal funding will assist in the delivery of a cleared and remediated site with primary services. <b>Bodelwyddan Strategic Site</b> -A mixed use commercial and residential development site of 137 hectares. The Growth Deal funding will provide the primary services to enable the site to be bought to the market for development. <b>Parc Bryn Cegin Strategic Site</b> -Provide industrial floor space to meet known demand for units. <b>Wrexham Gateway</b> - Growth Deal funding will provide the necessary statutory consents and deliver primary services to enable the site to be bought to the market for sale and development. <b>Warren Hall Strategic Site</b> - Growth Deal funding will provide the necessary statutory consents and deliver primary services to enable the 65-hectare mixed use site to be bought to the market for sale and then development by the private sector.
<b>Digital</b>	<b>Digital Connectivity Project</b>	North Wales Economic Ambition Board	Comprised of four elements: <b>Full fibre</b> - This project seeks to deliver full fibre connectivity (gigabit capable) to 28 key business sites across NWEAB. The focus of the project is to provide access to full fibre services that are more affordable, scalable and able to service the needs of SMEs, in lieu

Programme	Project	Project Sponsor	Project Summary
			<p>of and complementing more expensive leased line circuits. Some 4,100 business premises and 450 residential premises able to access gigabit capable full fibre broadband once complete.</p> <p><b>Connected Campus</b> This project aims to accelerate the development of Connected Campuses at 19 key regional economic sites. It will target key sites which present uses cases for 5G and low power Wi-Fi networks in the context of heavy industry, light industry, research sites, commercial sites and across a much larger rural campus (encompassing thousands of farms and agricultural clusters). It is estimated some 2,600 business premises will have access to high bandwidth 5G and low power Wi-Fi services once complete.</p> <p><b>Connected Corridor</b> - This project aims seeks to respond to industry demand and technology drivers by supporting the more efficient operation of supply chains, and major transport operations (such as ports). In total, 156km of road and rail corridor will be connected to 5G/Low Power Wireless Access Networks, along the A55 corridor and adjacent mainline rail route. It is estimated that up to 1.57 million rail journeys and 1.3 million road journeys will benefit from enhanced 5G connectivity once complete.</p> <p><b>Connecting the last few %</b> - This project targets universal superfast coverage across North Wales, which have yet to be served by other means and cannot obtain speeds of at least 30Mbps (download).</p> <p>A lack of reliable and in some cases basic broadband (Ofcom defines as 10Mbps download) is an established and growing challenge facing rural businesses and communities. A widely acknowledged 'digital divide' is affecting residents' access to online services and preventing SMEs from developing and sustaining trade. The growing trend of working from home is also restricted by poor connectivity.</p> <p>Up to 10,100 residential and 4,300 business premises with will access to superfast broadband once complete.</p>

Programme	Project	Project Sponsor	Project Summary
	<b>Digital Signal Processing Centre Project (DSP)</b>	Bangor University	The project will bring together Bangor University researchers to work alongside high-profile international companies and Welsh SMEs enabling them to work together to explore disruptive solutions for 5G. The project will allow the DSP Centre to expand its presence and remit, integrating fully with the National Strategy Project (NSP) and enable the scaling of key assets including a 5G testbed, research capacity and state-of-the-art equipment. The project is expected to create 160 jobs in total.
<b>Low carbon energy</b>	<b>Morlais</b>	Menter Môn	Constructing the infrastructure that connects the Morlais Zone with the electricity grid system, readying the site for private sector developers investing to lease parts of the zone for deploying tidal energy technologies. This would position the zone as the first consented, expandable and technology-agnostic site in the world with up to 180 MW of potential.
	<b>Trawsfynydd Power Station</b>	Cwmni Eginio	The Trawsfynydd site is uniquely placed for a 'First of A Kind' deployment of a Small Modular Reactor (SMR) or Advanced Modular Reactor (AMR) due to its status as a publicly owned asset, its highly skilled workforce, and the supportive community. In combination with the public and private sector, the Growth Deal will contribute funding towards enabling infrastructure for this development, helping to secure jobs as well as position North Wales at the cutting edge of innovation and R&D in a technology that has significant potential for deployment across the UK.
	<b>Low Carbon Energy Centre of Excellence</b>	Bangor University	Developing 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
	<b>Smart Local Energy</b>	North Wales Economic Ambition Board	To help achieve renewable energy, decarbonisation and local ownership targets, the project will support innovative enabling projects and demonstrators that overcome market failures and unlock private and community sector investments in smart local energy solutions.
	<b>Transport Decarbonisation</b>	North Wales Economic Ambition Board	Support delivery of a demonstrator project involving the production of green hydrogen from low carbon energy sources and its use within regional transport networks.

## 8. Economic Impact

### Spending Objectives

**8.1** The Heads of Terms agreement set out that the Government investment would be used to create up to 4,000 new jobs, support 5% GVA uplift and secure £500million in private sector investment over the 15-year period. In the development of a portfolio and five programme business cases to secure the Final Deal agreement with Welsh and UK Government these have been refined into the following spending objectives for the North Wales Growth Deal. All the programmes and projects within the Growth Deal contribute to these overall objectives.

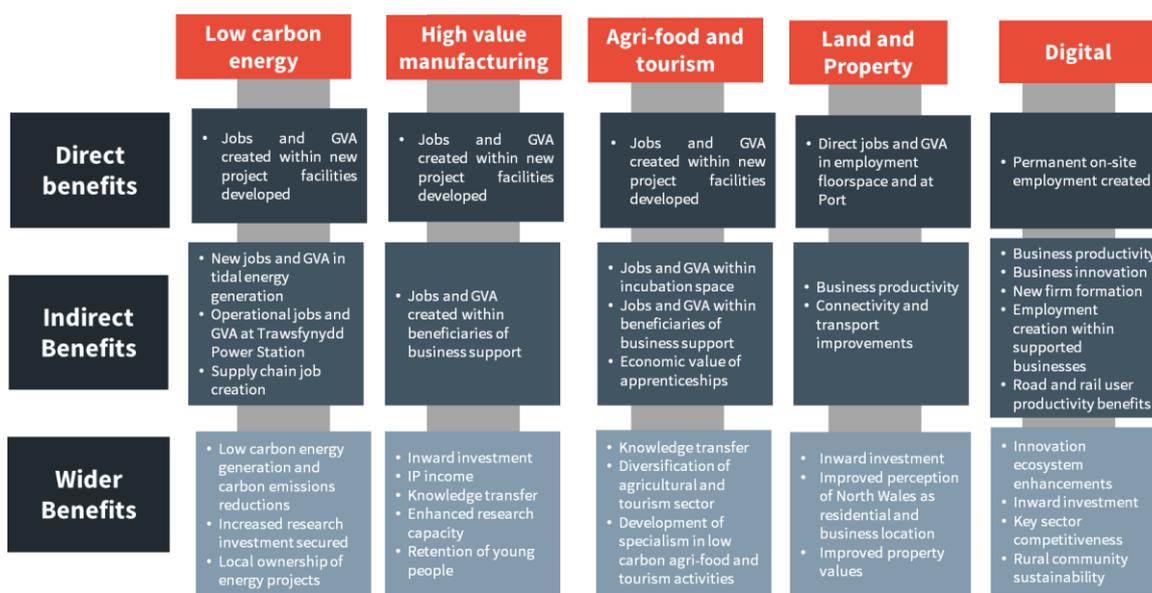
Spending Objective 1 - Jobs	To create between 3,400 and 4,200 net new jobs in North Wales through the Growth Deal by 2036.
Spending Objective 2 - GVA	To support a net additional GVA uplift of between £2.0 billion and £2.4 billion for the North Wales Economy through the Growth Deal by 2036.
Spending Objective 3 - Investment	To deliver a total investment of up to £1.1 billion in the North Wales Economy through the Growth Deal by 2036.

### Benefits Summary

**8.2** In developing each of the five programmes for the Final Deal, a high-level assessment of the relevant economic benefits has been produced. Each of the programmes will generate a set of benefits that have been classed as direct, indirect and wider benefits. The precise nature of these vary between the programmes. The key types are summarised below, by programme.

**8.3** The core measures across all programmes and projects are jobs and Gross Value Added (GVA) created, reflecting the core spending objectives of the Growth Deal. Growth in GVA is a function of both sectoral growth (with accompanying growth in jobs) and productivity enhancements (e.g. generated by investments in digital infrastructure).

Figure 1.2 Benefits Framework



Source: Hatch

## Net additional benefits

- 8.4 After taking account of likely levels of additionality within the projects and programmes, the Growth Deal programmes are expected to generate a total of **£1.97 to £2.41 billion** in net additional GVA, and **3,400 to 4,200 net additional FTE jobs** per annum at steady state.
- 8.5 A breakdown across all of the projects is provided in Appendix B.

Table 5: Net Additional Economic Benefits (GVA is cumulative to 2036 and expressed in 2020/21 prices, undiscounted; jobs are annual at steady state)

	GVA (£m)	Jobs Created (FTEs)
Low carbon energy	430 - 530	800 – 980
Innovation in high value manufacturing	90 – 110	150 – 180
Agri-food and tourism	230 – 280	310 – 380
Land and property	1,060 – 1,290	1,870 – 2,280
Digital	150 – 190	310 – 380
<b>Total, North Wales Growth Deal</b>	<b>1,970 – 2,410</b>	<b>3,440 – 4,210</b>

Source: Hatch calculations based on project level data. Rounded to the nearest £10m/10 FTEs. Ranges apply a ± 10% margin of error.

## Benefit-cost ratio

- 8.6 Drawing the analysis together, the Growth Deal Programme has an estimated benefit-cost ratio of between **2.8:1 and 3.4:1**, i.e. for every £1 in public sector investment (after Optimism Bias\*) the Growth Deal is expected to return net additional economic benefits of between £2.80 and £3.40. This rises to between £4.90 and £6.00 for every £1 of Growth Deal investment only.
- 8.7 This places the overall Growth Deal into the category of “high” value for money, as defined by Central Government.<sup>16</sup>

	Based on Total Public Sector Cost	Based on Growth Deal cost only
Discounted net additional benefits	£1,370m - £1,670m	
Discounted costs, after optimism bias	£488m	£273m
Net Present Social Value	<b>£930 – £1,140</b>	<b>£1,120 - £1,370</b>
BCR	<b>2.8:1 - 3.5:1</b>	<b>5.0:1 - 6.1:1</b>

Source: Hatch calculations based on project level data

Optimum Bias Note: Prior to calculating the final Benefit Cost Ratio (BCR), we have discounted all costs and benefits at 3.5%, in line with HM Treasury Green Book Guidance

## 9. Growth Deal Funding Profile

- 9.1 The Growth Deal is based on the delivery of fourteen projects across five programmes with an anticipated total capital expenditure of £1.1billion of which £240million is derived from the Growth Deal with the remainder provided by public and private sector partners.
- 9.2 A breakdown of capital expenditure per project is provided in the table below:

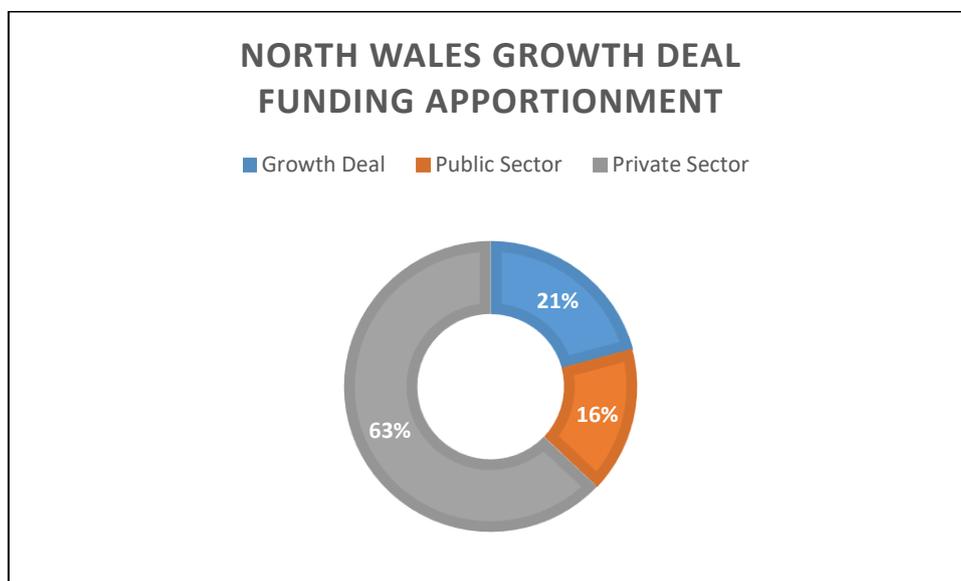
Project	Project Sponsor	Growth Deal Investment (£m)	Other Public Sector Investment (£)	Private Sector Investment (£)	Total Capital Investment (£)
<b>Digital Programme</b>					
Digital Signal Processing Centre Project	Bangor University	3.0	3.1	1.1	<b>7.3</b>
Digital Connectivity Project	Full Fibre at key sites	6.8	-	0.411	<b>7.2</b>
	Connected Corridor	2.2	-	-	<b>2.2</b>

<sup>16</sup> See, for example, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/918481/valuing-for-money-supplementary-guidance-on-categories.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918481/valuing-for-money-supplementary-guidance-on-categories.pdf)

Project		Project Sponsor	Growth Deal Investment (£m)	Other Public Sector Investment (£)	Private Sector Investment (£)	Total Capital Investment (£)
	Advanced Connectivity ('Connected Campus')	Economic Ambition Board	21.0	-	-	<b>21.0</b>
	Last few %	Economic Ambition Board	4.0	-	-	<b>4.0</b>
<b>Low Carbon Energy Programme</b>						
Morlais		Menter Môn	9.0	27.0	-	<b>36.0</b>
Low Carbon Energy Centre of Excellence		Bangor University	21.0	75.7	1.0	<b>97.7</b>
Trawsfynydd Power Station		Welsh Government	20.0	20.0	360.0	<b>400.0</b>
Transport Decarbonisation		Economic Ambition Board	11.4	11.45	5.7	<b>28.6</b>
Smart Local Energy		Economic Ambition Board	25.0	6.2	75	<b>106.2</b>
<b>Land and Property Programme</b>						
Holyhead Gateway		Stena Line	35.0	-	45.0	<b>80.0</b>
Land and Property Project	Warren Hall	Economic Ambition Board	15.0	-	55.0	<b>70.0</b>
	Former North Wales Hospital, Denbigh	Economic Ambition Board	4.0	-	70.0	<b>74.0</b>
	KSS, Bodelwyddan	Economic Ambition Board	10.0	-	72.0	<b>82.0</b>
	Parc Bryn Cegin	Economic Ambition Board	6.0	-	-	<b>6.0</b>
	Western Gateway, Wrexham	Economic Ambition Board	9.1	1.9	32.4	<b>43.4</b>
<b>Innovation in High Value Manufacturing</b>						
Centre of Environmental Botechnology		Bangor University	3.0	6.6	-	<b>9.6</b>
Enterprise Engineering & Optics Centre		Glyndwr University	10	19.9	-	<b>29.9</b>
<b>Agrifood and Tourism Programme</b>						
Glynllifon Rural Economy Hub		Grŵp Llandrillo Menai	10.0	3.0		<b>13.0</b>

Project	Project Sponsor	Growth Deal Investment (£m)	Other Public Sector Investment (£)	Private Sector Investment (£)	Total Capital Investment (£)
The Llysfasi Carbon Neutral Centre	Coleg Cambira	10.0	2.7	2.7	15.4
Tourism TALENT Network	Grŵp Llandrillo Menai	4.5	6.7	1.7	13.0

<b>GROWTH DEAL TOTAL</b>	<b>240</b>	<b>184.3</b>	<b>722.1</b>	<b>1146.4</b>
--------------------------	------------	--------------	--------------	---------------



## 10. North Wales Economic Ambition Board Partner Contributions

### Annual Partner Contributions

- 10.1 No revenue funding is provided through the Growth Deal for the delivery of the projects or the operational running costs of the project once completed.
- 10.2 Revenue funding to support the Portfolio Management Office is provided through Economic Ambition Board partner contributions (including supplementary local authority contributions) and additional ESF funding has also been secured for the first three years of operation (from May 2020). An amount equivalent to the 'top slice' of the annual government grant at 1.5% can also be used to fund this, subject to Welsh Government flexibility to manage funding. Any additional Portfolio Management

Office costs directly attributable to the delivery of the projects will be accounted for within project business cases.

- 10.3 The annual partner contributions toward Portfolio Management Office costs are set out in the table below:

	Local Authority Contribution	HE/FE Annual Contributions	Total Annual Contribution
<b>Annual Core Contributions</b>	£50k per LA	£25k per partner	£400k
<b>Annual Supplementary Contribution*</b>	£40k per LA	0	£240k

\* this contribution is a supplementary contribution agreed by the Councils only

## Growth Deal Cash-flow Financing Contributions

- 10.4 A total of £240m grant contribution to the North Wales Growth Deal is provided by the UK and Welsh Government in annual instalments over a 15 year period.
- 10.5 Due to the nature of the annual Growth Deal grant payments from government, there is a medium term temporary funding gap between the expected expenditure profile of the Growth Deal and the funding received.
- 10.6 The Economic Ambition Board, through Gwynedd Council as the host authority, will be responsible for managing this negative cash flow. This will be met by the local authorities (proportional to population) for regional NWEAB projects, and with project lead partners responsible for the cost in relation to their projects (which create assets).
- 10.7 The total (15 years) contributions that will be required from the North Wales Economic Ambition Board partners, to enable the delivery of the Growth Deal, are set as a range for each partner. Version 1 is modelled as the best case scenario and Version 2 as a worst case scenario, to reflect the timing of finalising the Growth Deal and consequent timing of government grant funding. Any proposed increase in agreed contributions would need to be approved as a reserved matter.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commercial Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	1.40	0.51	0.75	0.52	2.29	1.17	0.96	1.56	1.24	0.70	1.36	12.46
2	1.99	0.73	1.07	0.74	3.24	1.67	1.36	2.22	1.77	1.00	1.94	17.73

- 10.8 The table below shows the annual partner contributions to cover the cost of 'borrowing' notionally required to facilitate the negative cash flow.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commercial Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£	£	£	£	£	£	£	£	£	£	£	£
1	93,330	34,000	50,000	34,670	152,660	78,010	64,000	104,000	82,670	46,670	90,670	830,680
2	132,670	48,670	71,330	49,330	216,000	111,340	90,670	148,000	118,000	66,670	129,340	1,182,020

## 11. Commercial Strategy

- 11.1 The Economic Ambition Board is committed to maximising the impact of the North Wales Growth Deal.
- 11.2 The primary driver for all projects within the Growth Deal is to deliver economic and social benefits to North Wales in line with the strategic outcomes set out in the portfolio business case. The Growth Deal aims to maximise private sector direct investment and leverage across the portfolio.
- 11.3 There is significant potential across the portfolio to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities. These opportunities may include provision of Growth Deal funding as a loan, investment or profit share arrangement subject to relevant project state aid advice.
- 11.4 The Economic Ambition Board expects to generate a return on investment across the overall portfolio, with a particular focus on opportunities within the Land and Property and Low Carbon Energy programmes that would subject to UK and Welsh Government agreement be reinvested in the region.
- 11.5 Procurement represents a significant commercial opportunity for the North Wales Growth Deal. Collaborative procurement opportunities will be explored where appropriate across the Growth Deal in line with the procurement strategy outlined below.

## 12. Procurement Approach

- 12.1 The Economic Ambition Board is committed to securing value for money and maximising benefits to the region through the North Wales Growth Deal. Procurement will play a key role in the delivery of the Growth Deal projects but also in the realisation of benefits to the region. This section sets out the approach that the Board will take to procurement, with a particular focus on maximising social and community benefits to be delivered through procurement activity.
- 12.2 The following procurement principles will underpin all Growth Deal procurement activity:
  - **Regional Leadership and strategic approach**

The Economic Ambition Board will:

    - *have a clear strategy and principles for achieving innovative and sustainable procurement practices with clients, contractors and communities working together*
    - *engage with contractors and supply chain in an open and transparent manner with a two way exchange*
    - *promote and champion collaborative procurement opportunities, supporting innovation and growth*

- *will work with the PSB's and directly support the local wellbeing plans and evolving community resilience plans for the region to recover and build back fairer and better*
  - *promote and champion the delivery of social value and community benefits through procurement activity align with and test key policies such as the socio economic duty and the social partnerships bill.*
  - *embed 'The Wellbeing of Future Generations (Wales) Act 2015' lens into all procurement activity contributing where relevant to the 46 national wellbeing indicators for Wales.*
- **Engagement and supply chain support, and the Foundational economy**
    - *Engage in two way exchange with partners, contractors and communities and ensure local and regional needs and priorities are part of the social value clauses*
    - *Support and improve access for SMEs and support collaboration between SMEs within the region.*
    - *Open and fairness support local supply chains to engage with larger contracts through supply chain briefings and joint bidding opportunities and pipeline of projects.*
    - *Ensure fair and ethical working practices, including prompt payment to contractors and within the supply chain*
    - *Supporting the foundational economy in the region with skills and innovation mapped across the Regional Skills and employment plan.*
- **Skills, Jobs & Growth**
    - *Focus on innovative targeted recruitment and training working with our partners to ensure we support people to retrain, develop new skills through volunteering or contribute to education/apprenticeships.*
    - *Target opportunities and engage with existing mechanisms to support this and target specific groups such as young people or those in areas of deprivation to engage in education and learning/development.*
- **Contribution to education and supporting young people**
    - *Work with evolving projects such as the Children's University to support contractors engage and deliver learning and skills development for young people.*
    - *Support engagement and connections with schools to offer opportunities to all support the new Curriculum 2022 in Wales, with a focus on digital inclusion.*
- **Community resilience and well being**
    - *Work directly with the PSB to include community resilience and wealth building developing assets in our communities to include supporting positive mental health in workforces, supply chain and in communities*

- *Engage with new partnership such as museums, theatres and arts to support developing our cultural and Welsh language considerations in contract opportunities.*
  - *Work with procurement partners and third sector organisations to maximise community wealth building opportunities.*
  - *Support and engage with the third sector in a valued based approach that support resilience in the third sector to work with and support contractors and the supply chain.*
- **Environmental Sustainability and Green Recovery**
    - *Ensure we have environmental considerations in contract opportunities, minimising our impact on the environment and supporting new technologies, approaches and innovation with contractors and the supply chain, with a focus on the circular economy*
    - *Seek to minimise the carbon footprint of projects and support low carbon economy, focused on the commitment by welsh government to achieve a carbon neutral public sector by 2030, reducing greenhouse gases, improving our natural environment and protecting our biodiversity.*
  - **Innovation and new practices**
    - *Test and explore new ways of working with all partners to seek to maximise value from regional collaboration*
    - *Establish effective arrangements for monitoring impact, exploring the most appropriate tool to do this*
    - *Work collaboratively across the partnership to effectively resource procurement activity and focus on developing and delivering new forums to support capacity and capability to use procurement as an effective tool such as community of practices etc.*

## 13. Governance Arrangements

### Governance Agreement 2

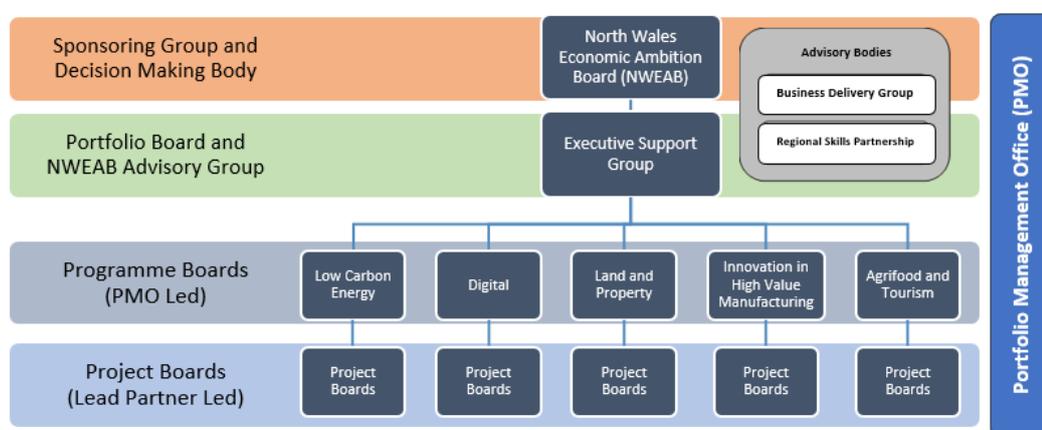
- 13.1 Having Secured the Growth Deal the Partners have agreed to enter into a second Governance Agreement (GA2) which will support the partnership into the next phase of implementation of the Growth Deal and further development of the Growth Vision.
- 13.2 The agreement, which is a legally binding document defines the role and function of the Board and its delegated powers. It also provides for its decision making structures and democratic accountability. Provision is made for the commitments of the Partners to the project and how these are managed and apportioned. GA2 provides assurance for the Host Authority (Gwynedd Council) in assuming that role. The underlying arrangements providing for legal and compliance matters within the partnership and the governance of the Programme Office are also addressed.

- 13.3 It is a key document providing a clear structure and foundation for taking the implementation of the Growth Deal forward.

### Portfolio, Programme and Project Management Arrangements (PPM)

- 13.4 The Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management as set out in ‘Government Functional Standard GovS 002: Project Delivery’. Portfolio, programme and project management is an integrated way of meeting an organisation’s ambitions, driving better decisions and increasing the likelihood of successful outcomes.
- 13.5 The diagram below sets the PPM governance delivery structure for the Growth Deal:

Figure 1.3 Growth Deal Delivery Structure



Source: North Wales Economic Ambition Board

### Strategic and Portfolio Level

- 13.6 **North Wales Economic Ambition Board (Sponsoring Group)** - The Economic Ambition Board acts as the Sponsoring Group (Organisation) and the Decision-Making Body. All authority below this level is delegated to relevant parties as required through a formal decision by the Board. A member of the Economic Ambition Board will take on a Lead Member role for each of the programmes and sit on the relevant Programme Board. The Board will be responsible for the consideration and approval of project business cases within the portfolio and with responsibility for delivery delegated to the relevant programme and project boards.
- 13.7 **Executive Support Group (Portfolio Board)** - This group is the advisory body to the Economic Ambition Board but also acts as the Portfolio Board for the Growth Deal to support and challenge the Growth Deal Programme Director to ensure delivery. The group is made up of senior officers from each of the Economic Ambition Board partner organisations. A member of the Executive Support Group will act as a Senior Responsible Owner (SRO) for each of the programmes and lead the relevant Programme Board.

- 13.8 **Programme Director** - The Programme Director is accountable to the Economic Ambition Board for the delivery of the Growth Deal portfolio.

### **Programme and Project Level**

- 13.9 **Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects. Each programme is assigned a Programme Manager from within the PMO.
- 13.10 **Programme Boards** - Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director.
- 13.11 **Project Boards** - All projects within the Growth Deal will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. These boards will be focused on the development and delivery of the agreed business case, with a focus on the delivery of specified outputs. Projects and Project Boards will be the responsibility of the Project Sponsor and clear arrangements for the delivery of projects in line with best practice will be set out in each project business case. Projects will report through to the relevant Programme Board. Terms of Reference for Project Boards will be agreed between the Project Sponsor and the Portfolio Management Office to ensure the appropriate links and reporting arrangements between the project and the Programme Board are understood by both parties.

### **Project Approval Process**

- 13.12 The Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, project business cases can be brought forward for the NWEAB to consider.
- 13.13 Full (5 Case Model) business cases will be developed for each project within the North Wales Growth Deal in line with the 'Better Business Case' guidance developed by Welsh Government and HM Treasury.
- 13.14 Preparing a Project Business Case using the five Case model provides decision makers and stakeholders with a proven framework for structured 'thinking' and assurance that the project provides and strategic fit, maximise public value, is commercially viable, is affordable and is fundable over time.
- 13.15 Project business cases will be required to demonstrate how they deliver against the objectives and aspirations of the North Wales Growth Deal and specifically the relevant programme business case.
- 13.16 It is recognised that through the development and agreement of portfolio and programme business cases between the Economic Ambition Board and UK/Welsh Government that the strategic case for projects will have been established.
- 13.17 Each project business case will be subject to independent gateway reviews at agreed points as agreed with the Welsh Government Assurance Hub.

13.18 Project business cases will first be considered by the relevant Programme Board. Business cases will only be presented to the Economic Ambition Board following endorsement by the Portfolio Board and the Programme Board and the completion of required gateway reviews. The PMO retains the right to commission external reviews of project business cases where required.



### Process for Considering New Projects

13.19 The Growth Deal is a portfolio spanning 15 years and there is potential that not all the current 14 projects will be delivered if the economic benefits of certain projects cannot be demonstrated through project business cases or if new priorities emerge for the region. It is also possible that further funding sources may be identified or income generated through the Growth Deal for reinvestment in new projects.

13.20 Any new or replacement projects will be 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. Project proposals that sit outside the agreed funding envelope for the partnership and outside the parameters agreed with UK and Welsh Government would need the approval of individual partners and/or both governments.

13.21 New or replacement project proposals would be assessed at the relevant programme board before consideration by the portfolio board and the Economic Ambition Board. Should the Economic Ambition Board endorse a new project for development, a project business case would be developed in accordance with the process set out above.



### Monitoring and Evaluation

13.22 Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board.

13.23 A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal. The key components of the Monitoring and Evaluation Plan are set out below:

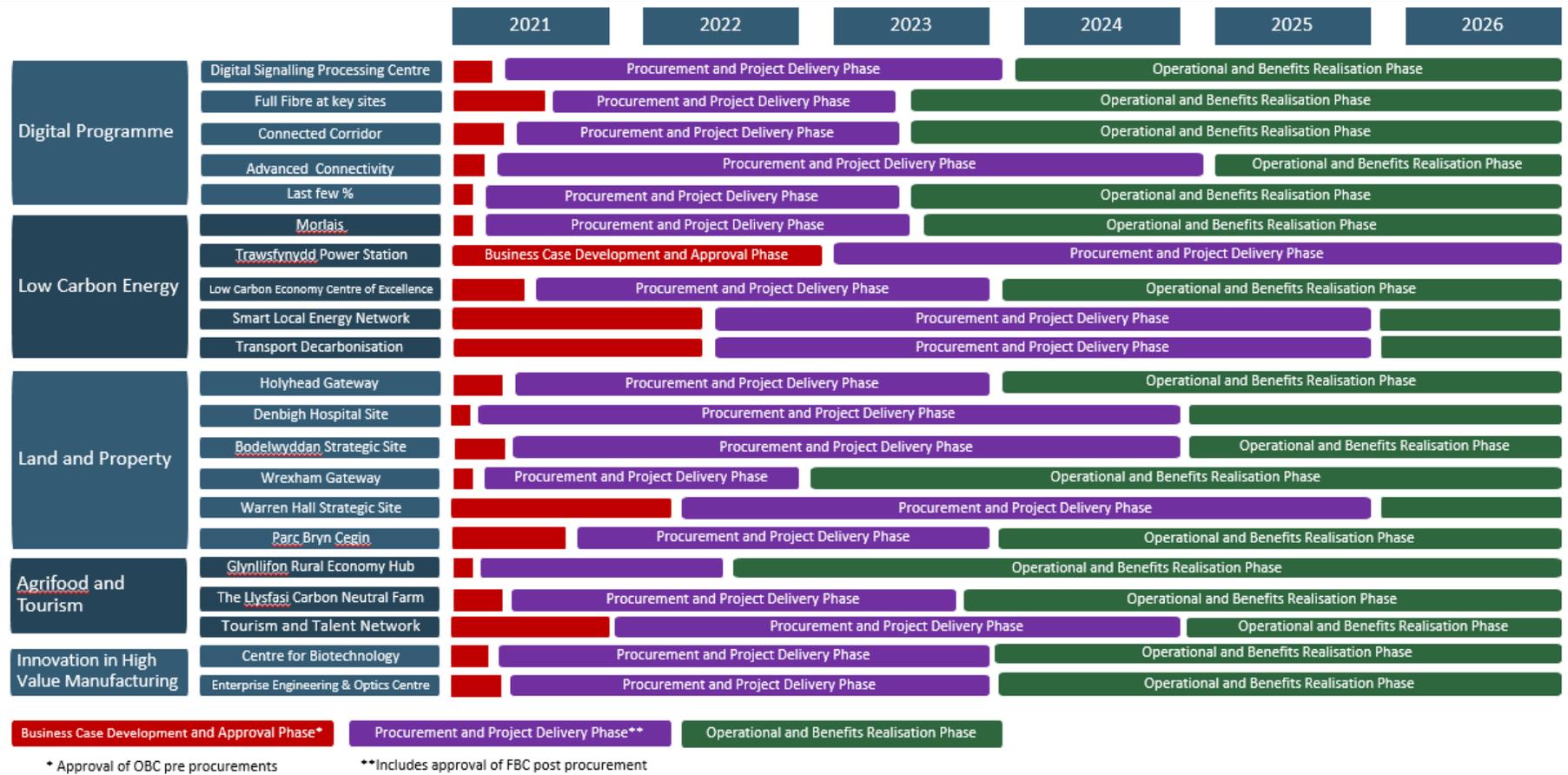
13.24 Monthly Highlight Reports for all programmes and projects;

13.25 Formal Quarterly Reports to the Economic Ambition Board, UK Government and Welsh Government;

- 13.26 Formal Annual Report to Economic Ambition Board, its partners, UK Government and Welsh Government;
- 13.27 Independent economic impact evaluation to be undertaken every 3-5 years against suite of indicators agreed with UK Government and Welsh Government.
- 13.28 Wider benefits to be achieved through procurement, particularly social and community value will be monitored and evaluated to ensure maximum benefit is derived to the region from such activity.
- 13.29 The Economic Ambition Board will work with the Welsh Government to ensure that evaluation against the Wellbeing of Future Generations (Wales) Act 2015 is a key component of all monitoring and evaluation activities.
- 13.30 The Economic Ambition Board is committed to developing an appropriate feedback mechanism for the North Wales Growth Deal with both governments to ensure lessons learned during the delivery of the Growth Deal are captured and shared.

# 14. Growth Deal Project Delivery Timescales

Figure A.1 Growth Deal Delivery Timescale



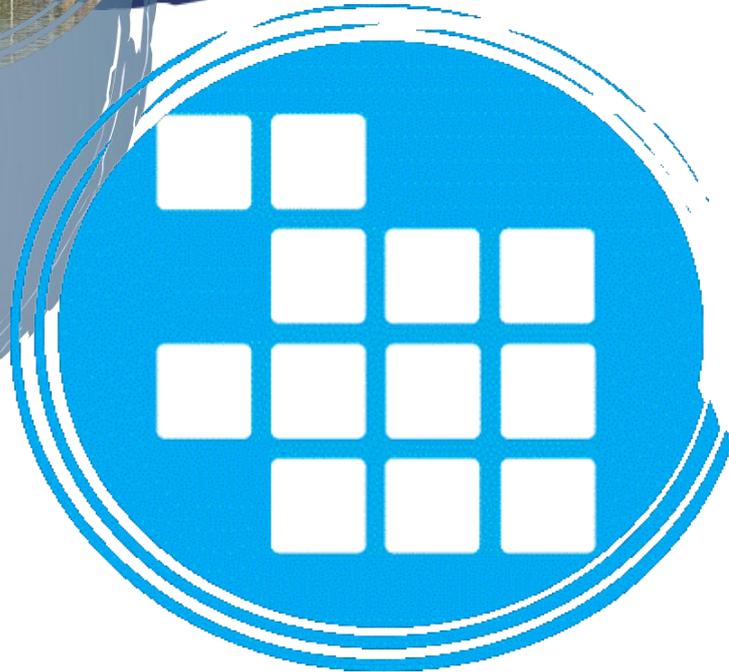
Source: NWEAB

Explanatory Note on Private Delivery in the Land and Property Programme

Due to the scale of the proposed development, the following projects will have delivery timescales extending beyond 2026 - Western Gateway, Warren Hall, Bodelwyddan, Former North Wales Hospital. The timetable above refers to the Growth Deal funded elements of these projects. The full indicative delivery timeline for these projects is shown in Table 5.4 of the Financial Case of the Land and Property Programme Business Case



# North Wales Growth Deal: Portfolio Business Case



**HATCH**

# Contents Page

---

<b>Contents Page</b>	<b>2</b>
----------------------	----------

---

<b>Executive Overview</b>	<b>i</b>
The Strategic Case	i
The Economic Case	iv
The Commercial Case	vii
The Financial Case	vii
The Management Case	ix

---

<b>1. Introduction</b>	<b>1</b>
------------------------	----------

---

<b>2. The Strategic Case</b>	<b>2</b>
Strategic Context	2
City and Growth Deals	2
Organisational Overview	2
Business Strategy and Aims	4
Alignment to Existing initiatives	8
The Case for Change	9
Strategic Portfolio Spending Objectives	9
Existing arrangements	10
Business Needs	18
Potential Scope: North Wales Growth Deal	20
Growth Deal Programmes	20
Main Benefits	23
Main Risks	25
Constraints	26
Dependencies	26

---

<b>3. The Economic Case</b>	<b>27</b>
Critical Success Factors	27
Options assessment	27
Strategic Options	28
Proposition Development	29
Economic Appraisal	36
Economic Appraisal Summary	36
Key appraisal parameters	38
Costs	38
Benefits measured	39
Gross benefits	42

Net additional benefits	42
Benefit-cost ratio	43
Risk and Sensitivity Analysis	44
Risk	44
Sensitivity Assessment	45
Wider Benefits	46
<hr/>	
<b>4. The Commercial Case</b>	<b>47</b>
Commercial Strategy	47
Procurement Strategy	47
Procurement Principles	50
Social Value and Community Benefits	51
Procurement Resourcing	52
Contractual Relationships	52
Key Partnerships	52
Stakeholder Relationships	52
Service Requirements, Outputs and Risk Allocation	52
Charging Mechanism	53
Asset Ownership, Management and Accountancy Treatment	53
Ownership	53
Management	53
Accountancy Treatment	53
State Aid	53
Personnel Implications	54
<hr/>	
<b>5. The Financial Case</b>	<b>55</b>
Capital & Revenue Requirements	55
Capital Requirements	55
Revenue Requirements	57
Income and Expenditure Summary	57
Project Maturity	59
Private Sector Funding	59
Monitoring and Evaluation	61
Financial Risk Management and Audit Arrangements	62
<hr/>	
<b>6. The Management Case</b>	<b>65</b>
Management, Governance and Co-ordination	65
North Wales Growth Deal Delivery Structure	65

Project Business Cases	68
Delivery Experience	69
Risk Management	70
Change Management	71
Partnership and Stakeholder Engagement	72
Timeline and Milestones	72
Project Maturity	72
Marketing	74
Monitoring, Evaluation and Feedback	74
Benefits Realisation	74
Assurance	75

---

**Appendix A - Future Generations Impact Assessment**

---

**Appendix B - Key Meetings in developing the Growth Deal**

---

**Appendix C - Growth Deal Projects**

---

**Appendix D - Programme level spending objectives**

---

**Appendix E - Economic Appraisal: Key Principles & Assumptions and Benefits by Project**

---

**Appendix F - Growth Deal Delivery Timescale**

---

**Appendix G - Detailed Programme Level Sensitivity Analysis**

---

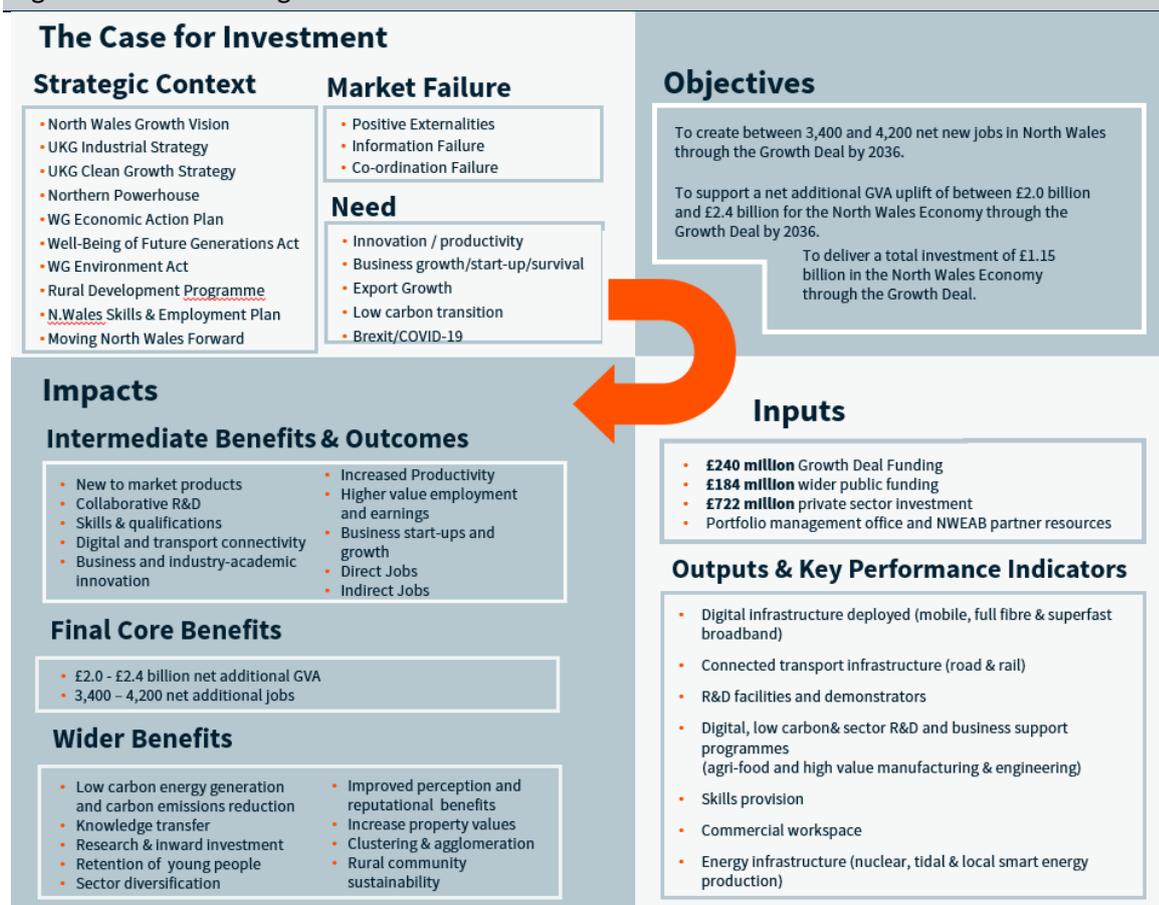
# Executive Overview

- i. The purpose of this strategic portfolio business case is to demonstrate the optimal choice of programmes and projects for the delivery of the North Wales Growth Deal. The North Wales Growth Deal is seeking to deliver a total investment of up to £1.1 billion in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- ii. The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long-term challenges and economic barriers to deliver inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Wellbeing of Future Generations (Wales) Act 2015.
- iii. The business case is intended to inform the Final Deal Agreement, which follows the Heads of Terms agreement with the Welsh and UK Governments in 2019.

## The Strategic Case

A summary of the logic model for the Growth Deal is set out below.

Figure 1.1 Portfolio Logic Model



Source: Hatch; NWEAB. A Note on Market Failure: **Positive externalities**: third party economic/social/environmental benefits to the wider economy/ society. These cannot be captured in entirety by commercial organisations and so public investment is required. **Information failure**: businesses do not have full information on technologies/developments that could secure growth. Public investment is required to bridge these information gaps. **Co-ordination failure**: no one organisation may have the incentive to invest in a venture that secures benefits for wider partners. Public investment is required to initiate a partnership investment.

## Strategic Context

iv. The NWEAB was established in 2012 and covers the six Local Authority administrative areas of the region of North Wales and University of Bangor, Glyndwr University, Coleg Cambria and Grŵp Llandrillo Menai. The private sector has also shaped the deal through the North Wales Mersey Dee Business Council and the Business Delivery Group.

v. The Growth Deal builds on the Growth Vision for North Wales, adopted in 2016:

*“a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.”*

vi. The Growth Deal aligns closely with the priorities of the UK and Welsh Governments in relation to economic development. There is particularly strong alignment with the UK Government’s **Industrial Strategy**, the Welsh Government’s **Economic Action Plan, the Well-being of Future Generations (Wales) Act 2015, and its cross-cutting themes**. Sustainability is at the core of the Growth Deal, and the investments will contribute towards Wales carbon emissions reduction targets.

## The Case for Change

vii. The strategic portfolio spending objectives are as follows.

- To create between 3,400 and 4,200 net new jobs in North Wales through the Growth Deal by 2036
- To support a net additional GVA uplift of between £2.0 billion and £2.4 billion for the North Wales Economy through the Growth Deal by 2036.
- To deliver a total investment of up to £1.1 billion in the North Wales Economy through the Growth Deal by 2036.

viii. North Wales contributes £14.2 billion to the UK economy each year.<sup>1</sup> Recent economic performance has been resilient but there remains a persistent and growing productivity gap, and wide variations in productivity within North Wales. The economy is diverse with key sectors being manufacturing, energy and tourism as well as public sector jobs. Some of the productivity gap is accounted for by our sectoral structure, but there are areas of strength and opportunity, particularly in advanced manufacturing, low carbon energy, agri-food, tourism and digital sectors.

ix. Supporting high value sectors and addressing long-term barriers to growth is at the heart of the North Wales Growth Deal. Key business needs have been identified across these high value sectors, as follows:

- Improving productivity
- Supporting innovation and R&D
- Supporting the low carbon agenda and driving low carbon growth
- Supply chain integration
- Meeting skills needs

<sup>1</sup> Measured by Gross Value Added (GVA). Source: ONS, 2018 data.

- The need for modern employment floorspace and serviced residential land
  - Addressing the digital divide
  - Expanding digital research capacity.
- x. The Growth Deal is designed to address long term challenges but the COVID-19 pandemic has had a profound impact on the North Wales economy and will influence the backdrop for the Growth Deal and the context for its delivery. Partners have commissioned analyses to provide up-to-date intelligence on the implications of COVID and to plan for recovery.

#### Potential Scope: North Wales Growth Deal

- xi. The focus of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long-term challenges and economic barriers to deliver inclusive growth.. We have identified “enabling sectors” to tackle key economic barriers and address structural issues that have impacted on productivity and jobs.<sup>2</sup> These are as follows:

High Growth Sectors	Enabling sectors
- Low carbon energy	- Land and property
- Innovation in high value manufacturing	- Digital
- Agri-food and tourism	

#### Main Benefits

- xii. The Growth Deal will lead to a number of direct and indirect benefits for the North Wales economy. The strategic outcomes that will be delivered will include the following:
- Growth in regional prosperity – through improved productivity, inward investment and the creation of new jobs.
  - Creation of better-quality jobs for the local labour market – through targeted interventions in high value sectors to create new jobs.
  - A more skilled workforce within the region – through supporting skills and training initiatives and targeted interventions in high value sectors to create opportunities.
  - Improvements in standards of living across the region- inclusive growth that provides opportunities, reduces poverty, inequality and deprivation.

#### Main Risks

- xiii. The key risks to the successful delivery of the portfolio include resources; delivery; cost COVID-19; Brexit; Climate and Biodiversity; Private and public sector investment; End user company involvement and political change. The approach to managing these risks is considered in the Management Case.

#### Constraints and Dependencies

- xiv. Notable constraints on the delivery of the Growth Deal include the total funding package of £240m, the 15-year term of the Growth Deal, the requirement for solely capital funding and State Aid

<sup>2</sup> The other two enabling sectors (skills and employment, and strategic transport) sit outside the Growth Deal.

considerations. The Growth Deal is dependent on securing the final deal, and on the engagement and collaboration with the private and public sectors.

## The Economic Case

### Critical Success Factors and Options Assessment

- xv. The Growth Deal programmes and projects have been arrived at by considering a longlist of options for achieving the spending objectives, along with a set of Critical Success Factors (CSFs) including equity, value added, strategic fit and private sector investment. A strategic options appraisal concluded that the preferred option was:

*“To focus on scalable and dispersed growth opportunities across the region to achieve sustainable, balanced and inclusive economic growth.”*

A longlist of 24 projects across 9 programmes was developed by the Board, working collaboratively with Welsh Government, UK Government and representatives of the private sector. This was reduced to a short list of 14 projects across 6 programmes at the Heads of Terms stage, and subsequently consolidated into 5 programmes, summarised below.

Programme	Key objective	Projects
Low carbon energy	To unlock the economic benefits of transformational low carbon energy projects and position North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment	<ul style="list-style-type: none"> <li>• Trawsfynydd Power Station</li> <li>• Morlais Project</li> <li>• Smart Local Energy</li> <li>• Low Carbon Centre of Excellence</li> <li>• Regional Transport Decarbonisation</li> </ul>
Innovation in high value manufacturing programme	To capitalise on the strong network of anchor companies with an international profile, as well as world leading expertise to boost innovation and new technology to develop a powerful advanced manufacturing cluster. It will deliver world-class resources in sector-leading facilities, building on expertise in the region to maximise economic impact from research and technology	<ul style="list-style-type: none"> <li>• Enterprise Engineering and Optics Centre</li> <li>• Centre for Environmental Biotechnology</li> </ul>
Agri-food and tourism programme	To build on the well-established agricultural, food and drink sector in North Wales, as well as supporting further investment in high quality tourism to extend the tourism season.	<ul style="list-style-type: none"> <li>• Glynllifon Rural Economy Hub</li> <li>• Llysfasi Carbon Neutral Centre</li> <li>• Tourism TALENT network</li> </ul>
Land and property programme	A package of Projects to unlock growth opportunities across the region, directly addressing the shortage of suitable land and properties for business growth. It will also bring forward sites for housing development.	<ul style="list-style-type: none"> <li>• Regional Land and Property Joint Venture</li> <li>• Holyhead Gateway</li> </ul>
Digital Programme	The programme will focus on improving the digital infrastructure and innovation in the region. It will deliver quality access to effective and affordable digital connectivity for businesses and households, and will boost innovation in digital signalling.	<ul style="list-style-type: none"> <li>• North Wales Digital Connectivity</li> <li>• Digital Signal Processing Centre</li> </ul>

Source: NWAEB

- xvi. Each of the Programme level business cases also contains its own options assessment. Individual projects will also be required to produce their own business cases for investment in due course, with an accompanying expectation to present an options assessment as part of their value for money case.
- xvii. The full set of projects is described in Appendix C.

### Economic Appraisal

- xviii. The projects and programmes have been appraised for this strategic portfolio case but it should be noted that the projects themselves will be expected to conduct their own economic appraisals when they develop their own business cases. Rather than pre-empt these here, we instead establish reasonable order of magnitudes for benefits and value for money, expressed as ranges.
- xix. The Growth Deal is expected to deliver between **3,400 and 4,200 net additional FTE jobs** for North Wales, with a NPSV of £930m-£1.1 billion. Based on all public sector funding for the Growth Deal, it will deliver a **benefit-cost ratio (BCR) of 2.8-3.5 (or 5.0-6.1 based on Growth Deal investment only)**.<sup>3</sup>
- xx. In interpreting these figures it is important to note that there are a range of benefits that cannot be quantified or monetised in a robust fashion, but are still a significant consideration in the value for money case for the programmes. These include:
  - Attracting inward investment into high value sectors
  - Key sector development and competitiveness
  - Enhanced research and innovation capacity
  - Retention of young people
  - Rural sustainability.
- xxi. There are a number of risks to generating the scale of economic benefits estimated, and the value for money assessment has been subjected to sensitivity testing at the programme level. The BCRs remain robust in the face of these tests.
- xxii. A summary of the key findings from the economic appraisal of the Growth Deal is provided below.

<sup>3</sup> Note this includes an assessment of optimism bias in capital costs.

		North Wales Growth Deal	Low carbon energy	Innovation in HVM	Agri-food and tourism	Land and property	Digital
<b>A</b>	Net Present Social Value (£m) (including Optimism Bias)	<b>£930 – £1,140</b> <b>(£1,122 – £1,371 on GD costs)</b>	£59 – £72 (£206 – £252)	£16 – £19 (£40 – £49)	£127 – £155 (£140 – £171)	£641 – £783 (£643 – £786)	£90 – £110 (£93 – £114)
<b>B</b>	Public sector cost (£m, undiscounted, excluding optimism bias)	<b>£424</b> <b>(£240 from GD)</b>	£227 (£86)	£39 (£13)	£37 (£25)	£81 (£79)	£40 (£37)
<b>C</b>	Appropriate Benefits Cost Ratio	<b>2.8 – 3.5</b> <b>(5.0 - 6.1 GD investment)</b>	1.1 – 1.4 (3.0 – 3.6)	1.3 – 1.6 (4.0 – 4.8)	3.8 – 4.7 (5.7 – 7.0)	7.8 – 9.6 (8.0 – 9.8)	2.9 – 3.6 (3.2 – 3.9)
<b>D and E</b>	Significant unmonetizable costs/benefits and unquantifiable factors	<ul style="list-style-type: none"> <li>• Reduced CO2</li> <li>• Inward invest.</li> <li>• Clustering and spin-outs</li> <li>• Social/wellbeing benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced CO2</li> <li>• Inward invest.</li> <li>• Spin-outs</li> <li>• Social/wellbeing benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Spin-outs</li> <li>• Know. transfer</li> <li>• IP/Licensing</li> <li>• Clustering</li> <li>• Retaining young people</li> </ul>	<ul style="list-style-type: none"> <li>• Know. transfer</li> <li>• Agric/tourism diversification</li> <li>• Low carbon cluster dev. in agri/tourism/food</li> <li>• Retaining young people</li> </ul>	<ul style="list-style-type: none"> <li>• Land value uplift</li> <li>• Reduced CO2</li> <li>• Transport benefits</li> <li>• Social/wellbeing benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Choice/affordability</li> <li>• Private/Inward investment</li> <li>• Technology commercialisation</li> <li>• Social/wellbeing benefits</li> <li>• Rural sustainability</li> </ul>
<b>F</b>	Risk costs by type & residual optimism bias	Through their own business cases, each project will be expected to consider and demonstrate how they have mitigated potential optimism bias in their costings and proposed timetables. At this stage, to be conservative, we have applied the upper bound optimism bias benchmark factor for standard buildings from HM Treasury guidance to the capital costs for all programmes at <b>24%</b> .					
<b>G</b>	Switching values (for the preferred option only)	70% -89% deterioration in core assumptions and benefits	70% deterioration in our core impact modelling assumptions	77% reduction in job creation	84% reduction in job creation and economic value associated with tourism skills	89% reduction in job creation	75% reduction in take-up of fixed/ mobile broadband business start-up benefits & benefits generated through the DSP.
<b>H</b>	Time horizon and reason	15 year appraisal period used All infrastructure assets will have a residual value at this point					

Source: Hatch

## The Commercial Case

### Commercial Strategy

- xxiii. The NWEAB is committed to maximising the economic impact and value for money of the North Wales Growth Deal. The Board also recognises the potential to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities.

### Procurement Strategy

- xxiv. Our procurement strategy responds to Welsh policy and procedures. All Growth Deal procurement activity will be underpinned by a guiding set of principles, which are summarised below.
- xxv. Procurement activity will be the responsibility of the Project Sponsor for each project. For regional projects, this responsibility will sit with the PMO.

Table 3 Procurement policy and principles

Policy drivers	<ul style="list-style-type: none"> <li>• North Wales Growth Vision</li> <li>• Wellbeing of Future Generations (Wales) Act 2015</li> <li>• Public Contract Regulations 2015</li> <li>• Welsh Public Procurement Policy Statement</li> <li>• Welsh Government Code of Practice Ethical Employment in supply chains</li> <li>• Government Commercial Operating Standards</li> </ul>
Procurement Principles	<ul style="list-style-type: none"> <li>• Regional leadership</li> <li>• Skills, jobs and growth</li> <li>• Contribution to education and supporting young people</li> <li>• Community resilience and wellbeing</li> <li>• Environmental sustainability and green recovery</li> <li>• Innovation and new practices</li> </ul>

Source: NWEAB

## The Financial Case

### Capital & Revenue Requirements

- xxvi. The Growth Deal has an anticipated total capital expenditure of up to £1.1 billion, of which £240 million is derived from the Growth Deal with the remainder provided by public and private sector partners. The capital expenditure requirements are provided in the financial case, based on the latest available project business cases and aggregated up to provide the programme estimates.
- xxvii. No revenue funding is provided through the Growth Deal for the delivery of the projects or the operational running costs of the project once completed. Revenue funding to support the Portfolio Management Office is provided through NWEAB partner contributions (including supplementary Local Authority contributions) and additional ESF funding has also been secured for the first three years of operation (from May 2020). An amount equivalent to the 'top slice' of the annual government grant at 1.5% can also be used to fund this, subject to Welsh Government flexibility to manage funding. Operational revenue requirements for the projects once the capital expenditure is completed is the responsibility of the Project Sponsor for every project. For further detail on operational costs, see Programme Business Cases.

Table 4 Project Level Funding Breakdown

Project		Project Sponsor	Growth Deal (£m)	Other Public (£m)	Private (£m)	Total (£m)
<b>Digital Programme</b>						
Digital Signal Processing Centre Project		Bangor University	3.0	3.1	1.1	<b>7.3</b>
Digital Connectivity Project	Full Fibre at key sites	NWEAB	6.8	-	0.411	<b>7.2</b>
	Connected Corridor	NWEAB	2.2	-	-	<b>2.2</b>
	Advanced Connectivity ('Connected Campus')	NWEAB	21.0	-	-	<b>21.0</b>
	Last few %	NWEAB	4.0	-	-	<b>4.0</b>
<b>Low Carbon Energy Programme</b>						
Morlais		Menter Môn	9.0	27.0	-	<b>36.0</b>
Low Carbon Energy Centre of Excellence		Bangor University	21.0	75.7	1.0	<b>97.7</b>
Trawsfynydd Power Station		Cwmni Eginio	20.0	20.0	360.0	<b>400.0</b>
Transport Decarbonisation		NWEAB	11.4	11.5	5.7	<b>28.6</b>
Smart Local Energy		NWEAB	25.0	6.2	75.0	<b>106.2</b>
<b>Land and Property Programme</b>						
Holyhead Gateway		Stena Line	35.0	-	45.0	<b>80.0</b>
Land and Property Project	Warren Hall	NWEAB/WG	15.0	-	55.0	<b>70.0</b>
	Former North Wales Hospital, Denbigh	NWEAB/Jones Bros Ltd, DCC	4.0	-	70.0	<b>74.0</b>
	KSS, Bodelwyddan	NWEAB	10.0	-	72.0	<b>82.0</b>
	Parc Bryn Cegin	NWEAB/WG	6.0	-	-	<b>6.0</b>
	Western Gateway, Wrexham	NWEAB/Wrexham Council	9.1	1.9	32.4	<b>43.4</b>
<b>Innovation in High Value Manufacturing</b>						
Centre of Environmental BIOTECHnology		Bangor University	3.0	6.6	-	<b>9.6</b>
Enterprise Engineering & Optics Centre		Glyndwr University	10.0	19.9	-	<b>29.8</b>
<b>Agrifood and Tourism Programme</b>						
Glynllifon Rural Economy Hub Project		Grŵp Llandrillo Menai	10.0	3.0	-	<b>13.0</b>
The Llysfasi Carbon Neutral Farm		Coleg Cambira	10.0	2.7	2.7	<b>15.4</b>
Tourism TALENT Network		Grŵp Llandrillo Menai	4.5	6.7	1.7	<b>13.0</b>
<b>GROWTH DEAL TOTAL</b>			<b>240.0</b>	<b>184.3</b>	<b>722.1</b>	<b>1,146.4</b>

Source: NWEAB

xxviii. Projects within the Growth Deal are currently at different levels of maturity as shown by the table below.

Table 5 Project Maturity		
Project	Business Case Stage	Summary
Digital Signal Processing Centre Project	<b>OBC</b>	Project is currently developing an OBC for presentation to NWEAB for approval.
Digital Connectivity Project	<b>SOC</b>	The four projects are ready to progress to the development of an OBC.
Morlais	<b>OBC</b>	The project is currently progressing to OBC stage.
Low Carbon Energy Centre of Excellence	<b>OBC</b>	The project is progressing to OBC stage.
Trawsfynydd Power Station	<b>SOC</b>	The project is at an early stage of development.
Transport Decarbonisation	<b>SOC</b>	The project is currently at concept stage.
Smart Local Energy	<b>SOC</b>	The project is currently at concept stage.
Holyhead Gateway	<b>Project Review</b>	The project scope is to be reviewed to assess the economic and societal impact of the Port of Holyhead on the regional. Welsh, UK and RoI in light of the proposed investment into the port given the indicative increase in costs.
Land and Property Project	<b>SOC</b>	All four sites in the first phase are at different stages of development with the most mature ready to proceed to OBC stage.
Centre of Environmental BIOTECHnology	<b>SOC</b>	Project is ready to progress to the development of an OBC.
Enterprise Engineering & Optics Centre	<b>SOC</b>	Further work is required to demonstrate the complementarity to existing initiatives in North Wales before proceeding to OBC.
Glynllifon Rural Economy Hub	<b>OBC</b>	Project has a well-developed OBC in place with minor revisions required before presentation to NWEAB for approval.
Llysfasi Carbon Neutral Farm	<b>SOC</b>	Project is ready to progress to the development of an OBC.
Tourism Talent Network	<b>Project Review</b>	An OBC was in place for the project pre-covid, however the project scope is to be reviewed to assess the impact of COVID-19.

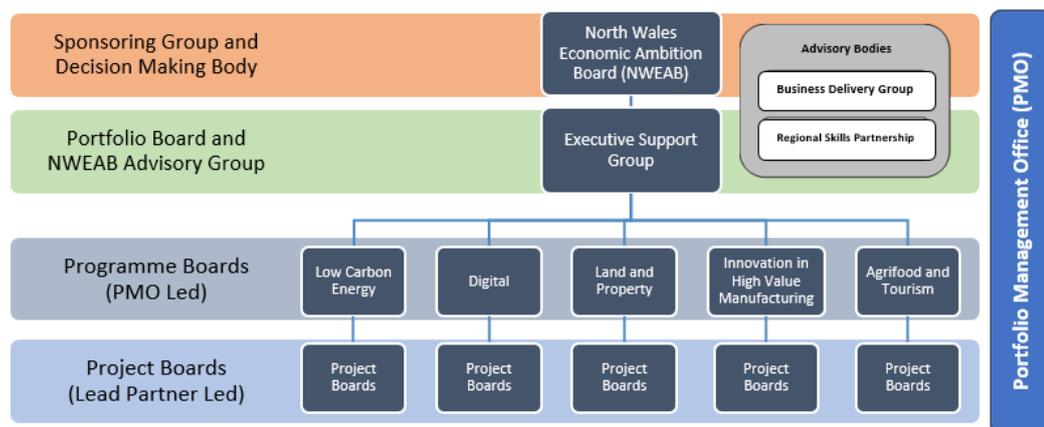
Source: NWEAB

## The Management Case

### North Wales Growth Deal Delivery Structure

xxix. The diagram below sets the delivery structure for the Growth Deal building on the existing structures put in place by the EAB's Governance Agreement. Details on these roles are set out in the management case.

Figure 1.2 Growth Deal Delivery Structure



Source: NWEAB

### Project Business Cases

xxx. The North Wales Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, full 5 Case Model project business cases can be brought forward for the NWEAB to consider.

### Risk Management

xxxi. The NWEAB has an adopted Risk Framework for the delivery of the North Wales Growth Deal. The approach to risk management is outlined in the Growth Deal Risk and Issues Management Strategy and User Guide. The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature.

### Timeline and Milestones

xxxii. The NWEAB is seeking approval of the North Wales Growth Deal in December 2020 with the signing of the Final Deal. Following Final Deal, project business cases will be brought forward for the NWEAB to consider from January 2021 onwards.

### Monitoring, Evaluation and Feedback

xxxiii. Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board. A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal and will be agreed with UK and Welsh Government as part of the Final Deal.

### Assurance

xxxiv. The PMO worked with the Welsh Government Assurance Hub to develop an Integrated Assurance and Approval Plan (IAAP) that sets out the assurance activities that will be undertaken at portfolio, programme and project level for the North Wales Growth Deal.

xxxv. As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The North Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. The IAAP will be agreed with UK and Welsh Government as part of the Final Deal.

# 1. Introduction

- 1.1 The purpose of this strategic portfolio business case is to demonstrate the optimal choice of programmes and projects for the delivery of the North Wales Growth Deal. The North Wales Growth Deal is seeking to deliver a total investment of £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- 1.2 In 2016 the North Wales Economic Ambition Board (hereafter referred to as NWEAB or the Board) adopted *A Growth Vision for the Economy of North Wales*. Based on the Growth Vision Strategy, a Growth Deal was prepared and agreed by all the NWEAB partners working with both the UK and Welsh Government and the private sector in October 2018. This was followed in 2019 by agreement between the Board and the Welsh and UK Governments of the Heads of Terms for Final Deal Agreement to be completed in 2020.
- 1.3 This strategic portfolio business case provides an overview of the North Wales Growth Deal and its constituent programmes, in order to inform the agreement of a Final Deal with the Welsh and UK Governments. It is accompanied by a set of programme level business cases, which provide details on the five individual programmes.
- 1.4 The portfolio and programme business cases once approved as part of the Final Deal will be live documents used to manage the delivery of the Growth Deal on an ongoing basis and updated regularly as the programmes and projects develop.
- 1.5 The document follows the structure of the Five Case Model and HM Treasury Green Book principles. The business case has been developed by the NWEAB Portfolio Management Office supported by Hatch Regeneris, a leading, independent economics consultancy. Throughout the development of the business case we have consulted with UK and Welsh Government officials.
- 1.6 The remainder of the document is structured as follows:
  - The Strategic Case: the rationale for the Growth Deal investments, their objectives and fit with wider policy
  - The Economic Case: the value for money provided by the Growth Deal
  - The Commercial Case: the contractual and procurement approach to be taken
  - The Financial Case: the costs and funding profile for the Growth Deal
  - The Management Case: the approach to managing the Growth Deal.

## 2. The Strategic Case

- 2.1 The purpose of the Strategic Case is to demonstrate alignment with national, regional and local strategies and policies, other current or planned programmes, and to make a compelling case for change for the programmes and projects within the portfolio.
- 2.2 It is in two parts as follows:
- **Strategic Context.** Explains the background to Growth Deals, setting out the North Wales Economic Ambition Board and its members, and a review of the relevant strategies and policies to demonstrate strategic fit.
  - **Case for change.** Demonstrates the rationale for the North Wales Growth Deal and its constituent programmes. This includes details on the relevant socio-economic issues and market failures, the consequent spending objectives for the Growth Deal and the main benefits, risks, constraints and dependencies.

### Strategic Context

---

#### City and Growth Deals

- 2.3 The purpose of City and Growth Deals is to support cities and regions to deliver responsive and flexible local strategies. They are now commonplace in both the UK and devolved governments, with over 36 deals in place to promote decentralisation across the country. These deals give more power and flexibility to regions and cities in terms of employment and skills, infrastructure, business engagement and support, housing, transport and investments. Regions and cities have used these powers to achieve a number of investment objectives, such as providing support to the unemployed, providing training relevant to local needs and supporting a low carbon economy.

#### Organisational Overview

##### Public Sector Partners

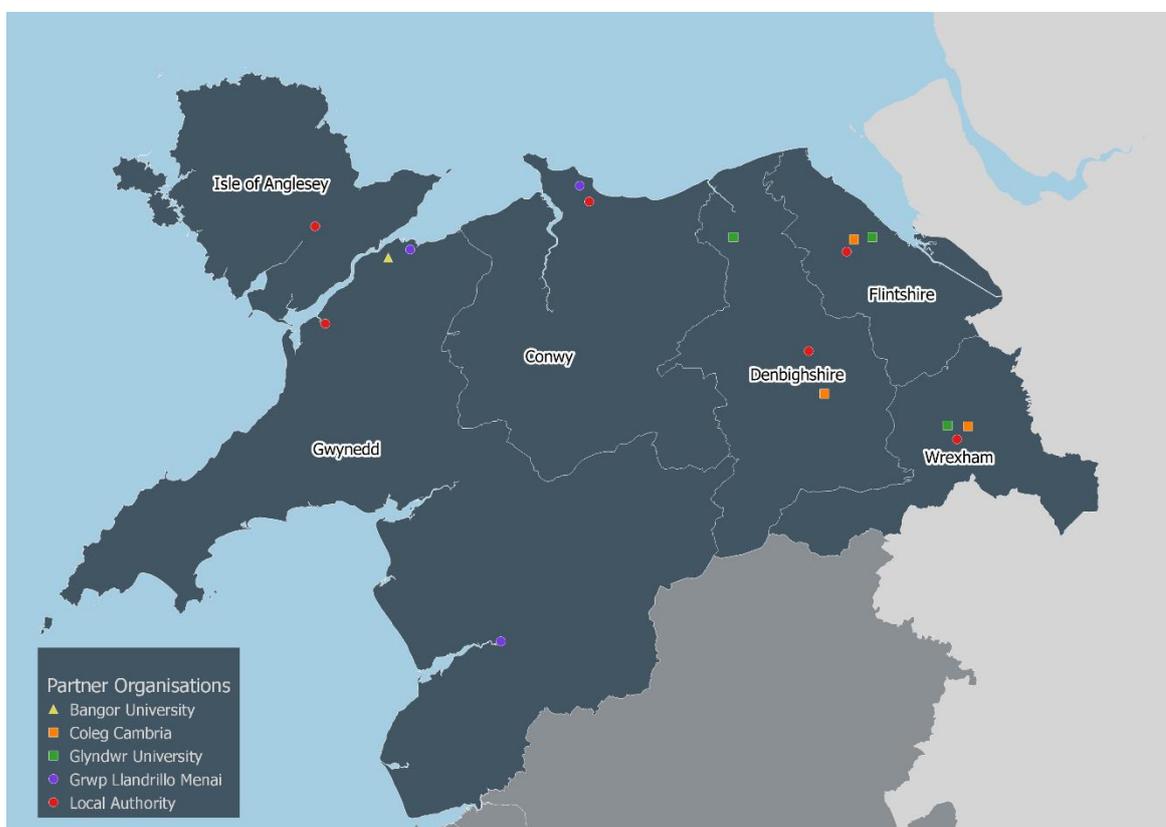
- 2.4 The NWEAB partnership was established in 2012 and covers the six Local Authority administrative areas of the region of North Wales comprising the Councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire. The Board also includes the University of Bangor, Glyndwr University, Coleg Cambria and Grŵp Llandrillo Menai.

### The NWEAB Partner Organisations

- **Six local authorities:** The six Local Authority administrative areas of the region of North Wales comprising the Councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire
- **Bangor University:** Higher education University located in North-West Wales.
- **Glyndwr University:** Higher education University with campuses at Wrexham, Northop and St Asaph in north-east Wales.
- **Coleg Cambria:** Further education college with six sites in North East Wales.
- **Grŵp Llandrillo Menai:** Further education college established in 2012 as a result of mergers between Coleg Llandrillo, Coleg Menai and Coleg Meirion-Dwyfor.

2.5 The locations of the partners are set out in Figure 2.1 below.

Figure 2.1 Map of North Wales and NWEAB Partners



Source: Hatch

### Private Sector Partners

- 2.6 The North Wales Growth Deal is a partnership between the public and private sectors. The private sector has been strongly represented by The North Wales Mersey Dee Business Council, who, as a founding member of the NWEAB, have worked in close collaboration with partners and regional stakeholders to shape and influence the Growth Deal proposition.
- 2.7 Representing various member organisations including the CBI and FSB, their active involvement in shaping the deal has been invaluable. As of August 3rd, 2020, due to challenges caused by COVID-

19, the Business Council withdrew membership. The Business Council remain a key stakeholder and will be an integral, albeit more distant, partner moving forward.

- 2.8 The private sector remains strongly represented in the North Wales Growth Deal through the **Business Delivery Group** who act as an independent advisory body to the North Wales Economic Ambition Board.
- 2.9 The projects within the North Wales Growth Deal are to be delivered by a Project Sponsor. Details are provided later in the Strategic Case under section on Projects.

## Business Strategy and Aims

### Background to the North Wales Growth Deal

- 2.10 The Board was established in 2012 by the partners to develop a regional approach to economic growth and to addressing the challenges and barriers facing the North Wales economy. In 2016 the Board adopted *A Growth Vision for the Economy of North Wales* (the Growth Vision).
- 2.11 The adopted Vision is to develop “a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.”
- 2.12 The Growth Vision was founded on three key principles:

- **Smart North Wales** – with a focus on innovation and high value economic sectors to advance economic performance.
- **Resilient North Wales** – with a focus on retaining young people, increasing employment levels and skills to achieve inclusive growth.
- **Connected North Wales** – with a focus on improving transport and digital infrastructure to enhance strategic connectivity to and within the region.

- 2.13 During 2017-2019, the Board, working collaboratively with Welsh Government, UK Government and representatives of the private sector developed the North Wales Growth Deal based on a set of transformational projects, securing Heads of Terms with both governments in November 2019.
- 2.14 The Heads of Terms committed all parties to complete a Final Deal Agreement (FDA) within 12-15 months. This portfolio business case is part of the agreed process to achieve FDA.

### Alignment with National Strategies

- 2.15 The North Wales Growth Deal aligns closely with the priorities of the UK and Welsh Governments in relation to economic development, and has been designed to dovetail with other nearby agendas such as the Northern Powerhouse. In particular, the UK Government’s **Industrial Strategy** and the Welsh Government’s **Economic Action Plan** were key considerations in developing the approach in the region and the proposals for the North Wales Growth Deal. The Economic Action Plan highlights the key role of regional partnership in delivering on shared goals. There is a clear commitment by the Welsh Government to a regionally focused model of economic development, with the aim of developing the distinctive strengths of each region “in pursuit of growth”.
- 2.16 It is important to note that the Growth Deal will not address all the issues in the North Wales economy, but will play a key role in the delivery of the wider vision. The Growth Deal represents one strand of the NWEAB’s ambition for North Wales and the Board will continue to work with UK and Welsh Government to explore other funding opportunities for the region.

- 2.17 In developing the Growth Deal, close attention has been paid to our duties under the **Well-Being of Future Generations (Wales) Act 2015**. The principles of the Act have been embedded in our approach and strategic thinking, and they have informed and influenced the Vision, Aims and the Strategic Programmes. The well-being goals, objectives and ways of working will be a key thread through our work. The NWEAB is committed to following the five ways of working and sustainability principles set out in the Well-being of Future Generations (Wales) Act 2015.
- 2.18 The aspirations of the Growth Vision for North Wales and the Growth Deal are aligned to the Act, with a clear focus on long-term planning to improve the economic, environmental and cultural well-being of North Wales and supporting Wales’ global responsibilities.
- 2.19 The Growth Deal will deliver:
- Growth in regional prosperity
  - Creation of better quality jobs for the local labour market
  - A more skilled workforce within the region
  - Improvements in standards of living across the region.
- 2.20 The NWEAB is committed to undertaking a Future Generations impact assessment for each project business case prior to any decisions being taken. Appendix A provides an overview of the Growth Deal against the Wellbeing of Future Generations (Wales) Act 2015 and the Welsh Government cross-cutting themes.
- 2.21 Moreover, the Growth Deal is consistent with Welsh Government policy on local government reform and modernisation through strategic regional collaboration and integrated service models. North Wales has a strong “regional offer” that builds on our strengths and unique assets, and our approach will make a significant contribution to the delivery of national policies at a regional level.
- 2.22 The key areas of policy alignment are set out in Table 2.1 below. This is set out in more detail at the programme level within each of the programme business cases.

Table 2.1 Summary of North Wales Growth Deal National Policy Alignment		
Strategy	Core Principles	How the Growth Deal aligns
<b>UK policy</b>		
UKG Industrial Strategy	<ul style="list-style-type: none"> <li>• Ideas: The world’s most innovative economy</li> <li>• People: good jobs and greater earning power for all</li> <li>• Infrastructure: a major upgrade to the UK’s infrastructure</li> <li>• Business environment: the best place to start a business</li> <li>• Places: prosperous communities across the UK</li> </ul>	<ul style="list-style-type: none"> <li>• Ideas: delivering future proof digital infrastructure and technology, low carbon technology and energy, innovation in agri-food, tourism, engineering and bio-engineering and the space for new and relocating businesses to innovate and grow</li> <li>• People: targeted next generation digital infrastructure delivering balance growth and opportunity for all</li> <li>• Infrastructure: delivering a major upgrade to N.Wales’ digital, energy, business and R&amp;D infrastructure</li> <li>• Business environment: providing support for businesses to innovate in priority sectors, digital connectivity and the space to grow</li> <li>• Places: boosting the vital tourism sector by enhancing skills and innovation, delivering cleaner growth and air through investment in clean energy and low carbon technology.</li> </ul>

Strategy	Core Principles	How the Growth Deal aligns
UKG Clean Growth Strategy	<ul style="list-style-type: none"> <li>• Improve business and industry efficiency: supporting businesses to improve energy productivity by 20% by 2030</li> <li>• Accelerate the shift to low carbon transport</li> <li>• Deliver clean, smart, flexible power</li> <li>• Enhancing the benefits and value of our natural resources</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance business energy efficiency through next generation fixed and mobile broadband, innovation in engineering and bioengineering</li> <li>• Deliver smart/connected roads to reduce vehicle emissions and developing hydrogen fuel for local transport networks</li> <li>• Deliver smart, clean and flexible energy through investment in hydroelectricity power generation and local smart grids</li> <li>• Enhancing the benefits of natural resources, by supporting innovation and efficiency and sustainability in agriculture and food production</li> </ul>
Northern Powerhouse	<ul style="list-style-type: none"> <li>• Connectivity: improving connections within and between towns &amp; cities</li> <li>• Skills: A highly skilled and educated workforce</li> <li>• Enterprise &amp; innovation: ensuring the North is an excellent location to complete ground-breaking research, develop ideas, and start and grow a business</li> </ul>	<ul style="list-style-type: none"> <li>• NWEAB Vision: develop “[...] our connection to the economies of the Northern Powerhouse”.</li> <li>• Delivering new skills and innovation in tourism and by supporting HEI-industry collaboration on low carbon, digital, agri-food, engineering &amp; manufacturing</li> <li>• Delivering next generation digital infrastructure and space for businesses to innovate and grow</li> </ul>
<b>Welsh Government policy</b>		
Prosperity for All: Economic Action Plan	<ul style="list-style-type: none"> <li>• Decarbonisation: enabling more business to become carbon light or free.</li> <li>• Innovation: support businesses to innovate</li> <li>• High quality employment &amp; skills: improve our skills base</li> <li>• R&amp;D, automation &amp; digitalisation: help our businesses to develop new products, automate &amp; digitise</li> </ul>	<p>Delivering:</p> <ul style="list-style-type: none"> <li>• New low carbon energy</li> <li>• Productivity enhancing digital infrastructure</li> <li>• Supporting R&amp;D the development and adoption of innovative technology and processes for agri-food, engineering and manufacturing</li> <li>• Supporting tourism sector skills and wider business skills development in agri-food, engineering and manufacturing</li> </ul>
Wellbeing of Future Generations (Wales) Act 2015	<p>Themes from Wellbeing Goals:</p> <ul style="list-style-type: none"> <li>• Prosperity: innovation, productivity, low carbon, skills and economic opportunity</li> <li>• Resilience: social, economic &amp; ecological resilience</li> <li>• Health: physical &amp; mental well-being</li> <li>• Equality: enabling people to fulfil potential regardless of background/circumstance</li> <li>• Cohesive communities: attractive, viable, safe and well-connected communities.</li> <li>• Vibrant culture: culture, heritage, arts, sports, recreation</li> </ul>	<ul style="list-style-type: none"> <li>• Prosperity: delivering across each of these areas through investment in digital, low carbon and the development of productivity enhancing technologies/approaches</li> <li>• Resilience: delivering balanced and clean economic growth through enhanced connectivity, low carbon energy and business efficiency</li> <li>• Health: supporting the growth of the low carbon economy in N.Wales and access to low carbon / efficient transport networks</li> <li>• Equality: delivering widespread job opportunities for N.Wales residents</li> <li>• Cohesive communities: ensuring sustainable economic development and enhanced connectivity</li> </ul>

Strategy	Core Principles	How the Growth Deal aligns
	<ul style="list-style-type: none"> <li>Globally responsible: economic, social, environmental well-being</li> </ul>	<ul style="list-style-type: none"> <li>Vibrant culture: promoting though culture and tourism through a clear investment in tourism talent</li> <li>Globally responsible: delivering balanced and clean growth, enhancing prosperity and well-being for N.Wales residents</li> </ul>
The Environment (Wales) Act 2016	<ul style="list-style-type: none"> <li>Reduce emissions by 95% by 2050</li> <li>Sustainable management of natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of low carbon energy generation and decarbonisation projects will make a direct contribution to emissions reduction targets to a future with sustainable low carbon energy in N.Wales and further afield.</li> </ul>

Source: Hatch

### Alignment to Regional Strategies

- 2.23 The North Wales Growth Deal has been developed to build on existing local and regional strategies, in particular the agreed Growth Vision for North Wales. The key areas of alignment are set out in Table 2.2 below.

Table 2.2 Summary of North Wales Growth Deal Regional Policy Alignment		
Strategy	Core Principles	How the Growth Deal aligns
<b>Regional Policy</b>		
NWEAB: Growth Vision for North Wales	<ul style="list-style-type: none"> <li>• Smart North Wales</li> <li>• Resilient North Wales</li> <li>• Connected North Wales</li> </ul>	<ul style="list-style-type: none"> <li>• The Growth Deal has been designed to deliver against the Growth Vision with all five programmes delivering against the vision.</li> </ul>
NWEAB: Digital Connectivity Strategy	<ul style="list-style-type: none"> <li>• The Board has developed a strategy for North Wales, accounting for the industries and locations of greatest importance to the economy of the region.</li> </ul>	<ul style="list-style-type: none"> <li>• The Digital Programme has been designed to deliver against the strategy.</li> </ul>
North Wales RSP: North Wales Skills and Employment Plan 2019-22	<ul style="list-style-type: none"> <li>• Building our future workforce and attracting talent</li> <li>• Skills Development for an inclusive North Wales</li> <li>• Promote career perception, pathways and apprenticeship opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• While the skills programme sits outside the Growth Deal, skills and employment is a key theme across all Growth Deal programmes.</li> </ul>
<b>Local policy</b>		
Various Local Authority economic development plans and planning frameworks	<ul style="list-style-type: none"> <li>• Economic development plans in place at each Local Authority.</li> <li>• Local Development Plans (LDP) in place within each Local Authority.</li> </ul>	<ul style="list-style-type: none"> <li>• The Growth Deal delivers key transformational projects across the region to boost growth, complimenting existing local authority economic development plans.</li> <li>• Growth Deal projects will comply with the relevant LDP in each local authority.</li> </ul>

Source: Hatch

## Alignment to Existing initiatives

2.24 The Board recognises that the Growth Deal builds on an existing landscape of public sector initiatives in North Wales and nearby, and that the Growth Deal programmes will need to complement these, and in some cases actively work with them to ensure added value and additionality. Examples of these initiatives include:

- The recently established **Nuclear Futures Institute** in Bangor University funded through ERDF Sêr Cymru, together with the Thermal Hydraulic Facility (THF) at M-SParc, which provides high quality academic capacity in nuclear engineering.
- The **Anglesey Energy Island Programme** - set up to secure high skilled jobs from major energy investments and establish the Isle of Anglesey as a centre of excellence in low carbon energy generation.
- **AMRC Cymru** – The University of Sheffield Advanced Manufacturing Research Centre (AMRC) Cymru, is a £20m state-of-the-art research and development facility in North Wales AMRC Cymru located close to the Airbus wing-manufacturing plant in Broughton. AMRC Cymru provides new research and development opportunities and allows industry to access advanced technologies which helping drive improvements in productivity, performance and quality.
- **Farming Connect** – a Welsh Government business support programme focussed on supporting businesses within the agriculture and forestry sectors with advice, business

planning, innovation and diversification, skills and training, mentoring and other forms of business support.

- **Transforming Towns** - a £90million programme launched in 2020 by the Welsh Government, which is focused around measures to increase footfall by making sure the public sector locates services in town centre locations, tackle empty buildings and land to help bring them back into use, and green town centres.
- **North Wales Local Full Fibre Network project** – via a successful DCMS bid and assuming successful procurement, this will invest up to £7m from Wave 3 of the UK Government’s Local Full Fibre Networks (LFFN) programme, which will see Gigabit capable fibre and “ultrafast broadband” services being used to connect up to 400 further public sector sites across North Wales.
- **Superfast Cymru** – a national broadband project, that has been extending superfast connectivity across Wales for a number of years, with BT. This has been topped up with additional funding via change control and is in the process of reaching further premises, now focusing on gigabit capability.
- **UK F20 Programme** – a flagship programme that has been announced by Westminster, tying into a £5bn commitment to deliver gigabit connectivity across the UK. This is intended to be a nationally led procurement (instead of local) with a gap funded element complemented by a demand-led voucher scheme.

## The Case for Change

---

### Strategic Portfolio Spending Objectives

- 2.25 The strategic portfolio spending objectives describe the targeted objective for the portfolio over the next 15 years.
- 2.26 The Heads of Terms agreement set out that the Government investment would be used to create up to 4,000 new jobs, support 5% GVA uplift and secure £500million in private sector investment over the 15-year period.
- 2.27 In the development of a portfolio and five programme business cases to secure the Final Deal agreement with Welsh and UK Government these have been refined into the following spending objectives for the North Wales Growth Deal: The NWEAB has agreed the following strategic portfolio spending objectives, those for the programmes are set out in the programme business cases. All the programmes and projects within the Growth Deal contribute to these overall objectives. The objectives for the constituent programmes are summarised in Appendix D.

Table 2.3 Strategic Portfolio Spending Objectives

Strategic Portfolio Spending Objective 1 Jobs	To create between 3,400 and 4,200 net new jobs in North Wales through the Growth Deal by 2036.
Strategic Portfolio Spending Objective 2 GVA	To support a net additional GVA uplift of between £2.0 billion and £2.4 billion for the North Wales Economy through the Growth Deal by 2036.
Strategic Portfolio Spending Objective 3 Investment	To deliver a total investment of £1.1 billion in the North Wales Economy through the Growth Deal by 2036.

Source: NWEAB

## Existing arrangements

- 2.28 The existing arrangements describe what is currently in place within the North Wales economy and society.
- 2.29 In forming the Growth Deal proposition, partners undertook a comprehensive analysis of the North Wales economy, identifying its long-term key drivers, challenges and opportunities.<sup>4</sup> This evidence base has been refreshed in the production of the programme business cases and updated to take account of the challenges posed by the COVID-19 pandemic.

### The Society of North Wales<sup>5</sup>

- 2.30 In 2018, North Wales had a total estimated population of 698,400 people. The population is fairly evenly distributed across the region with over 100,000 residents in four of the six authorities. Flintshire was the most populous, with an estimated 155,600 inhabitants, while the Isle of Anglesey, with its 70,000 residents was the least populated.
- 2.31 North Wales has an ageing population. Between 1998 and 2018, the proportion of the population aged 65 and over has increased from 18.5 per cent to 23 per cent, while the proportion of the population aged 15 and under has fallen from 19.8 per cent to 17.8 per cent.
- 2.32 In North Wales, the population is projected to increase by 2.1 per cent in the 2018-2028 period, and 3.1 per cent in the 2018-2038 period. Wrexham's population is projected to grow the most by 2028. Meanwhile, the Isle of Anglesey's population is projected to contract by 0.5 per cent by 2028 and by 2.4 per cent by 2038 relative to the 2018 population projection<sup>6</sup>.
- 2.33 Data from the Annual Population Survey shows that in the year ending September 2019, Gwynedd was the authority with the highest proportion of Welsh speakers both in North Wales and in Wales as a whole, with 75.6 per cent of residents aged three and over saying they could speak Welsh. Flintshire had the lowest rate of Welsh-speaking in North Wales at approximately 22.5 per cent. On a regional level, North Wales had the highest proportion of Welsh speakers in Wales, at an estimated 41.9 per cent in the year ending June 2018.

<sup>4</sup> See North Wales Economic Ambition Board (2016) *A Growth Vision for the Economy of North Wales*

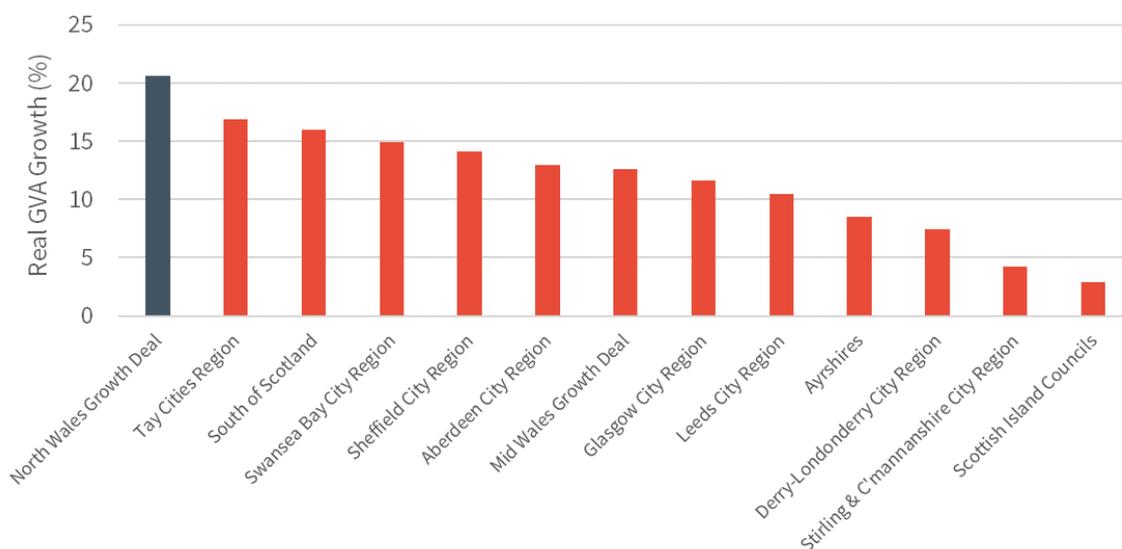
<sup>5</sup> Welsh Government – Summary Statistics for Welsh economic regions: North Wales, May 2020

<sup>6</sup> Welsh Government – Summary Statistics for Welsh economic regions: North Wales, May 2019

### The North Wales Economy

2.34 North Wales contributes £14.2 billion to the UK economy each year,<sup>7</sup> representing 22% of the Welsh economy.<sup>8</sup> Economic performance has been resilient following the financial crisis and during the period of austerity, with real<sup>9</sup> GVA increasing by 20% since 2009 compared to 14.9% in the Swansea Bay City Region and 12.6% in the Mid-Wales Growth Deal area.

Figure 2.2 Real GVA Growth since 2009 in selected Locations in the UK



Source: Regional GVA, ONS, 2018; Hatch

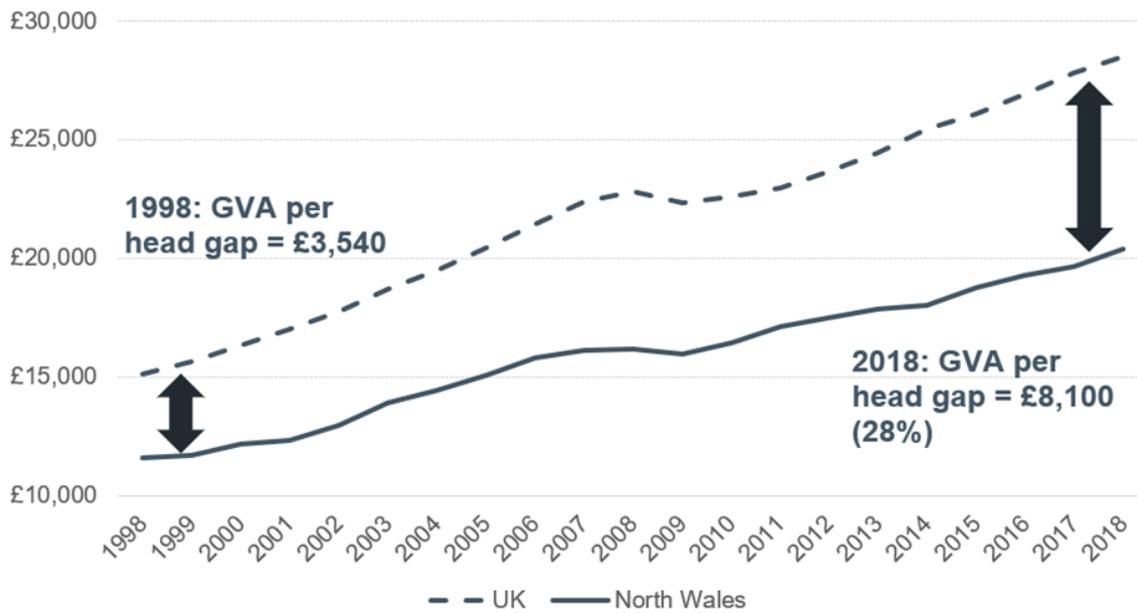
2.35 Nonetheless, there remains a **persistent and widening productivity gap** on the UK. GVA per capita is around 28% below the UK average, at £20,400 per annum (once London and the South East are removed, this gap is reduced but remains at 16%).

<sup>7</sup> Measured by Gross Value Added (GVA). Source: ONS, 2018 data.

<sup>8</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gva-by-measure-welsh-economic-region-year>

<sup>9</sup> i.e. inflation-adjusted.

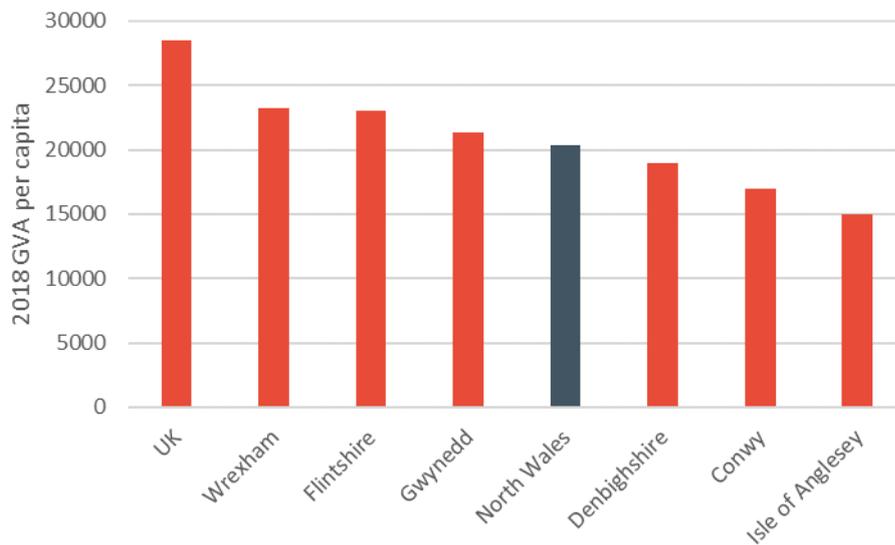
Figure 2.3 GVA per Head (£) 1998-2018



Source: Regional GVA, ONS, 2018; Hatch

2.36 Within North Wales there are **wide variations in GVA per capita**, with particularly weak productivity in the Isle of Anglesey (53% of the UK average) but stronger performance in Flintshire and Wrexham (both of which are 81% of the UK average). This is also reflected in average earnings, which lag behind the UK average. Indeed, some local authorities in the West have the lowest earnings in Wales and the UK.

Figure 2.4 GVA per Head (£), 2018



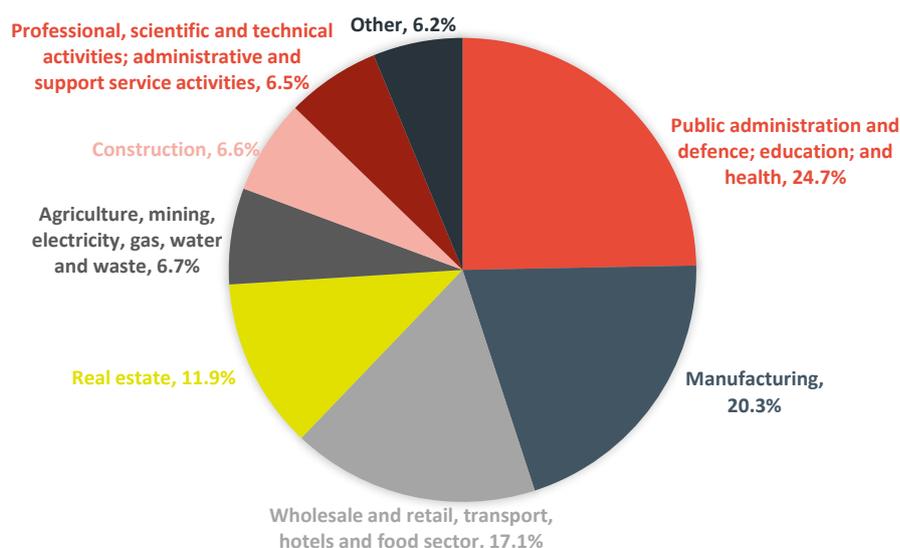
Source: Regional GVA, ONS, 2017; Hatch

2.37 As a consequence of the low productivity in the four North West Wales counties, these areas have previously qualified for the highest level of EU structural funding intervention.

## Key sectors in North Wales

- 2.38 There are 317,000 people in employment across North Wales. The economy of the region is diverse with key sectors being manufacturing, energy and tourism as well as public sector jobs. The public sector accounts for nearly a quarter of GVA. A fifth of the economy is accounted for by manufacturing, which is significantly more important in North Wales than in Wales as a whole (where it accounts for 17% of GVA). Wholesale and retail, transport, hotels and food sector accounts for 17% of the economy of North Wales. The chart below shows the breakdown of industry contribution to 2018 GVA in North Wales.

Figure 2.5 North Wales Sector GVA Contribution



Source: [stats.wales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gvaperhead-by-area-year](https://stats.wales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gvaperhead-by-area-year); Hatch

- 2.39 A portion of the productivity gap is accounted for by our sectoral structure, with some areas particularly reliant on relatively low paid sectors including tourism and retail. At the same time, there are areas of strength, with 64,000 people employed in high value sectors, defined as manufacturing; information and communication; and professional, scientific and technical activities.
- 2.40 In particular, partners recognise the significant potential offered by:
- **High value manufacturing:** 36,000 people work in advanced manufacturing in North Wales, with particular strengths in aerospace, automotive, chemicals and pharmaceuticals, engineering, opo-electronics, food and drink, and metal and steel.<sup>10</sup> This includes anchor employers such as Airbus and Toyota, and areas of research and innovation excellence within the region's universities. The AMRC Cymru, a £20m state-of-the-art R&D facility, recently opened in Broughton and has been described by Welsh Government ministers as a "game changer" for the region.
  - **Low carbon energy:** An estimated 16,750 people worked in specialist energy and environmental companies in North Wales in 2016. Wales has committed to a 95% reduction in carbon emissions by 2050. North Wales is already a hub for low carbon energy

<sup>10</sup> Source: North Wales Regional Skills Partnership

generation, with the equivalent of 82% of its electricity consumption already coming from local renewable sources. The region hosts over a third of Wales' renewable energy capacity and also has two nuclear licensed sites, Wylfa and Trawsfynydd. The region's geography, natural resources and heritage of energy production allow unique opportunities to deploy a broad range of low carbon energy technologies, with resources to scale up offshore and on shore wind generation, tidal stream energy, tidal range energy, hydro-power, solar and new nuclear generation. This is supported by significant research and innovation capabilities including the Nuclear Futures Institute at Bangor University.

- **Agri-food:** Agri-food is a pillar for the North Wales economy, employing an estimated 20,900 people and contributing £370m in GVA.<sup>11</sup> A fifth of all businesses in Gwynedd and Môn are in agriculture. The Welsh Government planned to grow sales in the Food and Drink industry by 30% to £7 billion by 2020<sup>12</sup>. The revised Action Plan is currently going through a consultation process however, the new Action Plan sets ambitious targets for the Food and Drink sector including ensuring the turnover of the Food and Drink Sector will grow annually to match the change in the Consumer Price Index (CPI), plus an additional 2%.
- **Tourism:** Tourism is another well-established and vital sector for the North Wales economy, with around 37,200 people working in tourism and hospitality in the region, representing 12% of the workforce. The sector has seen increases in visits and expenditure in recent years, with a 4% increase in trips and a 10% increase in expenditure between 2013-2015 and 2014-2016.<sup>13</sup> There has been a welcome growth in adventure tourism, capitalising on the post-industrial landscape and the area's natural assets. According to the latest available STEAM<sup>14</sup> summary data for North Wales the total economic impact of tourism to the North Wales economy is now £3.69billion.
- **Digital:** the deepening effect of digitalisation means that technology is increasingly disruptive and valuable to the North Wales economy, being a driver of both productivity and competitiveness. Whilst the digital sector has established itself as an important generator of employment and economic output, in reality, a much broader base of sectors have been shaped by digital technologies and processes. This is reflected in policy – the sector has the backing of the UK and Welsh governments, within respective Digital Strategies, aligning with the opportunity to exploit digital growth as set out in the Industrial Strategy. Ensuring that businesses, households and communities have access to best-in-class digital connectivity is seen as key to unlocking North Wales' and growth potential.

- 2.41 Supporting these high value sectors and addressing long-term barriers to growth is at the heart of the North Wales Growth Deal. As we note below, we are working with partners to ensure that there is up-to-date and targeted intelligence on the economic effects of COVID-19 for the region, and that the Growth Deal projects address key issues where appropriate.
- 2.42 While the Growth Deal does not specifically focus on the public sector, the NWEAB recognises the considerable role this sector plays within the foundation economy of North Wales and the public sector through the local authority, HE and FE partners on the NWEAB will play a key role in the successful delivery of the Growth Deal.

<sup>11</sup> Source: North Wales Regional Skills Partnership; Labour Market Insights, June 2020

<sup>12</sup> Source: Welsh Government Action Plan for Food and Drink

<sup>13</sup> Source: Welsh Government August 2018 'Tourism Profile- North Wales (2014-2016)'

<sup>14</sup> Source: STEAM Summary Data for North Wales 2019'

## Population and labour market

- 2.43 There is an ageing population in the region and a net outward migration of talent. Whilst the population of North Wales is expected to increase to 722,317 by 2039, the share of the population aged 65 or above is expected to increase from 23.6% to 29.8%. This means a smaller share of working age people, which may place pressures on the supply of skills.
- 2.44 The employment rate amongst working age residents in North Wales stood at 75.9% at March 2020, which was the same as the UK. Over 5 years, between March 2015 and March 2020, 18,300 jobs were added to the economy, a growth of 6.2 percent for the region. We explore later the specific impacts of COVID-19 on employment in North Wales, drawing on survey evidence.

## Sites and premises

- 2.45 Recent research has identified a lack of modern industrial and employment space across the region. Whilst there are business parks located along the A55 (St Asaph, Parc Menai, Llandudno Junction) with land available for development, planning use class restrictions and plot sizes together with the lack of development funding and property values that are lower than build costs, has meant these have seen limited new development since 2008. A recent review by JLL found that there was relatively weak and fragmented network of readily developable strategic sites, capable of supporting both indigenous business growth and inward investment.<sup>15</sup>
- 2.46 The lack of sites capable of reacting to demand is a legacy of the decisions made in the mid-2000s when the public sector took a more detached view to property investment and encouraged the private sector to come forward with new development.<sup>16</sup> This has not occurred since the 2008 Crash with any regularity and where it does occur is generally assisted by some public sector support.

## Holyhead Port

- 2.47 Holyhead Port is of strategic and economic significance both for North Wales and is as an international gateway to Wales. The Port is the second busiest Roll on – Roll off ferry port in the UK: in 2018 the Port handled 75% of passengers, 71% of passenger vehicles and 81% of freight vehicles passing through Welsh ports to Ireland<sup>17</sup>. In 2018 Holyhead Port had the second highest number of short sea ferry crossings by total number of passengers in the UK, after Dover<sup>18</sup>.
- 2.48 The Port is owned and operated by Stena Line Ports Limited who are also the statutory Port Authority. Holyhead-Dublin is the principal ferry link to the Republic of Ireland from the UK and serves the North Wales and Central and Northern England markets. Two ferry companies operate the service, Stena Lines and Irish Ferries.
- 2.49 Holyhead Port's usage has been increasing over the past decade, particularly through the number of cruise ships visiting the port. This increased from 18 in 2013 to 51 in 2018<sup>19</sup>. In the same period passenger visits have increased from 15,000 to 50,000<sup>20</sup>.

<sup>15</sup> Source : JLL (2017) Priority Property Interventions for Economic Development Report.

<sup>16</sup> Source : JLL (2017)

<sup>17</sup> DfT Port Freight Stats 2019

<sup>18</sup> DfT Port Freight Stats 2019

<sup>19</sup> Stena Line Ports, 2018

<sup>20</sup> Stena Line Ports, 2018

- 2.50 Holyhead Gateway requires a series of targeted investments to address life expired assets essential to the operation of the port.

### Digital Connectivity

- 2.51 Demand for high-speed broadband and mobile connectivity in North Wales has kept pace with supply. However, the infrastructure in the region has historically lagged behind the rest of the UK in terms of coverage and capacity.
- 2.52 With the emergence of commercially available fibre optic technology towards the end of the 20th century, the widening of the 'digital divide' now has the potential to increase exponentially where the difference in affordable bandwidth can now be typically 100s of Megabits per second compared to other regions (e.g. 4.9% premises in Denbighshire with availability of ultrafast at >100Mbps compared to 49% in North West England). All four counties in the West rank in bottom 25% of UK areas for Superfast (>30Mbps) broadband coverage.

### Challenges and Opportunities presented by Climate Change

- 2.53 The Welsh Government declared a climate emergency in 2019 and set a target to reduce 95% of greenhouse gas emissions by 2050 relative to 1990. This target, which is lower than the equivalent UK 2050 net zero decarbonisation target, recognises that Wales faces several additional challenges including higher greenhouse gas emissions from its agriculture and parts of its heavy industry.
- 2.54 The UK Committee on Climate Change (UKCCC) has published a national assessment of 56 risks and opportunities impacting on Wales from now until the end of this century, with risk to infrastructure, public water supply, land management, ecosystems and agriculture recorded as the highest priority issues.
- 2.55 The Growth Deal with a portfolio of projects to be delivered over the next 15 years presents an opportunity for the NWEAB to position North Wales for longer-term prosperity through consideration of the impact of climate change and biodiversity loss on the built and natural environment.

### The Economic Impact of COVID-19

- 2.56 Clearly, COVID-19 has had an immense economic impact on North Wales as in other parts of the UK and globally. Partners in North Wales have set up a survey of regional firms<sup>21</sup> to monitor the economic impact on their operations. The latest complete survey received responses from 1,771 businesses across the breadth of sectors and with a good representation across the local authority areas of North Wales. In addition, the North Wales Regional Skills Partnership has provided a labour market insights report.<sup>22</sup> Of course, the picture is changing rapidly, but at the time of writing our research has found the following:

<sup>21</sup> North Wales Economic Ambition Board COVID-19 Regional Survey Update 16/07/2020

<sup>22</sup> North Wales Regional Skills Partnership COVID-19 *Labour Market Insights North Wales*, 4<sup>th</sup> September 2020

### Impacts of COVID-19 Crisis to Date (as at October 2020)

- Although no sector has been left untouched by the pandemic, the impact has been far from uniform. Some sectors have been hit harder than others and the situation remains fluid as lockdown restrictions have eased. Businesses in the region remain in ‘survival mode’ in many sectors. However, businesses in **Construction, Energy & Environment, Financial & Professional and Health and Social Care** are showing signs of stabilising/ slow recovery whilst they move towards a ‘new normal’. **Tourism & Hospitality, Creative and Aerospace** (as sub-sector of Manufacturing) have seen the biggest impact –with a post furlough picture looking bleaker, and slower stability/ recovery predicted.
- The most recent regional survey of businesses in North Wales<sup>23</sup> shows that **lost income, cash flow problems and staff & personal welfare** were the top three concerns for businesses over the next few months. Skills and training still remain lower down on the list of priorities, with most businesses asking for financial support, further guidance and new equipment – with only **7% requesting help with training**.
- The **impact of staffing levels and recruitment has varied between sectors**: Details on occupational roles affected by redundancies is not currently available. The Regional Employer Response Group is working with Airbus in particular to understand the workforce / occupational roles affected by redundancies in the Aerospace sector. Data from DWP show redundancies in Aerospace, Accommodation & Food Services and Arts, Entertainment and Recreation sectors in the region.
- There is a total of **98,400** people on furlough in North Wales (figures as of 31<sup>st</sup> July, 2020). This is a **28.9% increase** from the figure for June 2020. Gwynedd & Conwy, two of our most rural areas in the region have the **highest % of eligible workforce furloughed, with Gwynedd the highest in Wales**. This will have implications for our region as furlough winds down. However, Emsi job postings data shows us that job vacancies are on a more positive trajectory in comparison to June data. Although the number of posts in health, care and domestic roles remain as the dominant number of job postings, there is also a re-emergence of different occupations, in line with the relaxation of lockdown and re-opening of more sectors and businesses.
- There has been **rising unemployment and increases in Universal Credit Claimant claims** and Claimant Count, with young people under 24 years old most impacted. Gwynedd and Ynys Mon have seen the biggest rise in claimants, with a rise of +113% (Gwynedd) and +98.6% (Ynys Mon). Again, this will have future implications for the region, and figures are likely to rise by the end of October.
- Development of **Digital skills** is highlighted by employers as their main cross-sector future skills need. Digital marketing, use of social media, cyber security, development of Apps and websites to sell products have all been identified by as key future skills needs for the workforce by employers. **Leadership and Management Skills**, along **transferable skills (creativity, critical thinking, inter-personal communication skills)** still remain a key future focus for businesses across the region. There is a need for **re-training and upskilling** and proactively helping individuals who are at risk of redundancy.

<sup>23</sup> North Wales Economic Ambition Board COVID-19 Regional Survey Update 16/07/2020

- 2.57 The Growth Deal is designed to address structural, long-term barriers to economic growth. However, the Board is fully aware that in the short-term a range of actions will be needed to facilitate recovery and alignment between those short-term measures and the Growth Deal is key.
- 2.58 The Growth Deal on its own cannot address all the challenges facing the North Wales economy, particularly in light of COVID-19. However, such a significant injection of capital investment into the Welsh economy through the Growth Deal will be a significant boost to the construction and related sectors at a time when there is likely to be spare capacity in the economy.

## Business Needs

- 2.59 This section sets out the challenges and opportunities across the key sectors in the North Wales economy set out above.
- 2.60 Through its analysis and stakeholder consultations at the programme level, the NWEAB has identified a set of specific economic needs that the Growth Deal will need to address. These were further developed through a series of workshops with key stakeholders in the private and public sectors – see appendix B. In addition, the strategic cases for each of the programmes have been developed iteratively: the Board has received feedback on the strategic cases from both Welsh Government and UK Government officials, and has incorporated this into the final documents.
- 2.61 These have been organised into a set of themes below.

### High value manufacturing

- **Supporting innovation and R&D:** there is a need for facilities and technical support with individual businesses unable to access the skills and expertise to innovate and improve productivity via efficiency savings.
- **Supporting the low carbon agenda:** there is a strong need to decarbonise industry in order to meet national targets for clean growth, as well as to capitalise on market opportunities, with the number of green-collar jobs expected to grow to 2 million and the value of UK exports from the low carbon economy to grow to £170 billion a year by 2030.
- **Supply chain integration:** A progressive depletion or ‘hollowing out’ of the Welsh and UK-based supply chain over recent decades represents a long-term threat to production and manufacturing capability and its future prosperity. There is a need to re-build and sustain SMEs within supply chains to drive competitiveness.
- **Improving productivity:** North Wales’ advanced manufacturing sectors are relatively high productivity sectors in the economy, but there is great potential to increase productivity via targeted investments in R&D and skills.

### Agri-food and tourism

- **Under-investment in R&D and Innovation:** Engineering & Physical Science Research Council (EPSRC) data suggests that only 2% (c. £95 million) of all grants being offered directed to the Food & Drink sector. R&D spend across these three sectors equated to 1.3% of all R&D spend across all sectors in the UK in 2018 despite the sectors making up 10% of total employment/
- **Supporting the low carbon agenda across Wales and the UK:** From an environmental perspective, reducing carbon emissions is crucial to the future sustainability of Wales and this was recognised in the Wellbeing of Future Generations (Wales) Act 2015, which sets a target to reduce emissions by at least 80% against the 1990 baseline. Introducing

sustainable low carbon land management practices, as well as driving innovation and new low carbon technologies in the agriculture sector could contribute to the long-term carbon reduction agenda.

- **Improving productivity:** In 2017, gross output per hectare of agricultural land was £858 in Wales, significantly lower than UK's most productive region, which was the South East of England (£3,190 per ha). The tourism sector also suffers from lower productivity levels than those seen in England, with GVA per employee in the tourism sector equating to £19,600, 14% lower than the equivalent metric in England.
- **Meeting skills needs:** The latest Employer Skills Survey indicated that 25% of restaurants and hotels in Wales reported skills shortages and 45% businesses within primary industry (which includes agriculture). Both sectors also reported skills gap increases from the previous survey, with hotel and restaurants reporting a +3% increase whilst primary industry reported a +28% increase.
- **Diversification and resiliency:** agriculture, food and tourism sectors form the backbone of many local economies in North Wales. With the imminent exit from the European Union and the loss of related funding, it is important rural businesses have the support and knowledge to help them diversify.
- **Lack of appropriate premises:** Research carried out by Arad for the Glynllifon Rural Economy Hub indicates that the lack of food-grade premises, local product development facilities and technical support is holding back the potential of the sector, with individual businesses unable to access the skills and expertise to innovate and improve productivity via efficiency savings.

#### Low carbon energy

- **Addressing climate change:** Responding to the climate emergency declared by Welsh Government and the aim of achieving Net Zero by 2050. There is a need to decarbonise North Wales' energy system, including power (e.g. increasing low carbon energy generation), housing (including challenges associated with large numbers of homes being off the gas grid) and transport.
- **Supporting economic growth in low carbon energy sectors:** exploiting local strengths and competitive advantages (e.g. existing energy infrastructure, research strengths and skilled workforce) to drive growth in the low carbon energy sector where there are substantial growth opportunities nationally (sector forecast to grow 11% per year to 2030). An estimated £10.9bn of additional investment is needed by 2035 to put the region on track to achieve Net Zero. This level of investment has the potential to create up to 24,400 new jobs.

#### Land and property

- **A need for modern employment floorspace.** The network of readily developable strategic sites, capable of supporting both indigenous business growth and inward investment is relatively weak and fragmented
- **Low land values and infrastructure constraints** have resulted in insufficient developer interest, leading to a lack of supply of housing and commercial premises. To date the market has failed to address these challenges and therefore there is a specific need for Growth Deal funding to enable the delivery of employment space, serviced residential land and improvements to Holyhead Gateway.

## Digital connectivity

- **Addressing the digital divide:** in order for the North Wales economy to prosper and for key sectors to grow to their fullest potential, significant connectivity gaps must be addressed. There is a need to rapidly increase gigabit connectivity at key growth sites, ensure rural ‘not spots’ are tackled in full, deliver seamless mobile connectivity across economic corridors and assets and provide the foundations for greater social equity and inclusion.
- **Responding to clear demand for better connectivity:** a wide body of evidence showcases the prescient need for next generation fixed and mobile broadband and the opportunity cost of poor provision, relative to other parts of the UK. There is an exceptional appetite to deploy more sophisticated technologies and innovative use cases, which will secure productivity, efficiency and competitiveness across the region.
- **Creating competitive market conditions:** North Wales’ digital connectivity has been constrained by a lack of market competition at the wholesale level, and within the degree of choice offered by broadband providers at the retail level. There is an opportunity to respond to this by creating conditions that improve market attractiveness, reduce consumer costs, enhance end user take-up and provide the basis for longer-term commercial investment.
- **Establishing a world-class digital corridor:** the A55 is the primary economic axis for North Wales, connecting key sites, hubs for growth and the region’s most prominent assets. There is an opportunity to ensure that 5G and full fibre broadband creates a seamless high-speed corridor, as the basis for large-scale smart technology deployment, pilots and trials and as a lever for inward investment.
- **Expanding digital research capacity:** North Wales has an emerging profile as a base for innovative and technology-led research, led by higher education institutions and the private sector. There is an opportunity to scale this further, drawing on other sources of funding and business intent, creating a critical mass of technology, expertise and ambition to ensure that North Wales is at the cutting edge of the discovery and deployment of cutting-edge technologies.

## Potential Scope: North Wales Growth Deal

---

### Growth Deal Programmes

- 2.62 This section outlines the potential scope for the North Wales Growth Deal over the next 15 years.
- 2.63 All the sectors covered in the business needs section of this business case form part of the potential scope of the North Wales Growth Deal and will be addressed over time with the exception of the care and health services which are out of the scope of the Growth Deal.
- 2.64 The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long term challenges and economic barriers to deliver inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Wellbeing of Future Generations (Wales) Act 2015. On that basis it has been agreed to consider the following sectors:

### High growth sectors to drive productivity in the region

- 2.65 The projects aimed at increasing the value and impact of high growth sectors will be focused on three key sectors:

- Low carbon energy
- Innovation in high value manufacturing
- Agri-food and tourism

**Addressing key barriers to enable and achieve economic growth**

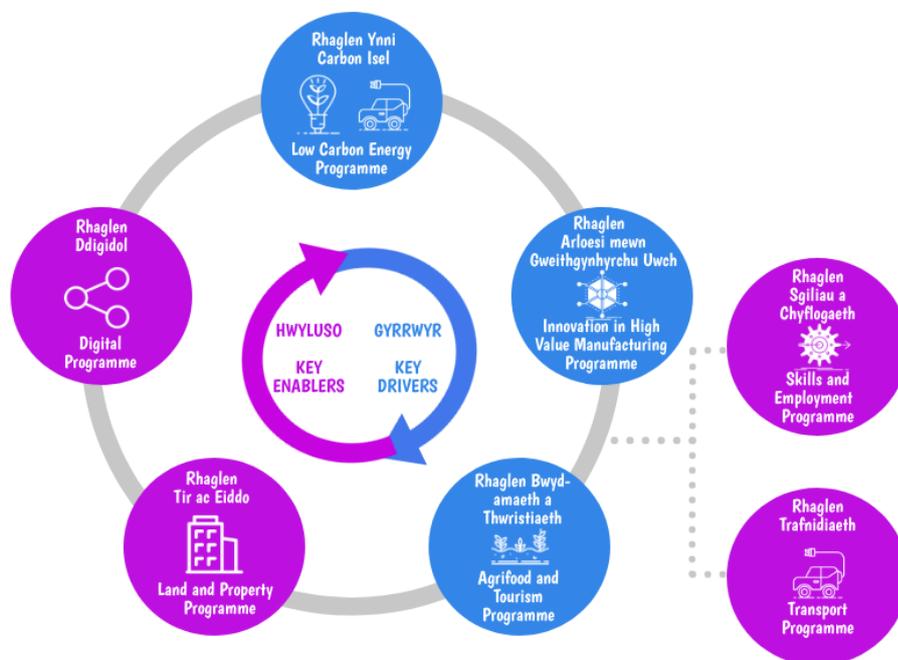
2.66 We have identified enabling sectors through the Growth Deal to tackle key economic barriers and address structural issues that have impacted on productivity and jobs. Delivery in these sectors will create the appropriate conditions for businesses to invest in the region and for the labour market to take advantage of new employment opportunities. A strategic approach will be taken with our investments, ensuring that they are well-targeted in order to enable economic and employment growth across the region. This will be done in partnership with key partners, especially the UK and Welsh Governments.

2.67 The projects to address key barriers to growth will be focused on two key sectors have been presented in 2 key Growth Deal Programmes, with the other two enabling sectors sitting outside the Growth Deal.

- Land and property
- Digital

2.68 By focusing our delivery on these sectors collectively, we will achieve a greater impact in terms of our ambition and use of resources rather than delivering them in isolation. Five of these sectors are to be targeted through the Growth Deal, while two sectors – Skills and Employment, and Strategic Transport now sit outside the Growth Deal to be targeted through alternative funding sources.

Figure 2.6 The Growth Deal Sectors



Source: NWEAB

- 2.69 All programmes and projects within the Growth Deal will contribute to the achievement of the Growth Vision and the delivery of benefits for North Wales. The benefits from the Growth Deal will support sustainable and inclusive growth across the region – in accordance with the Growth Vision as well as the priorities of the Well-Being of Future Generations (Wales) Act 2015.

### Summary of the sectors

- 2.70 The strategic aims to address in each sector, and the types of intervention they are intended to facilitate, are summarised below.

#### Low carbon energy

**Strategic aims:** To unlock the economic benefits of transformational low carbon energy projects and position North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment.

**Types of intervention:** Enabling works for new low carbon energy generation, enhancing research and innovation facilities for low carbon energy sectors, transport decarbonisation and support for local energy projects.

#### Innovation in high value manufacturing

**Strategic aims:** To consolidate North Wales’ position as a powerful and innovative high value manufacturing cluster, building on existing specialisms and leading expertise to create a higher value, more diverse economic base that supports the transition to a low carbon economy

**Types of intervention:** Industry and research collaborations along with the establishment of centres of excellence to help overcome barriers and market failures in the research commercialisation process.

#### Agri-food and tourism

**Strategic aims:** To build a more sustainable, vibrant and resilient foundation economy within the region, optimising opportunities for employment and prosperity through our environment and landscape.

**Types of intervention:** Introducing new technologies & innovation, skills and practices to these sectors, via business support and upskilling.

#### Land and property

**Strategic aims:** To address the shortage of suitable land and properties for business growth and to bring forward sites for housing development. To deliver improvements that stimulate investment in sites and premises in the Port of Holyhead and the wider region. Plays an enabling role for other programmes by ensuring the right land and property infrastructure is available.

**Types of intervention:** Remediation and enabling infrastructure to bring forward employment and housing sites, delivery of industrial floorspace, future proofing the port of Holyhead by providing new deep-water heavy loading and cruise facilities and improved vehicular access.

#### Digital

**Strategic aims:** To deliver the step change in digital connectivity needed to ensure North Wales is able to satisfy user demand, maintain pace with the rest of UK, unlock the growth potential of priority sectors and sites and underpin a flourishing innovation ecosystem. Plays an enabling role for other programmes to deliver maximum benefit.

**Types of intervention:** The programme has identified a need to which balance investment in infrastructure and technology, through enhanced fixed broadband footprint at key sites in rural areas, unlocking applications through 5G access, and furthering digital innovation.

## Main Benefits

- 2.71 The key benefits that will be delivered as a result of the North Wales Growth Deal contribution to North Wales are set out in this section.
- 2.72 The Growth Deal will lead to a number of direct and indirect benefits for the North Wales economy. The outcomes that will be delivered will include the following:
- Growth in regional prosperity – through improved productivity, inward investment and the creation of new jobs: linked to all Spending Objectives i.e. Spending Objective 1 (the creation of 3,400-4,200 net new jobs); Spending Objective 2 (£2.0 to £2.4 billion in net additional GVA); and Spending Objective 3 (£1.1 billion in total investment)
  - Creation of better-quality jobs for the local labour market – through targeted interventions in high value sectors to create new jobs: *linked to Spending Objectives 1 and 2 especially.*
  - A more skilled workforce within the region – through supporting skills and training initiatives and targeted interventions in high value sectors to create opportunities: *linked to Spending Objectives 1 and 2 especially.*
  - Improvements in standards of living across the region- inclusive growth that provides opportunities, reduces poverty, inequality and deprivation: *linked to Spending Objectives 1 and 2 especially.*
- 2.73 The table below sets out a baseline of indicators under these headers, illustrating the recent trend and the anticipated future direction under the Growth Deal.

Table 2.4 Strategic Outcomes and Indicators

	2013	2014	2015	2016	2017	2018	Future Direction
<b>Growth in Regional Prosperity</b>							
GVA growth (GVA £m)	12,344	12,519	13,033	13,439	13,673	14,239	?
North Wales GVA per head as % of UK (-London +SE)	86%	83%	85%	85%	83%	84%	?
Dispersed GVA growth across the 6 Counties of North Wales	8.5%	5.9%	8.5%	11.1%	10.1%	5.0%	?
GVA growth in high value economic sectors (manufacturing, information and communications and technical activities)	-0.4%	0.0%	5.4%	6.3%	-7.7%	6.5%	?
<b>Creation of Better Quality Jobs</b>							
Employment Growth	0.4%	1.9%	2.3%	-2.1%	1.2%	3.0%	?
Dispersal of Employment Growth across the 6 Counties of North Wales	14.1%	10.0%	17.6%	13.8%	14.4%	9.8%	?
Employment Growth in high value economic sectors	7.1%	7.0%	0.0%	-8.8%	14.4%	-0.2%	?
<b>A more Skilled Workforce within the Region</b>							

Increase in proportion of the population with qualifications (NQF 4)	33.5%	35.2%	36.2%	34.9%	36.3%	36.3%	?
Increase in higher level apprenticeships as a proportion of total employment	610	735	1,045	710	800	610	?
Increase in apprenticeships 16-24 as a proportion of total employment	6,225	4,255	5,075	5,050	6,250	5,150	?
<b>Improvements in Standards of Living across the Region</b>							
Reduce the proportion of workless households	17.8%	19.2%	17.3%	16.6%	15.1%	16.0%	?
Improve affordability (median house prices / median income)	6.7	6.8	6.7	6.8	7.4	7.4	?
Increase in median household income (£)	1.8%	1.3%	5.1%	0.5%	-3.2%	1.0%	?

Source: Various ONS Data Sources; Hatch

## Main Risks

2.74 The key risks to the successful delivery of the portfolio are set out in Table 2.5.

Table 2.5 Growth Deal Portfolio Risks	
Resources	Resources are required at portfolio, programme and project level to ensure the successful delivery of the Growth Deal portfolio. Insufficient resourcing could have a significant impact on the successful delivery of the deal.
Delivery	Delays in the delivery of any of the projects could have an impact on the overall Growth Deal portfolio.
Cost	There is a risk that the projects contained within the North Wales Growth Deal proposal will increase in cost prior to the completion of the deal. As the Welsh/UK Government funding is fixed at £240million any increase in costs would need to be met by the public/private sector
COVID-19	The COVID-19 pandemic still poses a risk to the delivery of the programme. The economic impact of lockdown restrictions has still yet to be fully realised which could impact local businesses, local authorities and education providers alike. Future lockdown restrictions could also delay the Growth Deal.
Brexit	At present, there remains uncertainty on the outcome of the Brexit negotiations. The Welsh economy could be hit in the short term in the event of a no-deal, which would impact on some of our sectors through tariffs and supply chain disruption.
Climate and biodiversity	There is a risk the projects contained within the North Wales Growth Deal will be impacted by factors related to climate change and biodiversity loss, with infrastructure, public water supply, land management, ecosystems and agriculture identified at greatest risk.
Private Sector Investment	Significant private sector investment is required to deliver the programme. There is a risk, particularly following the impact of COVID-19 on the regional economy that the level of private sector investment required will not be attained.
Public Sector Investment	There is a risk, particularly following the impact of COVID-19 and changing priorities on the regional economy that the level investment required will not be attained.
Limited end user company involvement	Lack of demand from end users would hinder the programme and one of its key aims to drive diversification and innovation through collaboration between industry and education providers.
Political Change	Changes in Government policy will happen over the course of the 15-year Growth Deal period. These policy changes could impact significantly on the scope of the Growth Deal, the programmes and the projects.
Statutory Consents and Planning	As a capital investment programme there is a risk that if Growth Deal projects do not receive the necessary statutory consents and planning approval the projects will not be delivered and the benefits not realised.

Source: NWEAB; Hatch

2.75 Risk Registers will be developed at the portfolio, programme and project level. Risks associated with the delivery of the programmes and projects will be captured within the relevant risk register.

Further details on the approach to managing risk across the portfolio are set out in the Management Case.

## Constraints

- 2.76 This section sets out the parameters agreed for the delivery of the strategic portfolio over the next 15 years.
- 2.77 There are a number of constraints placed on the delivery of the Growth Deal, notably:
- **Total Funding Package** – The total amount of funding is set at £120million from the Welsh Government and £120million from the UK Government. The combined £240million must be supplemented by private and public sector funding to ensure the delivery of the Growth Deal and the programme.
  - **Term of the Growth Deal** – The programme cannot exceed the term of the Growth Deal set at 15 years.
  - **Capital Funding** – The Growth Deal funding package is capital funding with no revenue funding provided for projects. Revenue funding must be provided by the partners.
  - **State Aid** – Growth Deal projects must comply with relevant State Aid rules.

## Dependencies

- 2.78 This section highlights the dependencies for the successful delivery of the Growth Deal.
- 2.79 The following dependencies need to be in place for the delivery of the Growth Deal:
- **Securing the Final Deal** – A current dependency is signing the Final Deal which secures the £240m of government funding for the Growth Deal and agreeing Governance Agreement 2 within the partnership.
  - **Private Sector Engagement** – The Growth Deal cannot be successfully delivered without the engagement of and collaboration with the private sector.
  - **Public Sector Engagement** – The Growth Deal required the NWEAB to continue in order to deliver the deal.
  - **Statutory Consents and Planning Approval** – A number of the Growth Deal projects will require statutory consents and planning approval.
- 2.80 Individually projects within the North Wales Growth Deal can be viewed as being independent from each other with limited inter project dependencies (i.e. one project is not directly dependant on the completion of another). However, collectively The Growth Deal Programmes and Projects are transformational, interrelated and co-dependent with a number of synergies across the Portfolio. Dependencies for programmes and projects will be set out within the relevant business case.

## 3. The Economic Case

- 3.1 The Economic Case describes how we appraised the options for the potential scope of the North Wales Growth Deal as set out in the strategic case.

### Critical Success Factors

---

- 3.2 This section describes the Critical Success Factors (CSFs) and evaluation criteria that were agreed for the appraisal of potential programmes and project in the North Wales Growth Deal. Partners agreed that the following CSFs would be used:

- **Equity** – that the approach ensures that benefits have a positive impact on as many communities as possible in the region.
- **Value added** – that the approach is focused on high value returns.
- **Strategic fit** – that the approach is in keeping with both Wales and UK wide industrial and economic strategies of relevance.
- **Private Sector Investment** that the approach would need widespread appeal for the private sector – both in terms of support and potential leveraged investment.

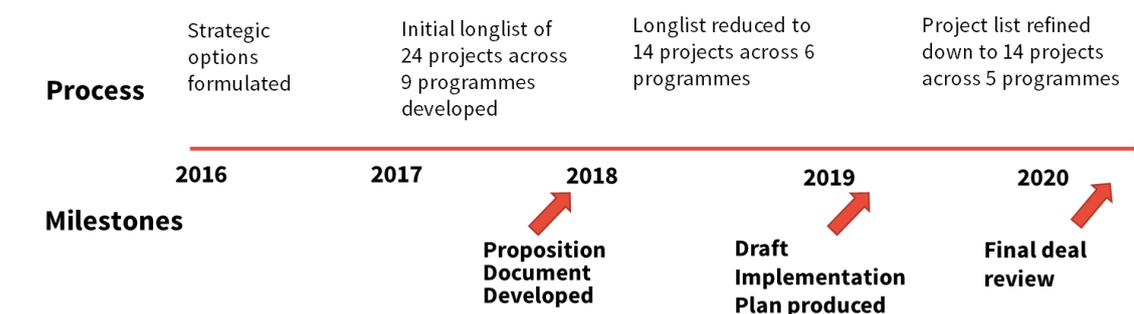
### Options assessment

---

- 3.3 To understand the shape of the Growth Deal and its composition in terms of its programmes and projects, it is helpful to review the process that partners have been through since the Board was formed and as partners progressed through stages in the Growth Deal development. The partners have followed an iterative, robust process to translate the overall Growth Vision into a set of interventions that will address the identified spending objectives in the most effective and efficient manner. In summary, there have been four phases:

- **2016: Strategic optioneering.** To set the overall parameters at a strategic level for the Growth Deal investments using a set of Critical Success Factors (CSFs).
- **2018: Proposition development.** To develop this into a longlist of project interventions designed to address the spending objectives and CSFs
- **2019: Draft Implementation Plan.** The longlist was refined in response to UK Government feedback on the need for a smaller set of larger projects.
- **2019: Final Deal review.** The final set of Growth Deal interventions has been arrived at via a further review by NWEAB and partners, taking into account market conditions and policy fit.

Figure 3.1 Project Options Development Process



Source: Hatch

## Strategic Options

- 3.4 Drawing on the analysis of need and market failure, the Board identified Strategic Programmes within the North Wales Vision to address the challenges facing the regional economy, as well as exploiting the opportunities. These programmes are a group of inter-related and co-dependant projects to be managed in a co-ordinated way, and have been defined in the context of the Growth Vision for North Wales.
- 3.5 A number of realistic and achievable strategic options were considered and appraised in order inform how the Growth Deal could best address the economic challenges of the region. This took in considerations around the sectoral and spatial targeting of Growth Deal investments. These are listed below:
- **Option 1: Minimum Change.** This would involve a continuation of current decentralised approaches in North Wales, with a continuation of different priorities and agendas and a lack of overarching, shared goals across organisations. It was felt that this would stifle opportunities and have limited innovation and ambition, with the result that productivity levels would continue to lag behind the rest of the UK.
  - **Option 2: To focus purely on key economic sectors.** The strategic case has identified a specific set of needs and opportunities for our key sectors, and we are confident that we could improve productivity by solely addressing these. However, this would risk excluding a majority of the labour market. Development in decarbonisation and automation are also transforming industries and increasingly driving new collaborations across sectors.
  - **Option 3: To focus on the foundation economy, in particular care, tourism and retail sectors.** An alternative sectoral focus such as this one would support the backbone of the local economy in the region, and would help small and often fragile enterprises embedded in local communities increase their productivity. However, this is a risk that such an approach would not generate the levels of growth required in the economy – and there would also be concerns about the quality of employment opportunities across the region.
  - **Option 4: To focus on areas of opportunity where the private sector is already strong –** such as the Cross-Border areas. This option would certainly deliver economic growth and improve productivity – but risks the over-concentration in one particular area to the detriment of other areas within the region.
  - **Option 5: To focus on scalable and dispersed growth across the region to achieve sustainable, balanced and inclusive economic growth.** This would also focus on capitalising on the success of high value economic sectors, such as advanced manufacturing and

energy, and our connection to the economies of the Northern Powerhouse and Ireland. This approach would develop a more balanced economy, and achieve inclusive growth so that irregularities are addressed. It would lead to a fairer distribution of the benefits of economic growth – both at an individual level and between different parts of the region. It will also create the climate to boost productivity across the region and maximise opportunities for the labour market.

3.6 The assessment of these strategic options against the CSFs is set out below.

Action	Equity	Value Added	Strategic Fit	Private sector interest
Do nothing / Minimum	x	x	x	x
To focus purely on key economic sectors	x	✓	✓	✓
To focus more on the foundation economy, in particular care, tourism and retail sectors	✓	x	✓	x
To focus more on areas of opportunity where the private sector is already strong – such as the Cross-Border areas	x	✓	✓	✓
To focus on scalable and dispersed growth opportunities across the region to achieve sustainable ‘balanced’ economic growth	✓	✓	✓	✓

Source: Hatch

3.7 The strategic options appraisal was definitive in terms of establishing that the preferred approach was:

*“To focus on scalable and dispersed growth opportunities across the region to achieve sustainable, balanced and inclusive economic growth”.*

## Proposition Development

### Stage 1 – 2018 Proposition Document (the longlist)

3.8 The longlist describes how a wide range of programmes and projects were identified by the NWEAB for the delivery of the North Wales Growth Deal.

3.9 During 2017 and 2018, the Board - working collaboratively with Welsh Government, UK Government and representatives of the private sector - developed the Proposition Document for the North Wales Growth Deal.

3.10 Based on the Growth Vision Strategy, the Proposition Document was agreed by partners within the Board in October 2018. This set out a proposed package of **24 transformational projects across 9 Strategic Programmes**, seeking £334.5m in capital funding and £8m in revenue funding from the Growth Deal. The Programmes were defined as a group of related projects managed in a co-ordinated way to obtain benefits and to deliver the overall Vision and Aims.

3.11 The approach was based on creating the appropriate conditions for high value economic clusters such as energy, advanced manufacturing and digital sector to flourish and boost their contribution to the Welsh and UK economies. The 24 projects at this stage were considered a longlist and the list was considered a living document that would evolve as new opportunities arose. The projects were:

- identified through partnership working and co-production amongst the public, higher education, further education and particularly the private sector in the region.
- designed to be strategic and transformational
- tested using the CSFs of strategic fit, complementarity with existing initiatives, value for money, commercial sustainability, deliverability and partnership support and commitment.

3.12 An additional set of CSFs was also considered in arriving at this list, including that the projects were:

- spatially targeted
- applied to the whole region
- enablers
- supporting growth and attracting private sector investment
- promoting innovation

3.13 The longlist of programmes and projects are listed below:

Table 3.2 Growth Deal Proposition Document (longlist)

Action	Key objective	Projects
Land and property	To address the shortage of suitable land and properties for business growth and to bring forward sites for housing development.	<ul style="list-style-type: none"> <li>Regional Land and Property Joint Venture Project</li> </ul>
Smart access to energy	To deliver the infrastructure improvements required to position North Wales as one of the leading UK locations for energy generation and production, building in particular on the Wylfa Newydd Nuclear Power Project.	<ul style="list-style-type: none"> <li>Holyhead Gateway Project</li> <li>Trawsfynydd Power Station Project</li> <li>Morlais Project</li> <li>Smart Local Energy Network Project</li> </ul>
Adventure tourism	To enable further investment in adventure tourism attractions in the region, increasing their value to the regional economy.	<ul style="list-style-type: none"> <li>North Wales Adventure Tourism Capital Investment</li> </ul>
Smart technology and innovation hubs programme	To deliver world-class resources in sector leading facilities such as low carbon energy and advanced manufacturing, building on expertise in the region, accelerating economic impact from research and technology.	<ul style="list-style-type: none"> <li>Nuclear Energy Centre of Excellence Project;</li> <li>Enterprise Engineering and Optics Centre Project</li> <li>3D Factory UK Project;</li> <li>Glynllifon Rural Economy Hub Project;</li> <li>Llysfasi Carbon Neutral Centre Project;</li> <li>Centre of Environmental Biotechnology and Accreditation Project</li> </ul>
Regional Growth Business Fund and hubs programme	To provide financial, technical and coherent advice and support for businesses across the region	<ul style="list-style-type: none"> <li>North Wales Regional Business Growth Fund Project</li> </ul>
Pathways to skills and employment programme	To tackle economic inactivity and to deliver a co-ordinated skills and employment advice and support service, particularly to skill people up for future employment.	<ul style="list-style-type: none"> <li>Information and Advice Gateway Project</li> <li>Employability Pathway</li> </ul>
Skills centre of excellence	To create the conditions to increase the supply of skills in key growth sectors, focusing on improving the skills infrastructure in the region.	<ul style="list-style-type: none"> <li>North Wales Tourism and Hospitality Centre of Excellence Project</li> <li>North Wales Rail Engineering Centre of Excellence Project</li> <li>Regional STEM – Achieving Excellence in Skills Development Project</li> <li>North Wales Health and Social Care with Higher Education – Achieving Excellence Project;</li> <li>North Wales Digital Automation – Achieving Excellence Project.</li> </ul>
Digital connectivity	To deliver quality access to effective and affordable digital connectivity for businesses and households across the region, to boost innovation in digital signalling and to improve digital skills.	<ul style="list-style-type: none"> <li>North Wales Digital Connectivity Project</li> <li>Digital Signal Processing Centre Project</li> <li>Digital Skills for North Wales Project</li> </ul>
Strategic transport	To improve local transport infrastructure to support accessibility and connectivity.	<ul style="list-style-type: none"> <li>Strategic Transport Project.</li> </ul>

Source: Hatch

## Phase 2 – Draft Implementation Plan and Heads of Terms (the shortlist)

- 3.14 The shortlist describes how the initial longlist of 24 potential projects was refined to produce a shortlist of 14 projects consisting of 6 programmes.
- 3.15 In the Autumn Budget 2018, the then Chancellor of the Exchequer, Rt Hon Phillip Hammond MP, announced £120 million in funding for the North Wales Growth Deal. The Welsh Government confirmed that it would match the UK Government’s financial contribution to the North Wales Growth Deal.
- 3.16 UK Government fed back a desire to support fewer, larger projects with transformative impact. Consequently, the Draft Implementation Plan was developed, setting out a streamlined package of **14 transformational projects across 6 programmes**. These are set out below. Projects were sifted out of the longlist based on their scoring against the original CSFs and any revenue projects (e.g. the Information and Advice Gateway) were also removed.

Action	Key objective	Projects
Low carbon energy	The Programme will position North Wales as one of the leading UK locations for energy generation and energy related supply chain investment, with expertise in low carbon technologies, renewable energy and energy storage.	<ul style="list-style-type: none"> <li>• Trawsfynydd Power Station Project</li> <li>• Morlais Project</li> <li>• Smart Local Energy Project</li> <li>• Low Carbon Energy Centre of Excellence Project</li> </ul>
Advanced manufacturing programme	The Programme will capitalise on the strong network of anchor companies with an international profile, as well as world leading expertise to boost innovation and new technology to develop a powerful advanced manufacturing cluster – one which will be highly competitive on the global stage. The Growth Deal will deliver world-class resources in sector-leading facilities, building on expertise in the region to maximise economic impact from research and technology.	<ul style="list-style-type: none"> <li>• Enterprise Engineering and Optics Centre;</li> <li>• Centre for Environmental Biotechnology</li> </ul>
Land-based industries and tourism programme	The programme will build on the well-established agricultural, food and drink sector in North Wales, as well as supporting further investment in high quality tourism to extend the tourism season.	<ul style="list-style-type: none"> <li>• Glynllifon Rural Economy Hub</li> <li>• Llysfasi Carbon Neutral Centre</li> <li>• North Wales Tourism and Hospitality Centre of Excellence</li> </ul>
Land and property programme	The programme includes a package of Projects to unlock growth opportunities across the region and will directly address the shortage of suitable land and properties for business growth. The Programme will also bring forward sites for housing development.	<ul style="list-style-type: none"> <li>• Regional Land and Property Joint Venture</li> <li>• Holyhead Gateway Project</li> </ul>
Digital Programme	The programme will focus on improving the digital infrastructure and innovation in the region. It will deliver quality access to effective and affordable digital connectivity for businesses and households, and will boost innovation in digital signalling	<ul style="list-style-type: none"> <li>• North Wales Digital Connectivity Project</li> <li>• Digital Signal Processing Centre</li> </ul>
Strategic transport	The programme will improve accessibility and connectivity, to and within the region.	<ul style="list-style-type: none"> <li>• Strategic Transport Decarbonisation Project.</li> </ul>

Source: Draft Implementation Plan, 2019

- 3.17 The Skills and Employment Programme, while still key to the delivery of the Growth Vision for North Wales, was no longer included within the Growth Deal proposal at this point. It became clear during the negotiation phase that the Growth Deal funding would be capital funding with no revenue provision. With the majority of skills-based activities requiring revenue funding, the Board decided to remove the programme from the Growth Deal and to pursue separate funding streams through side deals with the Welsh Government to enable the delivery of the programme.

### **Phase 3 – Final Deal Review (the revised shortlist)**

- 3.18 As part of the journey to final deal and the development of the Programme Business Cases the Growth Deal Portfolio was reviewed once more through a review carried out by the Portfolio Management Office. The final portfolio of programmes and projects is presented below and the notable change has been to move the Regional Transport Decarbonisation project to the Low Carbon Energy Programme following a review by the Portfolio Management Office in February 2020 and formal approval by the NWEAB in June 2020. The rationale for this is that the project is focused on the renewable energy sources (e.g. hydrogen) to enable transport decarbonisation as well as their deployment. This change simplifies the Growth Deal governance structure and allows the Strategic Transport Programme to be refocused on influencing and shaping regional transport priorities and projects that sit outside the Growth Deal.

Table 3.4 Final list of Growth Deal Projects		
Action	Key objective	Projects
Low carbon energy	Unlocking the economic benefits of transformational low carbon energy projects and positioning North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment	<ul style="list-style-type: none"> <li>• Trawsfynydd Power Station Project</li> <li>• Morlais Project</li> <li>• Smart Local Energy Project</li> <li>• Low Carbon Energy Centre of Excellence Project</li> <li>• Regional Transport Decarbonisation Project</li> </ul>
Innovation in high value manufacturing programme	The Programme will capitalise on the strong network of anchor companies with an international profile, as well as world leading expertise to boost innovation and new technology to develop a powerful advanced manufacturing cluster – one which will be highly competitive on the global stage. The Growth Deal will deliver world-class resources in sector-leading facilities, building on expertise in the region to maximise economic impact from research and technology	<ul style="list-style-type: none"> <li>• Enterprise Engineering and Optics Centre</li> <li>• Centre for Environmental Biotechnology</li> </ul>
Agri-food and tourism programme	The programme will build on the well-established agricultural, food and drink sector in North Wales, as well as supporting further investment in high quality tourism to extend the tourism season.	<ul style="list-style-type: none"> <li>• Glynllifon Rural Economy Hub</li> <li>• Llysfasi Carbon Neutral Centre</li> <li>• Tourism talent network</li> </ul>
Land and property programme	The programme includes a package of Projects to unlock growth opportunities across the region and will directly address the shortage of suitable land and properties for business growth. The Programme will also bring forward sites for housing development.	<ul style="list-style-type: none"> <li>• Regional Land and Property Joint Venture</li> <li>• Holyhead Gateway Project</li> </ul>
Digital Programme	The programme will focus on improving the digital infrastructure and innovation in the region. It will deliver quality access to effective and affordable digital connectivity for businesses and households, and will boost innovation in digital signalling.	<ul style="list-style-type: none"> <li>• North Wales Digital Connectivity Project</li> <li>• Digital Signal Processing Centre</li> </ul>

Source: NWEAB

3.19 Two further programmes key to delivering the Growth Vision for North Wales sit outside the Growth Deal – Skills and Employment and Strategic Transport:

- **Skills and employment programme:** This Programme will tackle economic inactivity and deliver a co-ordinated and integrated skills and employment approach in the region. It will enable people to access support more easily and effectively, and help them gain employment and upskill, ensuring a more robust and resilient workforce to meet future employment needs. It will also increase the supply of skills in key growth sectors, and will equip people for jobs shaped by the next generation technology, driving up digital skills in North Wales.
- **Strategic transport programme:** The purpose of this programme is to enable improved accessibility and connectivity, to and within the region. A portfolio of schemes will be delivered to improve local transport infrastructure, enhancing in particular access to

employment. Congestion nodes will be tackled, transport will be better integrated and alternatives to road-based access will be developed through this Programme. A key focus will be to develop integrated transport hubs and deliver low carbon transport solutions, in urban and rural areas. The Programme will enable businesses in the region to have improved access to markets, goods, services and labour.

- 3.20 In addition to the strategic options assessment presented above, each of the Programme level business cases contains its own options assessment. Individual projects will also be required to produce their own business cases for investment in due course, with an accompanying expectation to present an options assessment as part of their value for money case.
- 3.21 The full set of projects is described in Appendix C.

## Economic Appraisal

---

- 3.22 This section summarises the economic appraisals for the constituent programmes. A summary of project information is shown in appendices C and E.

### Economic Appraisal Summary

- 3.23 A summary of the key findings from the economic appraisal of the Growth Deal is provided below.

Table 3.5 Appraisal Summary Table

		North Wales Growth Deal	Low carbon energy	Innovation in HVM	Agri-food and tourism	Land and property	Digital
<b>A</b>	Net Present Social Value (£m) (including Optimism Bias)	<b>£930 – £1,140</b> <b>(£1,122 – £1,371 on GD costs)</b>	£59 – £72 (£206 – £252)	£16 – £19 (£40 – £49)	£127 – £155 (£140 – £171)	£641 – £783 (£643 – £786)	£90 – £110 (£93 – £114)
<b>B</b>	Public sector cost (£m, undiscounted, excl. optimism bias)	<b>£424</b> <b>(£240 from GD)</b>	£227 (£86)	£39 (£13)	£37 (£25)	£81 (£79)	£40 (£37)
<b>C</b>	Appropriate Benefits Cost Ratio	<b>2.8 – 3.5</b> <b>(5.0 – 6.1 GD investment)</b>	1.1 – 1.4 (3.0 – 3.6)	1.3 – 1.6 (4.0 – 4.8)	3.8 – 4.7 (5.7 – 7.0)	7.8 – 9.6 (8.0 – 9.8)	2.9 – 3.6 (3.2 – 3.9)
<b>D and E</b>	Significant unmonetizable costs/benefits and unquantifiable factors	<ul style="list-style-type: none"> <li>• Reduced CO2</li> <li>• Inward invest.</li> <li>• Social/wellbeing benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced CO2</li> <li>• Inward invest.</li> <li>• Spin-outs</li> <li>• Social/wellbeing benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Spin-outs</li> <li>• Know. transfer</li> <li>• IP/Licensing</li> <li>• Clustering</li> <li>• Retaining young people</li> </ul>	<ul style="list-style-type: none"> <li>• Know. transfer</li> <li>• Agriculture/tourism diversification</li> <li>• Low carbon cluster dev. in agri/ tourism/food</li> <li>• Retaining young people</li> </ul>	<ul style="list-style-type: none"> <li>• Land value uplift</li> <li>• Reduced CO2</li> <li>• Transport benefits</li> <li>• Social/wellbeing benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Choice/affordability</li> <li>• Private/Inward investment</li> <li>• Technology commercialisation</li> <li>• Social/wellbeing benefits</li> <li>• Rural sustainability</li> </ul>
<b>F</b>	Risk costs by type & residual optimism bias	Through their own business cases, each project will be expected to consider and demonstrate how they have mitigated potential optimism bias in their costings and proposed timetables. At this stage, to be conservative, we have applied the upper bound optimism bias benchmark factor for standard buildings from HM Treasury guidance to the capital costs for all programmes at <b>24%</b> .					
<b>G</b>	Switching values (for the preferred option only)	70% -89% deterioration in core assumptions and benefits	70% deterioration in our core impact modelling assumptions	77% reduction in job creation	84% reduction in job creation and economic value associated with tourism skills	89% reduction in job creation	75% reduction in take-up of fixed/ mobile broadband, start-up benefits & benefits generated through the DSP.
<b>H</b>	Time horizon and reason	15 year appraisal period used All infrastructure assets will have a residual value at this point					

Source: Hatch

## Key appraisal parameters

### Time period

- 3.24 The benefits and costs are measured over a 15-year period to 2036 and future values are discounted at 3.5% per annum in line with HM Treasury guidance. All values are expressed in constant 2020/21 prices.

### Additionality

- 3.25 The assessment captures both gross and net additional benefits. The additionality assessment includes the following:
- Deadweight: benefits that would have taken place anyway in the absence of the investment (e.g. business growth not attributable to the Growth Deal investments)
  - Displacement: benefits that are displaced from elsewhere in North Wales (e.g. through a relocation of an existing business in Wales into new employment floorspace provided or growth in a supported business at the expense of market share for another business in North Wales)
  - Leakage: benefits that accrue to residents or businesses outside North Wales (e.g. if new jobs are taken by residents of an adjacent region in England)
  - Multipliers: further knock-on benefits generated within supply chains (indirect effects) and from the expenditure of employees (induced effects).
- 3.26 Full details on how these factors have been applied to the programmes are set out in the technical Appendix E.

## Costs

### Public sector costs

- 3.27 The total project cost across all of the programmes is **£1.1 billion** (2020/21 prices). Of this total, **£240 million** is requested from the Growth Deal, **£184.3 million** is expected to come from other public sector sources and **£722 million** is committed by the private sector. A breakdown of the costs is provided below by Programme and project.
- 3.28 We have discounted the total public sector costs at 3.5% to provide a Net Present Value (NPV), in line with HM Treasury Green Book Guidance.

Table 3.6 Growth Deal Projects (£m, 2020/21 prices, undiscounted; Net Present Cost discounted at 3.5% p.a. No Optimism Bias)

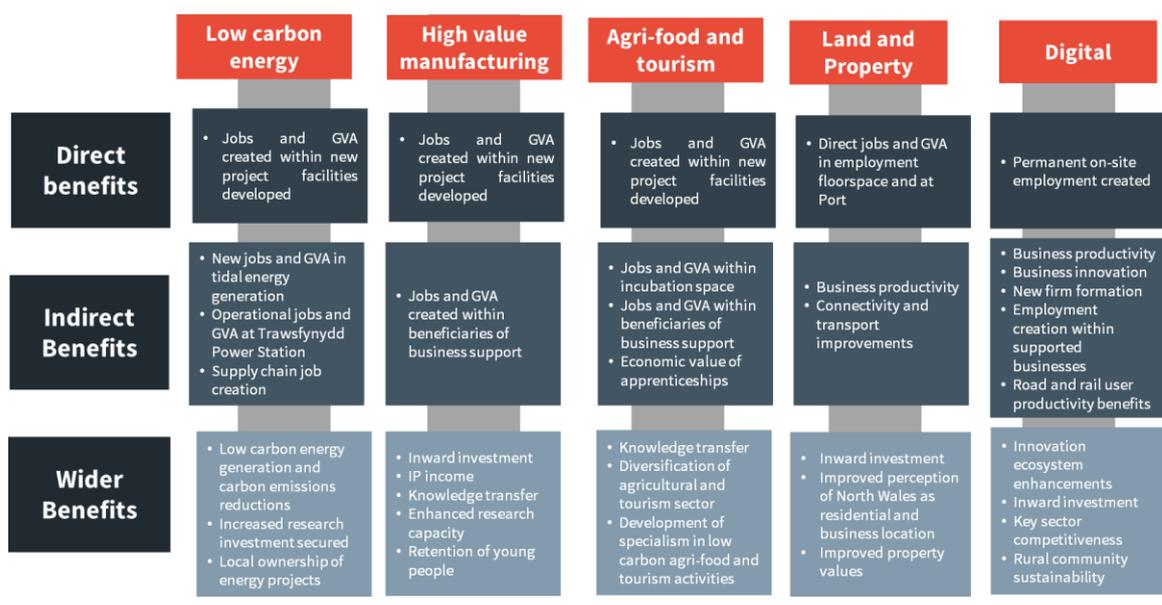
Programme	Project	Total investment	Growth Deal investment	Other public sector investment	All public sector NPC
Low carbon energy	Morlais	36.0	9.0	27.0	34.2
	Low Carbon Economy Centre of Excellence	97.7	21.0	75.7	91.9
	Trawsfynydd Power Station	400.0	20.0	20.0	36.0
	Transport Decarbonisation	28.6	11.4	11.5	21.7
	Smart Local Energy Network	106.2	25.0	6.2	31.2
High value manufacturing and innovation	Centre for Environmental BIOTECHnology	9.6	3.0	6.6	9.1
	Enterprise Engineering & Optics Centre	29.8	9.9	19.8	28.3
Agri-food and tourism	Glynllifon Rural Economy Hub Project	13.0	10.0	3.0	12.3
	Llysfasi Carbon Neutral Centre	15.4	10.0	2.7	12.1
	Tourism TALENT Network	12.9	4.5	6.7	10.7
Land and property	Holyhead Gateway	80.0	35.0	0.0	32.7
	Regional Land and Property Joint Venture	275.4	44.1	1.9	42.0
Digital	Full fibre	7.2	6.8	0.0	6.0
	Connecting the final %	4.0	4.0	0.0	3.5
	Connected Campus	21.0	21.0	0.0	18.5
	Connected Corridor	2.2	2.2	0.0	1.9
	Digital Signal Processing Centre Project	7.3	3.0	3.1	5.8
<b>Total, North Wales Growth Deal</b>		<b>1,146.4</b>	<b>240.0</b>	<b>184.3</b>	<b>398.0</b>

Source: NWEAB

## Benefits measured

- 3.29 In developing each of the five programmes for the Final Deal, a high-level assessment of the relevant economic benefits has been produced. Each of the programmes will generate a set of benefits that have been classed as direct, indirect and wider benefits. The precise nature of these vary between the programmes. The key types are summarised below, by programme.
- 3.30 The core measures across all programmes and projects are jobs and Gross Value Added (GVA) created, reflecting the core spending objectives of the Growth Deal. Growth in GVA is a function of both sectoral growth (with accompanying growth in jobs) and productivity enhancements (e.g. generated by investments in digital infrastructure).

Figure 3.2 Benefits Framework



Source: Hatch

3.31 The benefit-cost assessment focusses on those direct and indirect economic benefits that have been possible to quantify and monetise at this stage. These are set out by programme below.

Table 3.7 Benefits monetised within Benefit-Cost Assessment		
	Direct impacts	Indirect impacts
Low carbon energy	Direct jobs and GVA within facilities developed	Operational jobs associated with investment in new energy infrastructure Supply chain effects associated with gross direct jobs
Innovation in high value manufacturing	Direct jobs and GVA within facilities developed	Jobs and GVA created within beneficiary businesses
Agri-food and tourism	Direct jobs and GVA within facilities developed	Jobs and GVA created within beneficiary businesses Economic value of apprenticeship completions
Land and property	Direct on-site jobs and GVA in new employment floorspace and at Holyhead Port	Supply chain effects associated with gross direct jobs
Digital	On-site jobs and GVA generated	GVA and employment gains generated through enhanced business productivity and innovation and business creation

Source: Hatch

- 3.32 The assessment also captures temporary construction effects associated with the capital investments. Whilst not included in the benefit-cost ratio, given the scale of investment these will support significant numbers of jobs in construction and other related sectors. This will help support the economy at a time when there is likely to be spare capacity as a result of the COVID-19 crisis.
- 3.33 The assessment of economic benefits then draws on the programme level assessments. This cost-benefit assessment at the programme level uses an economic impact model and is in turn, based on the latest business planning assumptions for the constituent projects within each programme.
- 3.34 It should be noted that the economic cases for individual projects within the Growth Deal are still currently being developed and will evolve. Rather than pre-empt these project-level assessments, the purpose of the programme- and portfolio-level assessment is to set out the expected order of magnitude of impacts and the underlying drivers of these, in order to demonstrate value for money. Therefore, the figures presented at this portfolio level are expressed as a reasonable range.
- 3.35 The economic appraisals by project are set out in Appendix E.

## Gross benefits

- 3.36 In total the North Wales Growth Deal programmes are expected to create in the order of **£3.3 to £4.0 billion** in gross GVA up to 2036, and **6,200 to 7,550 FTE jobs** per annum at steady state.
- 3.37 The Land and property programme can be expected to be the largest contributor to gross benefits, accounting for around 60% of the programme total in terms of GVA and 54% in terms of employment creation.

Table 3.8 Gross Economic Benefits (GVA is cumulative to 2036 and expressed in 2020/21 prices, undiscounted; jobs are annual at steady state)

	GVA (£m)	Jobs Created (FTEs)
Low carbon energy	440 – 540	780 – 950
Innovation in high value manufacturing	90 – 110	300 – 360
Agri-food and tourism	470 – 580	640 – 780
Land and property	1,940 – 2,380	3,370 – 4,110
Digital	310 – 380	1,090 – 1,340
<b>Total, North Wales Growth Deal</b>	<b>3,260 – 3,990</b>	<b>6,170 – 7,550</b>

Source: Hatch calculations based on project level data. Rounded to the nearest £10m/10 FTEs. Ranges apply a ± 10% margin of error.

- 3.38 We also estimate that the Growth Deal investments will support 11,500 gross direct FTE person years of employment in the construction sector over the period of the construction of the relevant assets.

## Net additional benefits

- 3.39 After taking account of likely levels of additionality within the projects and programmes, the Growth Deal programmes are expected to generate a total of **£1.97 to £2.41 billion** in net additional GVA, and **3,400 to 4,200 net additional FTE jobs** per annum at steady state.
- 3.40 A breakdown across all of the projects is provided in Appendix E.

Table 3.9 Net Additional Economic Benefits (GVA is cumulative to 2036 and expressed in 2020/21 prices, undiscounted; jobs are annual at steady state)

	GVA (£m)	Jobs Created (FTEs)
Low carbon energy	430 - 530	800 – 980
Innovation in high value manufacturing	90 – 110	150 – 180
Agri-food and tourism	230 – 280	310 – 380
Land and property	1,060 – 1,290	1,870 – 2,280
Digital	150 – 190	310 – 380
<b>Total, North Wales Growth Deal</b>	<b>1,970 – 2,410</b>	<b>3,440 – 4,210</b>

Source: Hatch calculations based on project level data. Rounded to the nearest £10m/10 FTEs. Ranges apply a ± 10% margin of error.

### Discounting and Optimism Bias

- 3.41 Prior to calculating the final Benefit Cost Ratio (BCR), we have discounted all costs and benefits at 3.5%, in line with HM Treasury Green Book Guidance.
- 3.42 We have also applied Optimism Bias to these figures. Through their own business cases, the projects will be expected to consider and demonstrate how they have mitigated potential optimism bias in both their costings and their proposed timetables, as well as project risks. At this stage, in order to be conservative, we have applied the Upper Bound Optimism Bias factor to the capital costs for all programmes of 24% (for standard buildings).
- 3.43 This brings the total public sector cost after optimism bias to £484 million (discounted, 2020/21 prices), of which £273 million is accounted for by the Growth Deal investment.
- 3.44 It is important to note that the Project Sponsor for each programme will be liable for any cost overruns. The Growth Deal contribution will be capped at the £240 million requested.

Table 3.10 Total Public Sector Cost Before and After Applying Optimism Bias and Discounting (£m, 2020/21 prices)

	Growth Deal	Other public sector	Total Public sector cost
Total, before OB & discounting	240.0	184.3	<b>424.3</b>
Total, after OB & discounting	273.1*	211.0	<b>484.1</b>

Source: Hatch calculations based on project level data. \*This is not the value of requested Growth Deal funding, any costs above the £240m request would be covered through wider funds.

### Benefit-cost ratio

- 3.45 Drawing the analysis together, the Growth Deal Programme has an estimated benefit-cost ratio of between **2.8:1 and 3.5:1**, i.e. for every £1 in public sector investment (after Optimism Bias) the Growth Deal is expected to return net additional economic benefits of between £2.80 and £3.50. This rises to between £5.00 and £6.10 for every £1 of Growth Deal investment only. The breakdown by programme is provided in the Appraisal Summary Table at the end of this section.
- 3.46 This places the overall Growth Deal into the category of “high” value for money, as defined by Central Government.<sup>24</sup>

Table 3.11 Benefit-Cost Ratio (£m, 2020/21 prices)

	Based on Total Public Sector Cost	Based on Growth Deal cost only
Discounted net additional benefits	£1,370m - £1,670m	
Discounted costs, after optimism bias	£488m	£273m
Net Present Social Value	<b>£930 – £1,140</b>	<b>£1,120 - £1,370</b>
BCR	<b>2.8:1 - 3.5:1</b>	<b>5.0:1 - 6.1:1</b>

Source: Hatch calculations based on project level data

<sup>24</sup> See, for example,

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/918481/value-for-money-supplementary-guidance-on-categories.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918481/value-for-money-supplementary-guidance-on-categories.pdf)

## Risk and Sensitivity Analysis

---

### Risk

- 3.47 There are a number of risks to generating the scale of impacts that have been estimated above. We set out below the common risks that exist across the Growth Deal programmes alongside a brief explanation of their implications for benefit creation and mitigating actions.

Table 3.12 Summary of Common Risks to Economic Benefits Creation				
Risk	Likelihood	Impact	Implications	Mitigating Actions
Take-up & Demand	Medium	High	Reducing the potential to generate user benefits	To intervene where we know that demand and need is strong and in infrastructure that facilitates growth, productivity and innovation to support economic resilience and recovery.
External operating environment	High	Medium	Uncertain economic conditions (e.g. resulting from COVID-19/Brexit) could reduce the ability among businesses / individuals to grow and benefits from GD interventions.	To develop programme-level marketing strategies, to engage with users and stakeholders. To deliver programme that will flex to the needs of users, including as they change in response to COVID-19/Brexit.
Additionality	Low	Medium	Reducing the net additional benefits that result from GD investment	To intervene where there is clear market failure, underinvestment and in response to local need.
Benefit creation	Medium	Medium	(i.e. the value of job creation, potential for market capture, business growth & increased productivity)	To invest in productivity enhancing technologies, connectivity and infrastructure and in higher value employment/cluster with potential for growth in North Wales.

Source: Hatch

## Sensitivity Assessment

- 3.48 A sensitivity analysis has been conducted across all of the programmes individually, by stress testing the value for money of each programme in response to changes in a number of key assumptions. These key assumptions/variables reflect the risks outlined above and include demand and adoption, additionality, average benefits (GVA and jobs created) and programme costs.
- 3.49 A summary of these sensitivity analyses is provided in the table below, picking out the worst-case scenario from each programme and commenting on the factors that have been tested. The overall message is that the programmes perform robustly in terms of value for money in the face of a number of stress tests. We provide the detailed sensitivity analysis undertaken for each programme in Appendix G.

		NPV Net Additional GVA	BCR
	Central Case	£329m	3.3 : 1
	Worst Case	£166m	1.6 : 1
High value manufacturing and innovation	Central Case	£57m	4.4 : 1
	Worst Case	£43m	3.3 : 1
Agri-food and tourism	Central Case	£182m	6.4 : 1
	Worst Case	£138m	4.8 : 1
Land and property	Central Case	£804m	8.9:1
	Worst Case	£535m	5.9:1
Digital	Central Case	£144m	3.5:1
	Worst Case	£116m	2.9:1

Source: Hatch calculations based on project level data

## Wider Benefits

3.50 As set out above, it is also important to recognise that there is a set of wider economic benefits delivered by the Growth Deal. These have not been monetised as it has not been possible to do this in a robust fashion. They are nonetheless a significant consideration in the value for money case for the programmes. These include the following:

- Inward investment
- Key sector development and competitiveness
- Enhanced research and innovation capacity
- Retention of young people
- Rural sustainability.

## 4. The Commercial Case

- 4.1 The Commercial case sets out the commercial and procurement strategies, key contractual arrangements as well as other commercial aspects materially relevant to the programme.

### Commercial Strategy

---

- 4.2 The NWEAB is committed to maximising the impact of the North Wales Growth Deal.
- 4.3 The primary driver for all projects within the Growth Deal is to deliver economic and social benefits to North Wales in line with the strategic outcomes set out in the portfolio business case. The Growth Deal aims to maximise private sector direct investment and leverage across the portfolio.
- 4.4 The NWEAB recognise that there is significant potential across the portfolio to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities. These opportunities may include provision of Growth Deal funding as a loan, investment or profit share arrangement (subject to relevant project state aid advice).
- 4.5 The NWEAB expects to generate a return on investment across the overall portfolio, with a particular focus on opportunities within the Land and Property and Low Carbon Energy programmes that would subject to UK and Welsh Government agreement be reinvested in the region.
- 4.6 Procurement represents a significant commercial opportunity for the North Wales Growth Deal. Collaborative procurement opportunities will be explored where appropriate across the Growth Deal in line with the procurement strategy outlined below.

### Procurement Strategy

---

- 4.7 The Board is committed to securing value for money and maximising benefits to the region through the North Wales Growth Deal. Procurement will play a key role in the delivery of the Growth Deal projects but also in the realisation of benefits to the region. This section sets out the approach that the Board will take to procurement, with a particular focus on maximising social and community benefits to be delivered through procurement activity.

#### Policy Drivers

- 4.8 The following represents some of the key policy drivers that set the framework against which the NWEAB Procurement Strategy will deliver:
- **North Wales Growth Vision** – The North Wales Growth Deal is a key component of delivering the Growth Vision for North Wales. The adopted Vision is to develop “a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.”. The Growth Vision was founded on three key principles:
    - **Smart North Wales** – with a focus on innovation and high value economic sectors to advance economic performance.
    - **Resilient North Wales** – with a focus on retaining young people, increasing employment levels and skills to achieve inclusive growth.

- **Connected North Wales** – with a focus on improving transport and digital infrastructure to enhance strategic connectivity to and within the region.
- **The Wellbeing of Future Generations (Wales) Act** – The Act is focused on the principles of sustainable development and places a duty on Public Bodies to work in new ways to improve the economic, social, environmental and cultural wellbeing across Wales. The Act will provide an overarching framework for the procurement approach and we will use the lens of the act to align with this principles below as a framework.

The Act promotes five ways of working – Long Term, Prevention, Integration, Collaboration and Involvement towards seven wellbeing goals. The ways of working and seven wellbeing goals will be incorporated within all Growth Deal project and procurement activities and project delivery will contribute to the 46 national indicators for well being in Wales <https://gov.wales/well-being-wales-national-indicators>

As set out in the Future Generations report 2020, Sustainable procurement practices using the Act as a framework can:

- Reduce our greenhouse gas emissions and contribution to climate change (A Prosperous Wales and A Globally Responsible Wales)
- Improve our natural environment and protect biodiversity (A Resilient Wales)
- Build more cohesive communities with thriving social enterprises and Small and medium sized enterprises (A Wales of Cohesive Communities)
- Support better physical and mental health (A Healthier Wales)
- Deliver decent work with fair and equal pay conditions (A More Equal Wales)
- Reflect the diversity and culture of all our communities (A Wales of Thriving Culture and Vibrant Welsh Language)
- Encourage greater ethical and global citizenship (A Globally Responsible Wales)

Figure 4.1. Sustainable Procurement Practices Applying the **Wellbeing of Future Generations (Wales) Act**



Source: Future Generations report 2020

- **Public Contract Regulations 2015** - The overarching procurement legal framework, with which the Council and all other public bodies must comply. They are a key part of the Welsh Public Procurement Policy and compliance is required under the Accountable Body’s Contract Procedure Rules.
- **Welsh Public Procurement Policy Statement** – A set of 10 principles by which the Welsh Government expects public sector procurement to be delivered in Wales.
- **Welsh Government Code of Practice Ethical Employment in Supply Chains** – to ensure lawful and ethical practices are evident throughout all commissioning, procurement and contract management activities and also the supply chain.
- **Socio Economic Duty ( implementation in March 2021)** - The overall aim of the duty is to deliver better outcomes for those who experience socio-economic disadvantage. This is supported through a duty on specified public sector organisations ensuring that those taking strategic decisions take account of evidence and impact, engage and consult, understanding the needs of those who suffer socio economic disadvantage, being open to challenge and change the approach to decision making.
- **Prosperity for all: A low carbon Wales** - Aligning with the Paris Agreement focused on moving towards decarbonisation. The plan sets out the foundations for Wales to transition to a low carbon nation. Cutting emissions and moving towards a low carbon economy ensuring a fair and health society. The Environment (Wales) Act 2016 requires Welsh Government to reduce emissions of greenhouse gases in Wales by at least 80% for the year 2050.
- **Government Commercial Operating Standards** – the purpose of this standard is to set expectations and drive consistency in the planning, management and execution of commercial activities, ensuring contracts and relationships with suppliers realise value for money and result in delivery of high-quality public services.

Figure 4.1 Commercial, Strategy & Governance Planning



Source: NWAEB

## Procurement Principles

4.9 The following procurement principles will upon adoption underpin all Growth Deal procurement activity:

- Regional Leadership
  - The NWEAB will have a clear strategy and principles for achieving innovative and sustainable procurement practices with clients, contractors and communities working together
  - The NWEAB will engage with contractors and supply chain in an open and transparent manner with a two way exchange
  - The NWEAB will promote and champion collaborative procurement opportunities, supporting innovation and growth
  - The NWEAB will work with the PSB's and directly support the local wellbeing plans and evolving community resilience plans for the region to recover and build back fairer and better
  - The NWEAB will promote and champion the delivery of social value and community benefits through procurement activity align with and test key policies such as the socio economic duty and the social partnerships bill.
  - The NWEAB will embed 'The Wellbeing of Future Generations (Wales) Act 2015' lens into all procurement activity contributing where relevant to the 46 national wellbeing indicators for Wales.
- Engagement and supply chain support, and the Foundational economy
  - Engage in two way exchange with partners, contractors and communities and ensure local and regional needs and priorities are part of the social value clauses
  - Support and improve access for SMEs and support collaboration between SMEs within the region.
  - Open and fairness support local supply chains to engage with larger contracts through supply chain briefings and joint bidding opportunities and pipeline of projects.
- Skills, Jobs & Growth
  - Focus on innovative targeted recruitment and training working with our partners to ensure we support people to retrain, develop new skills through volunteering or contribute to education/apprenticeships.
  - Target opportunities and engage with existing mechanisms to support this and target specific groups such as young people or those in areas of deprivation to engage in education and learning/development.
- Contribution to education and supporting young people
  - Work with evolving projects such as the Children's University to support contractors engage and deliver learning and skills development for young people.
  - Support engagement and connections with schools to offer opportunities to all support the new Curriculum 2022 in Wales, with a focus on digital inclusion.

- Community resilience and wellbeing
  - Work directly with the PSB to include community resilience and wealth building developing assets in our communities to include supporting positive mental health in workforces, supply chain and in communities
  - Engage with new partnership such as museums, theatres and arts to support developing our cultural and Welsh language considerations in contract opportunities.
  - Work with procurement partners and third sector organisations to maximise community wealth building opportunities.
  - Support and engage with the third sector in a valued based approach that support resilience in the third sector to work with and support contractors and the supply chain.
- Environmental Sustainability and Green Recovery
  - Ensure we have environmental considerations in contract opportunities, minimising our impact on the environment and supporting new technologies, approaches and innovation with contractors and the supply chain, with a focus on the circular economy
  - Seek to minimise the carbon footprint of projects and support low carbon economy, focused on the commitment by Welsh Government to achieve a carbon neutral public sector by 2030, reducing greenhouse gases, improving our natural environment and protecting our biodiversity.
- Innovation and new practices
  - Test and explore new ways of working with all partners to seek to maximise value from regional collaboration
  - Establish effective arrangements for monitoring impact, exploring the most appropriate tool to do this
  - Work collaboratively across the partnership to effectively resource procurement activity and focus on developing and delivering new forums to support capacity and capability to use procurement as an effective tool such as community of practices etc.

## Social Value and Community Benefits

- 4.10 A key focus of this procurement strategy is to ensure we support the regional economic, social, cultural and environmental wellbeing working across sectors and with contractors and communities to ensure we do this in the best way. The social value tool we have as part of the procurement process is vital to support the recovery post COVID 19, aligning with the lens of the Wellbeing of Future Generations (Wales) Act 2015 and key policies such as the new procurement landscape in Wales and the coronavirus reconstruction we are committed to maximise the value from the North Wales Growth Deal.
- 4.11 We will work directly with the 3 Joint Public Service Boards (across North Wales) and ensure the local community resilience plans and projects are supported with social clauses set in the contracts focused on tackling poverty and inequality, supporting children and young people, protecting the environment and supporting positive mental health and wellbeing. In the principles set we will

ensure that we engage with partners, contractors and communities, being open, fair and innovation in our approaches.

## Procurement Resourcing

- 4.12 The Project Sponsor will be responsible for resourcing all procurement activities in line with the NWEAB Procurement Strategy and their own procurement policies where appropriate. For regional projects, the Programme Office will be responsible for all procurement activities.
- 4.13 The NWEAB Procurement Strategy will be key in supporting the region to deliver and achieve the desired benefits from the Growth Deal. The Programme Office will have oversight of all procurement activity across the partnership to ensure the principles and approach set out in this strategy are supported consistently across each project and that the benefits to be derived from procurement activity are mapped, monitored and maximised.

## Contractual Relationships

---

### Key Partnerships

- 4.14 The Board acts as funders for the projects within the five Growth Deal programmes.
- 4.15 As a result, contractual relationships required will be between Gwynedd County Council as the Accountable Body for the NWEAB and the relevant Project Sponsors delivering the projects. The Project Sponsors will then require appropriate contractual relationships with any contractors or suppliers procured to deliver the projects.
- 4.16 The nature of these contractual relationships will be set out in the commercial case of each project business case.
- 4.17 Each project will report back to the Programme Board and NWEAB in line with the approach set out in the Management Case.

### Stakeholder Relationships

- 4.18 For each Growth Deal programme, the Programme Manager and Programme Board will be responsible for managing stakeholder relationships at the programme level. At project level this will be the responsibility of the Project Sponsor with the approach set out in the Project Business Case.

## Service Requirements, Outputs and Risk Allocation

---

- 4.19 Service requirements, outputs and risk allocation strategies will be set out within each project business case and will be a matter for the Project Sponsor to manage according to their own structure and procedures in line with the overall procurement and commercial strategies set out by the NWEAB. Specific detail on how the Project Sponsors will manage their risks will also be set out in the project business cases.
- 4.20 Projects will also be required to provide regular updates on procurement activities to the PMO and relevant Programme Board.

## Charging Mechanism

---

- 4.21 Projects will be required to set out the appropriate charging mechanisms as part of the project business cases. This exercise should include an assessment of the appropriate charge mechanisms for pre-delivery, design and build phases and whether to apply a fixed price/cost mechanism or to use payment on delivery of agreed outputs/targets. To protect the supply chain and ensure fair and prompt payment, projects will be required to put in place Project Bank Accounts (PBAs) for all significant procurements. This requirement is in line with Welsh Government policy.

## Asset Ownership, Management and Accountancy Treatment

---

### Ownership

- 4.22 The assets delivered through the programmes will be primarily owned by the Project Sponsors. Regional assets are covered in the 'Accountancy Treatment' section below.

### Management

- 4.23 The Project Sponsor will be responsible for the management, resourcing, service delivery and maintenance of the assets delivered through the programme.

### Accountancy Treatment

- 4.24 Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Assets constructed or held as part of a project delivered within the portfolio will be disclosed and held on the Balance Sheet within the Project Lead Authority responsible for the delivery of such project.
- 4.25 Assets constructed or held as part of a regional project within the portfolio will be proportioned accordingly or reside within the balance sheet of the Accountable Body or a special purpose vehicle established by the NWEAB. The NWEAB itself will not hold physical assets and provision will be made in the Governance Agreement 2 for the holding and ultimate disposal of such assets.

## State Aid

---

- 4.26 The Growth Deal and specifically the projects to be funded will need to comply with the relevant State Aid regulations in place. At present these are the EU State Aid regulations, however with the United Kingdom leaving the European Union in January 2021 it is noted these regulations may change.
- 4.27 As a complex portfolio of 14 transformational projects delivered across five programmes, it is recognised that there will be different state aid considerations for different projects.
- 4.28 The State Aid implications of specific projects will be considered in detail during the development of the project business cases with specific legal advice sought where necessary.
- 4.29 The State Aid advice received as part of the development of project business cases will inform what funding models the NWEAB may consider for each project.

## Personnel Implications

---

- 4.30 **Portfolio and Programme Level** – The NWEAB has created and resourced a Portfolio Management Office (PMO) to oversee the delivery of the Growth Deal. These resources will be responsible for the delivery of the overall portfolio and for programme management arrangements.
- 4.31 **Project Level** – Each Project Sponsor will be responsible for ensuring the right resources are in place for the delivery of the projects. For regional projects where the NWEAB is the Project Sponsor, these resources will be provided from the PMO.

## 5. The Financial Case

### Capital & Revenue Requirements

---

#### Capital Requirements

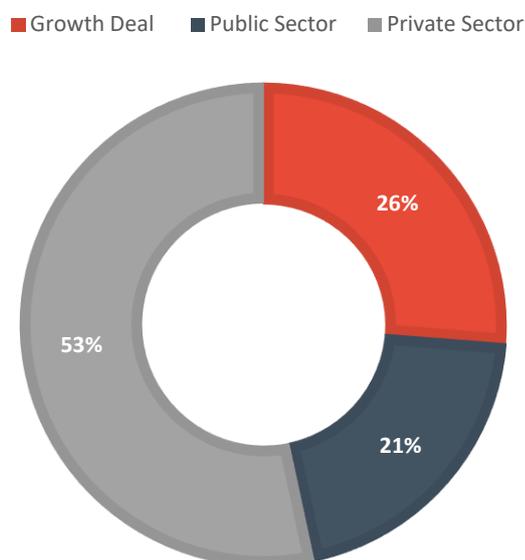
- 5.1 The North Wales Growth Deal is based on the delivery of fourteen projects across five programmes with an anticipated total capital expenditure of up to £1.1 billion, of which £240million is derived from the Growth Deal with the remainder provided by public and private sector partners.
- 5.2 The capital expenditure requirements are based on the latest available project business cases and aggregated up to provide the programme estimates.
- 5.3 A breakdown of capital expenditure is provided below.
- 5.4 The Project Sponsor for each programme will be liable for any cost overruns. The Growth Deal contribution will be capped at the £240 million requested.

Figure 5.1 Capital Expenditure Breakdown

Project		Lead Partner	Growth Deal Investment (£m)	Other Public Sector Investment (£)	Private Sector Investment (£)	Total Capital Investment (£)
<b>Digital Programme</b>						
Digital Signal Processing Centre Project		Bangor University	3.0	3.1	1.1	7.3
Digital Connectivity Project	Full Fibre at key sites	NWEAB	6.8	-	411.0	7.2
	Connected Corridor	NWEAB	2.2	-	-	2.2
	Advanced Connectivity ('Connected Campus')	NWEAB	21.0	-	-	21.0
	Last few %	NWEAB	4.0	-	-	4.0
<b>Low Carbon Energy Programme</b>						
Morlais		Menter Môn	9.0	27.0	-	36.0
Low Carbon Energy Centre of Excellence		Bangor University	21.0	75.7	1.0	97.7
Trawsfynydd Power Station		TBC – Welsh Government	20.0	20.0	360.0	400.0
Transport Decarbonisation		NWEAB	11.4	11.5	5.7	28.6
Smart Local Energy		NWEAB	25.0	6.2	75.0	106.2
<b>Land and Property Programme</b>						
Holyhead Gateway		Stena Line	35.0	-	£45.0	80.0
Land and Property Project	Warren Hall	NWEAB/WG	15.0	-	£55.0	70.0
	Former North Wales Hospital, Denbigh	NWEAB/Jones Bros Ltd, DCC	4.0	-	£70.0	74.0
	KSS, Bodelwyddan	NWEAB	10.0	-	£72.0	82.0
	Parc Bryn Cegin	NWEAB/WG	6.0	-	-	6.0
	Western Gateway, Wrexham	NWEAB/Wrexham Council	9.1	£1.9	£32.4	43.4
<b>Innovation in High Value Manufacturing</b>						
Centre of Environmental BIOTECHnology		Bangor University	3.0	6.6	-	9.6
Enterprise Engineering & Optics Centre		Glyndwr University	10.0	19.9	-	29.8
<b>Agrifood and Tourism Programme</b>						
Glynllifon Rural Economy Hub Project		Grŵp Llandrillo Menai	10.0	3.0	-	13.0
The Llysfasi Carbon Neutral Farm		Coleg Cambira	10.0	2.7	2.7	15.4
Tourism TALENT Network		Grŵp Llandrillo Menai	4.5	6.7	1.7	13.0
<b>GROWTH DEAL TOTAL</b>			<b>240.0</b>	<b>184.3</b>	<b>722.1</b>	<b>1,146.4</b>

Source: NWAEB

Figure 5.2 North Wales Growth Deal Funding Apportionment



Source: NWEAB: Hatch

## Revenue Requirements

- 5.5 No revenue funding is provided through the Growth Deal for the delivery of the projects or the operational running costs of the project once completed.
- 5.6 Revenue funding to support the Portfolio Management Office is provided through NWEAB partner contributions (including supplementary Local Authority contributions) and additional ESF funding has also been secured for the first three years of operation (from May 2020). An amount equivalent to the 'top slice' of the annual government grant at 1.5% can also be used to fund this, subject to Welsh Government flexibility to manage funding. Any additional Portfolio Management Office costs directly attributable to the delivery of the projects will be accounted for within project business cases.
- 5.7 Operational revenue requirements for the projects once the capital expenditure is completed is the responsibility of the Project Sponsor for every project. For further detail on operational costs, see Programme Business Cases.

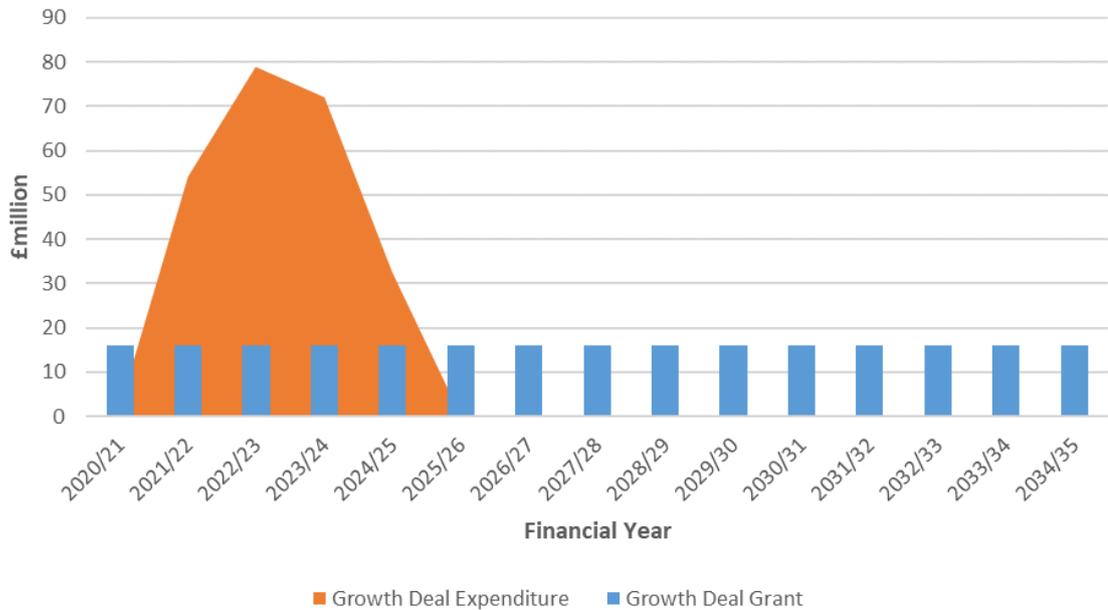
## Income and Expenditure Summary

- 5.8 A total of £240m grant contribution to the North Wales Growth Deal is provided by the UK and Welsh Government over a 15 year period.
- 5.9 Funding for projects will only be released by the Accountable Body upon the successful approval of project business cases by the NWEAB. The arrangements for the drawdown of funding from the NWEAB to Project Sponsors will be set out in the project business cases.
- 5.10 Due to the nature of the annual Growth Deal grant payments from government, there is a medium-term temporary funding gap between the expected expenditure profile of the Growth Deal and

the funding received. The NWEAB through the Accountable Body will be responsible for managing this negative cashflow.

- 5.11 The Portfolio Income and Expenditure forecast is shown in figure 5.2 below. This covers the flow of Growth Deal funding from the NWEAB to Project Sponsors and the grant received from UK and Welsh Government. It does not show total project expenditure.

Figure 5.3 Growth Deal Funding – Income and Expenditure Profile



Source: NWEAB: Hatch

- 5.12 The NWEAB and the Accountable Body have worked with Arlingclose to model the cost of borrowing notionally required to facilitate the negative cash flow for the Growth Deal and the corresponding annual partner contributions required to meet this cost. In modelling this work, the NWEAB have adopted the principle that borrowing would only take place when needed (i.e. to fund the projects) in order to achieve best value for public funds. With a range of assumptions to consider the NWEAB have modelled a best and worst case scenario, to reflect the timing of finalising the Growth Deal and consequential timing of government grant funding. The NWEAB will utilise its retained NNDR grant from Welsh Government to offset against the negative cashflow with the net total cost (£12.46-£17.73m) met by the local authorities (proportional to population) for regional NWEAB projects and with Project Sponsors responsible for the cost in relation to their project.

## Project Maturity

- 5.13 Projects within the Growth Deal are currently at different levels of maturity as shown by the table below.

Project	Business Case Stage	Summary
Digital Signal Processing Centre Project	<b>OBC</b>	Project is currently developing an OBC for presentation to NWEAB for approval.
Digital Connectivity Project	<b>SOC</b>	The four projects are ready to progress to the development of an OBC.
Morlais	<b>OBC</b>	The project is currently progressing to OBC stage.
Low Carbon Energy Centre of Excellence	<b>OBC</b>	The project is progressing to OBC stage.
Trawsfynydd Power Station	<b>SOC</b>	The project is at an early stage of development.
Transport Decarbonisation	<b>SOC</b>	The project is currently at concept stage.
Smart Local Energy	<b>SOC</b>	The project is currently at concept stage.
Holyhead Gateway	<b>Project Review</b>	The project scope is to be reviewed to assess the economic and societal impact of the Port of Holyhead on the regional, Welsh, UK and RoI in light of the proposed investment into the port given the indicative increase in costs.
Land and Property Project	<b>SOC</b>	All four sites in the first phase are at different stages of development with the most mature ready to proceed to OBC stage.
Centre of Environmental BIOTECHnology	<b>SOC</b>	Project is ready to progress to the development of an OBC.
Enterprise Engineering & Optics Centre	<b>SOC</b>	Further work is required to demonstrate the complementarity to existing initiatives in North Wales before proceeding to OBC.
Glynllifon Rural Economy Hub	<b>OBC</b>	Project has a well-developed OBC in place with minor revisions required before presentation to NWEAB for approval.
Llysfasi Carbon Neutral Farm	<b>SOC</b>	Project is ready to progress to the development of an OBC.
Tourism Talent Network	<b>Project Review</b>	An OBC was in place for the project pre-covid, however the project scope is to be reviewed to assess the impact of COVID-19.

Source: NWEAB

## Private Sector Funding

- 5.14 The table below provides an overview of the nature and scale of planned private sector investment in each project.

Table 5.2 Project Level Private Investment Summary		
Project	Direct Private Sector Funding (£)	Summary
Digital Signal Processing Centre Project	£1.15m	Investment from technology partners seeking to benefit from the R&D outputs
Digital Connectivity Project	£0.41m	Costs attributable to local SME users connecting to new networks in Full Fibre (key sites project). All other project options assume 100% NWEAB investment to deliver. Scope to lever private investment will be explored through project business cases.
Morlais	-	No direct private sector investment. Private sector investment will be indirectly leveraged once the grid connection infrastructure is in place, with developers investing circa £2.5-4m per MW installed.
Low Carbon Energy Centre of Excellence	£1m	This contribution will come from a range of existing industrial partners, predominantly in the form of in-kind contributions, including capital equipment and expertise.
Trawsfynydd Power Station	£360m	Growth Deal funding will be invested in line with the site plans developed by Cwmni Eginio as they emerge. At this stage, Welsh Government's assumption is that Growth Deal funding will be utilised during the site development process required to reach a Final Investment Decision. This will be funded by circa £360m private sector investment, pump primed by £20m from Welsh Government and £20m from the Growth Deal.
Transport Decarbonisation	£5.7m	<p>The Growth Deal funding will be required to develop the hydrogen production plant and associated storage facilities. The public sector investment will create demand for green hydrogen through procurement of hydrogen-fuelled vehicles and fuelling stations.</p> <p>We estimate that there is potential to leverage an additional £5-6m of private sector investment through procurement of private sector passenger transport vehicles and / or HGV fleets.</p>
Smart Local Energy	£75m	It is assumed that the project has significant potential to help unlock substantial private sector investment through gap-funding projects. For every £1 Growth Deal investment, the project aims to leverage at least £3 from the private sector (3:1). However, through engagement with regional stakeholders and project developers, we estimate that there is project potential to unlock up to £200m of private sector led projects. As the project is developed, the full extent of private sector funding opportunities will be confirmed.
Holyhead Gateway	£45m	Financial contribution to project from Stena Line.

Project	Direct Private Sector Funding (£)	Summary
Land and Property Project	£229.4m	Financial contribution to projects from property developers.
Centre of Environmental BIOTECHnology	-	While there is no direct investment, there is significant private sector support for the project from a range of industrial partners who are already engaged with the CEB programme.
Enterprise Engineering & Optics Centre	-	While there is no direct private sector investment at this stage, there is significant private sector support for the project from across a wide range of industry partners who already collaborate with WGU or are very keen to engage specifically with the EEOC. This includes companies such as Toyota, Solvay, DRB, Qioptic, and Neva Aerospace to name a few.
Glynllifon Rural Economy Hub	-	A Stakeholder and Industry Panel will be established to provide a strategic platform to support the operational design and delivery of the Rural Economy Hub and ensure coordination of an implementation plan to support the sector. Private sector involvement will be essential to ensure focused industry input to the development and delivery programme.
Llysfasi Carbon Neutral Farm	£2.7m	Contribution of latest emerging technology and equipment from private sector partner companies.
Tourism Talent Network	£1.7m	Private sector investment in the proposed gateway centres – project currently under review.

Source: NWEAB

## Monitoring and Evaluation

- 5.15 The total Growth Deal package is estimated up to value of £1.1billion. The North Wales Growth Deal finances will be monitored by the Finance Department of Gwynedd Council as the Accountable Body for the Growth Deal with input from the Portfolio Management Office, Portfolio Board and the NWEAB. Regularly financial reports will be provided to the NWEAB, Welsh Government and UK Government.
- 5.16 The financial monitoring processes will be agreed with UK and Welsh Government and be in line with best practice.
- 5.17 Project Sponsors will be required to submit claims for project funding in line with the arrangements set out in each project business case. The Portfolio Management Office will check and certify all claims before passing these onto the Accountable Body. All funding claims will be accompanied by a progress report including an assessment of risk and progress against agreed targets.
- 5.18 The Accountable Body may impose additional monitoring requirements on Project Sponsors where it deems them appropriate. Project Sponsors will be obliged to comply with any additional reporting requirements requested by UK and Welsh Government.
- 5.19 The Portfolio Management Office with input from the Accountable Body's Finance Department will produce quarterly financial updates on project expenditure including actual and forecast spend to support with the cashflow management of the portfolio.

## Financial Risk Management and Audit Arrangements

---

### Financial Risks

- 5.20 Financial risks are covered by the Risk Management Framework and will be managed accordingly at portfolio, programme and project level in line with best practice. See 'Management Case' for further information.
- 5.21 The NWEAB maintain a portfolio risk register which will include any relevant financial risks. Project and programme financial risks will be escalated to the portfolio risk register according to the framework as required. Financial risks will be managed by the Section 151 Officer and the Accountable Body working closely with the Programme Office.
- 5.22 At programme and project level the risks will be managed through the use of RAID (Risk, Assumptions, Issues, Dependency) logs.
- 5.23 The Accountably Body and Section 151 Officer will review any identified financial risks and issues on a regular basis to identify any actions necessary to be taken and make recommendations to the NWEAB and/or Programme Director for actions to be taken.
- 5.24 Regular updates on financial risks, issues, dependencies and interdependencies will be provided to the Programme Office, portfolio board and NWEAB via the Accountable Body.

### Internal and External Audit Arrangements

- 5.25 Gwynedd County Council as Accountable Body shall be responsible for providing internal audit services to the NWEAB and audit reports in relation to the NWEAB shall be considered in accordance with its usual rules and practices. Internal Audit will undertake their work in accordance as far as is practicable with the Public Sector Internal Audit Standards and the Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards. For the avoidance of doubt an annual internal audit report shall be submitted by the Accountable Body Audit Manager to the Joint Committee.
- 5.26 External Audit services are provided through the Wales Audit Office who will review and comment the financial aspects of Corporate Governance which include the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

Table 5.3 Summary of Growth Deal Capital Costs							
Capital Costs	2020/21 (£)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
<b>Low Carbon Energy Programme</b>							
<b>Morlais</b>							
Growth Deal Funding	0	3.5	4.0	1.5	0	0	0
Public Sector Funding (WEFO)	0	9.34	12.99	4.67m	0	0	0
Private Sector Funding	0	0	0	0	0	0	0
<b>Low Carbon Energy Centre of Excellence</b>							
Growth Deal Funding	0	3.9	5.78	8.07	3.24	0	0
Public Sector Funding (UK Gov, WG, Bangor University, Grant Capture)	0	14.09	20.84	20.11	11.7	0	0
Private Sector Funding	0	0.19	0.28	0.38	0.12	0	0
<b>Trawsfynydd Power Station</b>							
Growth Deal Funding	0	0	5.0	10.0	5.0	0	0
Public Sector Funding (Welsh Government)	0	0	4.0	4.0	4.0	4.0	4.0
Private Sector Funding	0	0	72.0	72.0	72.0	72.0	72.0
<b>Transport Decarbonisation</b>							
Growth Deal Funding	0	2.0	4.0	4.0	1.4	0	0
Public Sector Funding (TBC)	0	0	0	5.73	5.73	0	0
Private Sector Funding	0	0	0	2.83	2.83	0	0
<b>Smart Local Energy</b>							
Growth Deal Funding	0	4.0	8.0	8.0	5.0	0	0
Public Sector Funding (TBC)	0	2.0	2.2	2.0	0	0	0
Private Sector Funding	0	0	25.0	25.0	25.0	0	0
<b>Total Programme Capital</b>	<b>0</b>	<b>39.02</b>	<b>164.09</b>	<b>177.3</b>	<b>136.1</b>	<b>76.0</b>	<b>76.0</b>
<b>Digital Programme</b>							
<b>Digital Signal Processing Centre Project</b>							
Growth Deal Funding	0	1.75	1.0	0.25	0	0	0
Public Sector Funding (Bangor)	0	1.86	1.23	0.2	0.2	0	0
Private Sector Funding	0	0.69	0.46	0	0	0	0
<b>Digital Connectivity Project</b>							
Growth Deal Funding	1.95	10.06	11.15	5.92	4.93	0	0
Public Sector Funding (breakdown source)	0	0	0	0	0	0	0
Private Sector Funding	0.02	0.18	0.2	0	0	0	0
<b>Total Programme Capital</b>	<b>1.98</b>	<b>14.53</b>	<b>14.05</b>	<b>6.19</b>	<b>4.95</b>	<b>0</b>	<b>0</b>
<b>Land and Property Programme</b>							
<b>Holyhead Gateway</b>							
Growth Deal Funding	0	11.5	14.0	9.5	0	0	0

Capital Costs	2020/21 (£)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
Public Sector Funding (N/A)	0	0	0	0	0	0	0
Private Sector Funding	0	15.0	18.0	12.0	0	0	0
<b>Land and Property Project</b>							
Growth Deal Funding	0	6.35	10.75	15.5	11.5	0	0
Public Sector Funding (breakdown source)	0	0	1.9	0	0	0	0
Private Sector Funding	0	6.5	19.0	19.0	27.0	22.0	26.7
<b>Total Programme Capital*</b>	<b>0</b>	<b>39.35</b>	<b>63.65</b>	<b>56.0</b>	<b>38.5</b>	<b>22.0</b>	<b>26.7</b>
<i>* See Programme Business Case for continued private sector investment beyond 2026/27</i>							
<b>Innovation in High Value Manufacturing Programme</b>							
<b>Centre of Environmental Botechnology</b>							
Growth Deal Funding	0	0	0.9	2.1	0	0	0
Public Sector Funding (Bangor/ERDF)	4.74	0.44	0.77	0.7	0	0	0
Private Sector Funding	0	0	0	0	0	0	0
<b>Enterprise Engineering &amp; Optics Centre</b>							
Growth Deal Funding	0	4.52	4.71	0.77	0	0	0
Public Sector Funding (Glyndwr University)	0	4.63	4.56	3.89	3.99	2.67	0
Private Sector Funding	0	0	0	0	0	0	0
<b>Total Programme Capital</b>	<b>4.74</b>	<b>9.59</b>	<b>10.9</b>	<b>6.76</b>	<b>3.99</b>	<b>2.67</b>	<b>0</b>
<b>Agri-food and Tourism Programme</b>							
<b>Glynllifon Rural Economy Hub</b>							
Growth Deal Funding	0.5	6.5	3.0	0	0	0	0
Public Sector Funding (GLLM)	1.2	1.0	0.8	0	0	0	0
Private Sector Funding	0	0	0	0	0	0	0
<b>Llysfasi Carbon Neutral Centre</b>							
Growth Deal Funding	0	0	5.0	5.0	0	0	0
Public Sector Funding (Coleg Cambria)	0	0	1.0	1.7	0	0	0
Private Sector Funding	0	0	0	0.5	0.5	0.5	0.5
<b>Tourism Talent Network</b>							
Growth Deal Funding	0	0	1.5	1.5	1.5	0	0
Public Sector Funding (21 Century Schools)	0	6.7	0	0	0	0	0
Private Sector Funding	0	0	0.57	0.57	0.57	0	0
<b>Total Programme Capital</b>	<b>1.7</b>	<b>14.2</b>	<b>11.87</b>	<b>9.27</b>	<b>2.57</b>	<b>0.5</b>	<b>0.5</b>

Source: NWEAB

## 6. The Management Case

6.1 The Management Case sets out how the North Wales Economic Ambition Board, through the Portfolio Management Office, will manage and deliver the North Wales Growth Deal programmes and projects in line with best practice. The North Wales Growth Deal will be treated as a portfolio of programmes and projects, ensuring alignment between the programmes and projects to enable the delivery of the deal and the achievement of its objectives.

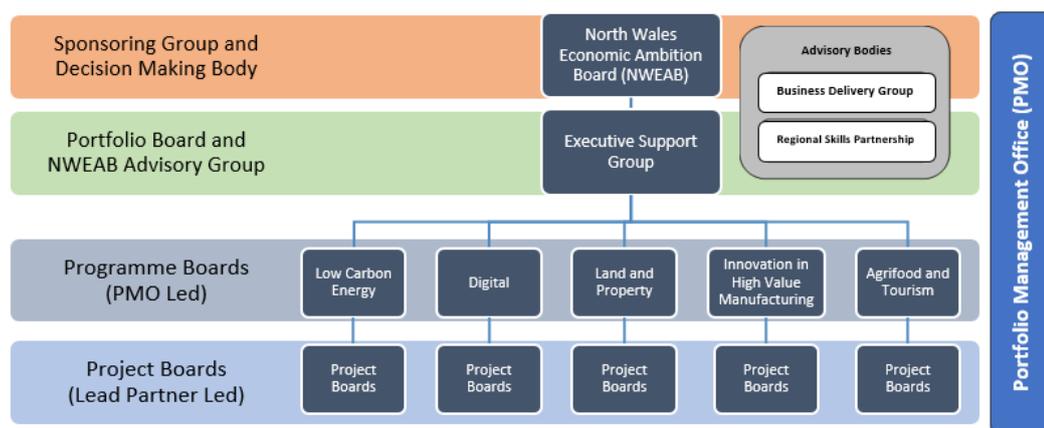
### Management, Governance and Co-ordination

6.2 The Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management as set out in ‘Government Functional Standard GovS 002: Project Delivery’. Portfolio, programme and project management is an integrated way of meeting an organisation’s ambitions, driving better decisions and increasing the likelihood of successful outcomes.

### North Wales Growth Deal Delivery Structure

6.3 The diagram below sets the delivery structure for the Growth Deal building on the existing structures put in place by the NWEAB’s Governance Agreement.

Figure 6.1 Growth Deal Delivery Structure



Source: NWEAB

### Strategic and Portfolio Level

6.4 **North Wales Economic Ambition Board (Sponsoring Group)** - The NWEAB acts as the Sponsoring Group (Organisation) and the Decision-Making Body. All authority below this level is delegated to relevant parties as required through a formal NWEAB decision. A member of the NWEAB will take on a Lead Member role for each of the programmes and sit on the relevant Programme Board. The NWEAB will be responsible for the consideration and approval of project business cases within the portfolio and with responsibility for delivery delegated to the relevant programme and project boards.

**Executive Support Group (Portfolio Board)** - This group is the advisory body to the NWEAB but also acts as the Portfolio Board for the Growth Deal to support and challenge the Growth Deal

Programme Director to ensure delivery. The group is made up of senior officers from each of the NWEAB partners. A member of the Executive Support Group will act as a Senior Responsible Owner (SRO) for each of the programmes and lead the relevant Programme Board.

**Portfolio Director** - The Portfolio Director is accountable to the NWEAB for the delivery of the Growth Deal portfolio.

6.5 The key roles within the governance structure are covered in the table below:

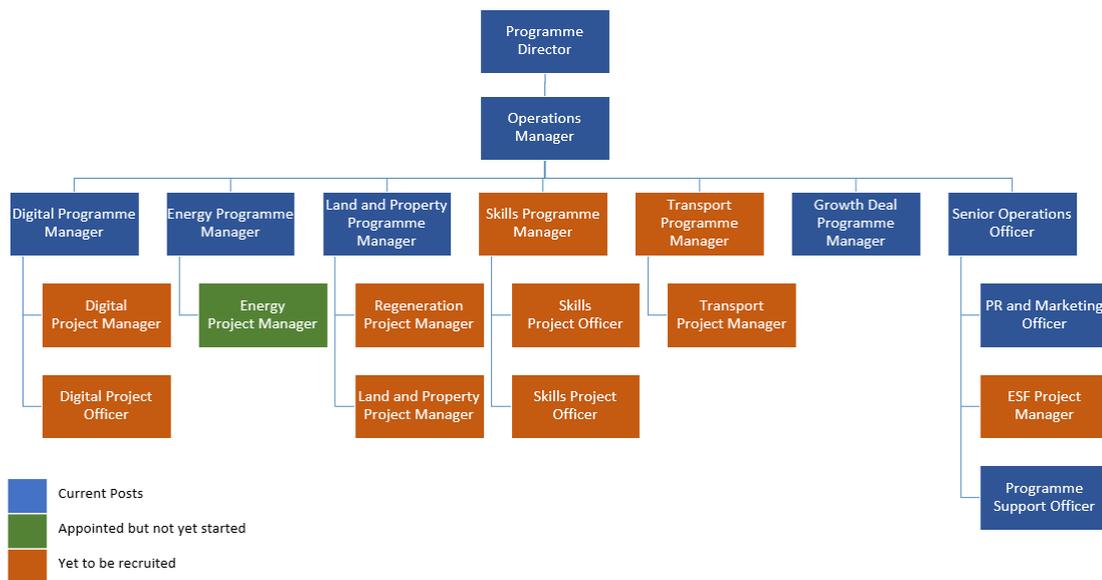
Table 6.1 Key Roles	
<b>North Wales Economic Ambition Board</b>	<p>Formal Members:</p> <p>Councillor Dyfrig Siencyn – Chairman and Leader of Gwynedd Council</p> <p>Councillor Mark Pritchard – Vice Chairman and Leader of Wrexham County Borough Council</p> <p>Councillor Llinos Medi – Leader of Isle of Anglesey County Council</p> <p>Councillor Ian Roberts – Leader of Flintshire County Council</p> <p>Councillor Sam Rowlands – Leader of Conwy County Borough Council</p> <p>Councillor Hugh Evans – Leader of Denbighshire County Council</p> <p>Advisors:</p> <p>Dafydd Evans – Grwp Llandrillo Menai</p> <p>Maria Hinfelaar – Glyndwr University</p> <p>Yana Williams – Coleg Cambria</p> <p>Professor Iwan Evans – Bangor University</p> <p>Askar Sheibani – Business Delivery Group</p>
<b>Portfolio Director</b>	Alwen Williams
<b>Programme SROs</b>	<p>Steve Bayley – Digital Programme SRO</p> <p>Dylan Williams – Low Carbon Energy Programme SRO</p> <p>Andrew Farrow – Land and Property Programme SRO</p> <p>Jane Richardson – Agri-food and Tourism Programme SRO</p> <p>Paul Bevan – Innovation in High Value Manufacturing Programme SRO</p>
<b>Programme Managers</b>	<p>Stuart Whitfield – Programme Manager (Digital)</p> <p>Henry Aron – Programme Manager (Low Carbon Energy)</p> <p>David Mathews – Programme Manager (Land and Property)</p> <p>Robyn Lovelock – Programme Manager (Agri-food and Tourism / Innovation in High Value Manufacturing)</p>

Source: NWEAB

### Programme and Project Level

6.6 **Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects. Each programme is assigned a Programme Manager from within the PMO.

Figure 6.2 Portfolio Management Office Structure



Source: NWAEB

6.7 **Programme Boards** - Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director.

Table 6.2 Programme Boards	
<b>Programme Board – Core Membership</b>	
Programme SRO	Appointed from Executive Support Group (Portfolio Board)
Deputy Programme SRO	Appointed from Executive Support Group (Portfolio Board)
Programme Manager	Programme Manager within PMO
Lead Member	One of the six Local Authority Leaders who sit on the NWEAB will act as a Lead Member for each programme.
Partner Representatives (max 9)	Representatives for the NWEAB partners.
<b>Non-Core Members (may occasionally attend Programme Board)</b>	
Portfolio Management Office	Alwen Williams – Programme Director Hedd Vaughan-Evans – Operations Manager
Project Representatives (Non-Partner Organisations)	Invited at the discretion of the SRO for specific agenda items.
Regional Skills Partnership	Invited at the discretion of the SRO for specific agenda items.
Business Delivery Group	Invited at the discretion of the SRO for specific agenda items.
Agenda Specific Attendees	Invited at the discretion of the SRO to present specific agenda items.
Corporate Services	Representatives from Corporate Services as required e.g. Finance, Legal, Procurement.

Source: NWEAB

- 6.8 **Project Boards** - All projects within the Growth Deal will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. These boards will be focused on the development and delivery of the agreed business case, with a focus on the delivery of specified outputs. Projects and Project Boards will be the responsibility of the Project Sponsor and clear arrangements for the delivery of projects in line with best practice will be set out in each project business case. Projects will report through to the relevant Programme Board. Terms of Reference for Project Boards will be agreed between the Project Sponsor and the Portfolio Management Office to ensure the appropriate links and reporting arrangements between the project and the Programme Board are understood by both parties.
- 6.9 The Programme Board will meet monthly and receive monthly highlight reports on progress against each project. Formal reports will be presented quarterly which will be submitted to the Portfolio Board and then the NWEAB.
- 6.10 Project delivery arrangements, including Project Board details will be confirmed in the project business cases.

## Project Business Cases

- 6.11 The North Wales Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, project business cases can be brought forward for the NWEAB to consider.

- 6.12 Full (5 Case Model) business cases will be developed for each project within the North Wales Growth Deal in line with the 'Better Business Case' guidance developed by Welsh Government and HM Treasury.
- 6.13 Preparing a Project Business Case using the five Case model provides decision makers and stakeholders with a proven framework for structured 'thinking' and assurance that the project provides and strategic fit, maximise public value, is commercially viable, is affordable and is fundable over time.
- 6.14 Project business cases will be required to demonstrate how they deliver against the objectives and aspirations of the North Wales Growth Deal and specifically the relevant programme business case.
- 6.15 It is recognised that through the development and agreement of portfolio and programme business cases between the NWEAB and UK/Welsh Government that the strategic case for projects will have been established.
- 6.16 In line with the guidance, the PMP will determine which approach to project business cases is the most suitable for each project:
- 6.17 The iterative production of the Business Case (Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) should be considered for larger, complex schemes requiring a competitive procurement.
- 6.18 Consideration may be given to combining the SOC and OBC where the case for change has already been made and agreed as part of a Programme Business Case (PBC).
- 6.19 Consideration may be given to combining the OBC and FBC where the intended procurement route has been pre-competed and firm prices are available in support of the spending proposal.
- 6.20 A Business Justification Case (BJC) may be considered for smaller items of spend, which are NOT novel or contentious; within the organisational limit agreed for the use of single business cases (BJC); and can be procured from an existing pre-competed arrangement.
- 6.21 Each project business case will be subject to gateway reviews as set out in the Integrated Assurance and Approvals Plan (IAAP).
- 6.22 Project business cases will first be considered by the relevant Programme Board. Business cases will only be presented to the NWEAB following endorsement by the Portfolio Board and the Programme Board and the completion of required gateway reviews. The PMO retains the right to commission external reviews of project business cases where required.
- 6.23 All project business cases will be required to complete a Welsh Language impact assessment and a Wellbeing of Future Generations impact assessment before consideration by the NWEAB.

## Delivery Experience

---

- 6.24 The NWEAB Portfolio Management Office was established in January 2020 to oversee the delivery of the North Wales Growth Deal, its programmes and certain projects for which the NWEAB is the Project Sponsor. Whilst newly established, officers within the PMO have a breadth of experience in delivering major capital projects both within the public sector and private sector and includes programme and project management practitioners.
- 6.25 Six members of the PMO have completed the Better Business Cases Foundation training including the Programme Director, Operations Manager and three Programme Managers. The remaining programme managers and project managers will be put through the training once in post.

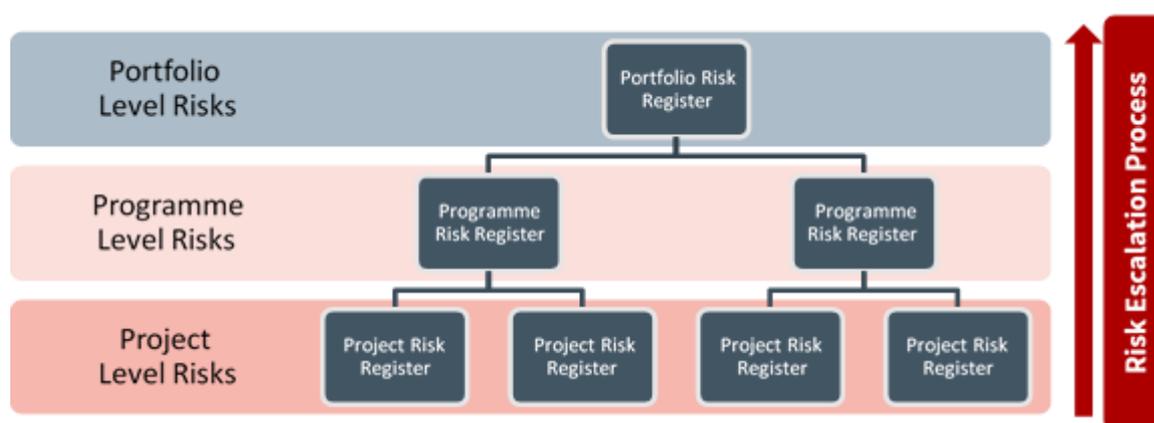
- 6.26 The PMO is also able to draw on the experience and expertise of the wider partnership, particularly the six local authorities who have significant experience and track record in delivering major capital projects.

## Risk Management

---

- 6.27 The NWEAB has an adopted Risk Framework for the delivery of the North Wales Growth Deal. The Framework sets out how risks and issues will be managed at the appropriate level across the portfolio with clear escalation processes in place.
- 6.28 The Programme's approach to risk management is outlined in the Growth Deal Risk and Issues Management Strategy and User Guide. This document defines and articulates the risk management principles, concepts, structures, processes, tools and associated roles and responsibilities implemented to ensure that risks to Programme objectives are effectively managed.
- 6.29 The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature. These principles and concepts have been appropriately tailored to the requirements of the North Wales Growth Deal.
- 6.30 The Risk and Issues Management Strategy is owned by the Portfolio Management Office (PMO) and stored in their document management system.
- 6.31 The Strategy sets out the three levels of risk associated with the delivery of the Growth Deal:
- **Portfolio Level Risks** – A portfolio risk is an uncertain event or condition that, if it occurs has an effect on one or more of the strategic goals of the Growth Deal portfolio. There will be one portfolio risk register. This risk register will be owned by the NWEAB and managed by the Portfolio Management Office on its behalf. The NWEAB will have additional strategic risks that sit outside this framework relating to the overall Growth Vision for North Wales.
  - **Programme Level Risk** – A programme risk is an uncertain event or condition that, if it occurs, has an effect on at least one programme benefit. Each programme will have its own risk register. These risk registers will be owned by the Portfolio Management Office and managed by the respective Programme Managers.
  - **Project Level Risks** – A project risk is an uncertain event or condition that, if it occurs, has an effect on at least one project objective. Each project will have its own risk register. These risk registers will be owned by the Lead Delivery Partner for that project and managed by their respective Project Managers. Programme Managers will have access to and oversight of all project risk registers within their programme with a remit to challenge and provide a quality assurance function.

Figure 6.3 Risk Escalation Process



Source: NWAEB

6.32 In line with the strategy, a clear risk escalation process will be established:

- **Project > Programme Risks:** Project risks of significant concern will be escalated for consideration as part of the Programme Risk Register if they are considered to pose a threat to the wider programme and its expected benefits.
- **Programme > Portfolio Risks:** Programme risks of significant concern will be escalated for consideration as part of the Portfolio Risk Register if they are considered to pose a threat to the wider portfolio and/or the strategic goals of the NWEAB.

6.33 Issues occur at differing levels within the Programme and are managed according to their impact. The approach to management of issues is set out in the Risk and Issue Management Strategy and mirrors the approach to risk management. The Strategy describes the processes for proactive identification, assessment and control of issues, both known and unexpected. It sets out the criteria for categorising issues by priority and severity to ensure that issues are managed at the appropriate level (Portfolio / Programme / Project). It also sets out the approach to tracking and monitoring issues through to resolution.

6.34 Issues are captured in the Programme RAID Log which is held by the PMO. The issue management process is a responsibility of the Programme Board. The Programme Manager and PMO provide support and advice for the process.

## Change Management

6.35 A Change Management Plan will be developed for the North Wales Growth Deal.

6.36 The plan will adopt a similar principle to the Risk and Issues Management Framework, where changes are dealt with at the appropriate level within agreed tolerances. These tolerances will be agreed for each project business case, with a clear escalation process in place.

6.37 Changes will be assessed in terms of their financial impact but also their impact on the benefits to be delivered through the programme and projects.

6.38 Change management for the programme will be primarily managed via the Programme Board and relevant Project Board within tolerances delegated by the NWEAB upon consideration of the project business case.

- 6.39 Significant changes outside these tolerances would need to be escalated to the Portfolio Board or the NWEAB and may require the business case to be updated or additional assurance activities to take place.
- 6.40 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 NWEAB to decide upon.
- 6.41 Projects that fall outside the remit of an agreed programme business case or those that would exceed the agreed financial envelope would be considered a 'reserved matter' for the NWEAB partners.

## Partnership and Stakeholder Engagement

---

- 6.42 The NWEAB partnership covers a wide range of internal and external stakeholders who are key to the successful delivery of the North Wales Growth Deal. These include the NWEAB partners themselves, Welsh Government and UK Government, other regional public sector bodies such as the Health Board, local communities, businesses, contractors, sub-contractors, service providers and external advisors.
- 6.43 Each project will be required to put in place a Stakeholder Engagement and Communications Plan.

## Timeline and Milestones

---

- 6.44 The NWEAB is seeking approval of the North Wales Growth Deal in December 2020 with the signing of the Final Deal. Following Final Deal, project business cases will be brought forward for the NWEAB to consider from January 2021 onwards.
- 6.45 The current timetable for the delivery of the Growth Deal is included as Appendix F. The timetable is based on the latest available project information and will be updated on a regular basis as project timetable are confirmed through the business case development process.

## Project Maturity

---

- 6.46 Projects within the Growth Deal are currently at different levels of maturity as shown by the table below.

Table 6.3 Project Maturity		
Project	Business Case Stage	Summary
Digital Signal Processing Centre Project	<b>OBC</b>	Project is currently developing an OBC for presentation to NWEAB for approval.
Digital Connectivity Project	<b>SOC</b>	The four projects are ready to progress to the development of an OBC.
Morlais	<b>OBC</b>	The project is currently progressing to OBC stage.
Low Carbon Energy Centre of Excellence	<b>OBC</b>	The project is progressing to OBC stage.
Trawsfynydd Power Station	<b>SOC</b>	The project is at an early stage of development.
Transport Decarbonisation	<b>SOC</b>	The project is currently at concept stage.
Smart Local Energy	<b>SOC</b>	The project is currently at concept stage.
Holyhead Gateway	<b>Project Review</b>	The project scope is to be reviewed to assess the economic and societal impact of the Port of Holyhead on the regional, Welsh, UK and ROI in light of the proposed investment into the port given the indicative increase in costs.
Land and Property Project	<b>SOC</b>	All four sites in the first phase are at different stages of development with the most mature ready to proceed to OBC stage.
Centre of Environmental BIOTECHnology	<b>SOC</b>	Project is ready to progress to the development of an OBC.
Enterprise Engineering & Optics Centre	<b>SOC</b>	Further work is required to demonstrate the complementarity to existing initiatives in North Wales before proceeding to OBC.
Glynllifon Rural Economy Hub	<b>OBC</b>	Project has a well-developed OBC in place with minor revisions required before presentation to NWEAB for approval.
Llysfasi Carbon Neutral Centre	<b>SOC</b>	Project is ready to progress to the development of an OBC.
Tourism Talent Network	<b>Project Review</b>	An OBC was in place for the project pre-covid, however the project scope is to be reviewed to assess the impact of COVID-19.

Source: NWEAB

## Marketing

---

- 6.47 The PMO is responsible for communications and marketing relating to the overall Growth Deal portfolio and the programmes and have recently appointed a Communications and Engagement Officer to lead on this work.
- 6.48 At the project level, each Project Sponsor will be responsible for engaging with stakeholders and community groups to highlight and market the offer. The specific approach for each project will be set out in the project business cases.

## Monitoring, Evaluation and Feedback

---

- 6.49 Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board.
- 6.50 A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal. The key components of the Monitoring and Evaluation Plan are set out below:
- Monthly Highlight Reports for all programmes and projects;
  - Formal Quarterly Reports to the NWEAB, UK Government and Welsh Government;
  - Formal Annual Report to NWEAB, UK Government and Welsh Government;
  - Independent economic impact evaluation to be undertaken every 3-5 years against suite of indicators agreed with UK Government and Welsh Government.
  - Wider benefits to be achieved through procurement, particularly social and community value will be monitored and evaluated to ensure maximum benefit is derived to the region from such activity.
  - The NWEAB will work with the Welsh Government to ensure that evaluation against the Wellbeing of Future Generations (Wales) Act 2015 is a key component of all monitoring and evaluation activities.
  - The NWEAB is committed to developing an appropriate feedback mechanism for the North Wales Growth Deal with both governments to ensure lessons learned during the delivery of the Growth Deal are captured and shared.

## Benefits Realisation

---

- 6.51 A key role for the PMO will be ensuring that the benefits of the North Wales Growth Deal are realised.
- 6.52 The benefits of the North Wales Growth Deal have been mapped out in the portfolio and programme business cases and assessed against the delivery of the Growth Vision.
- 6.53 Benefits management and benefits realisation is a key component in ensuring the successful delivery of the North Wales Growth Deal. The NWEAB will seek to maximise local and regional benefits from the delivery of its projects and through the associated procurement processes.
- 6.54 Each programme and project will be responsible for benefits management through a Benefits Realisation Plan. A benefits realisation plan acts as an overview of the main milestones detailed in each benefit profile. It serves as a management tool to monitor, track and manage the collective set of benefits associated with a programme or project.

## Assurance

---

- 6.55 The PMO worked with the Welsh Government Assurance Hub to develop an Integrated Assurance and Approval Plan (IAAP) that sets out the assurance activities that will be undertaken at portfolio, programme and project level for the North Wales Growth Deal.
- 6.56 As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The North Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate.
- 6.57 Following the approval of the Portfolio IAAP, detailed IAAPs will be developed for each programme and project within the Growth Deal. The exact timing of assurance reviews will be a matter for the PMO to agree with Welsh Government and the relevant Programme and Project Boards.
- 6.58 While the exact timing of reviews is to be agreed, the following principles are to be applied:
- Major portfolio assurance reviews will take place periodically at 3-5 year intervals unless requested sooner by the NWEAB, UK or Welsh Government;
  - Programme assurance reviews will take place periodically at 2-year intervals unless requested sooner by the NWEAB, UK or Welsh Government;
  - Project assurance reviews will take place throughout the life of the project at pre-agreed stages. The level of assurance may vary per project, but would include a minimum of two external Gateway reviews per project, including a pre-delivery review and a benefits realisation review. The rationale for the proposed approach is set out below:
    - Project Gateway 1 (SOC) – Only required for new projects or those currently at concept stage due to the approved Programme Business Case. All other projects to produce combined SOC/OBC for Gateway 2.
    - Project Gateway 2 (OBC) – Required for all projects within the Growth Deal.
    - Project Gateway 3 (FBC) – PMO decision on whether Gateway 3 is required on a project by project basis.
    - Project Gateway 4 (Implementation) - PMO decision on whether Gateway 3 is required on a project by project basis.
    - Project Gateway 5 (Benefits Realisation) – Required for all projects within Growth Deal.
  - Project Assessment Review (PAR) – may be used in place of Gateway 1-5 where the PMO in consultation with the WG Assurance Hub consider it a more appropriate review mechanism.

# Appendix A - Future Generations Impact Assessment

Page 150

HOW DOES THE PROPOSAL ALIGN WITH THE WELL-BEING GOALS?		
Well Being Goal	How does the proposal align to the well-being goals? (Please specify any negative or positive impact)	What actions have/will be taken to mitigate any negative impact or to improve positive impact?
<p><b>A prosperous Wales</b> An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<p>+ The portfolio will create several thousand new jobs for North Wales</p> <p>+ It will also train businesses and individuals and expand space for training, incubation, research and development</p> <p>+ The portfolio strengthens North Wales leadership in low carbon technologies across high value manufacturing (biotechnology, hydrogen cell technology), agri-food (carbon neutral agriculture), transport and energy production</p> <p>- Site development will create carbon emissions; these will be mitigated and managed through relevant national and local authority policies and processes.</p>	<ul style="list-style-type: none"> <li>• Project case approval process will consider likely carbon emissions and savings from each project</li> <li>• The Future Generations Act will be embedded into all procurement activity assessing contribution to relevant national wellbeing indicators for Wales</li> <li>• Environmental considerations will be embedded into contract opportunities, minimising impact on the environment and supporting new technologies, approaches and innovation with contractors and the supply chain, with a focus on the circular economy.</li> </ul>
<p><b>A resilient Wales</b> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<p>+ The portfolio will build skills of businesses and individuals supporting the ability of those businesses and individuals to adapt to change and preparing them for future-focused opportunities</p>	<ul style="list-style-type: none"> <li>• Project case approval process will consider biodiversity enhancements and impact of each project</li> <li>• The Future Generations Act will be embedded into all procurement activity</li> </ul>

	<ul style="list-style-type: none"> <li>+ The Agri-Food &amp; Tourism Programme will build skills in carbon neutral land management and renewable energy technologies through education of young people and SMEs</li> <li>+ The regional transport decarbonisation project and the digital programmes will help improve air quality through a shift from travel in petrol/diesel vehicles to remote working and low or zero carbon travel options</li> <li>- Site development may impact some ecologically sensitive sites, releasing carbon and replacing natural ecosystems; impact will be mitigated and managed through relevant national and local authority policies and processes</li> </ul>	<p>assessing contribution to relevant national wellbeing indicators for Wales</p> <ul style="list-style-type: none"> <li>• Environmental considerations will be embedded into contract opportunities, minimising impact on the environment, with a focus on redevelopment of brownfield sites over greenfield development, incorporation of the circular economy and integration of green infrastructure</li> <li>• Seek to minimise the carbon footprint of projects and support low carbon economy, focused on the commitment by Welsh Government to achieve a carbon neutral public sector by 2030, reducing greenhouse gases, improving our natural environment and protecting our biodiversity.</li> <li>• Support and engage with the third sector in a valued based approach that support resilience in the third sector to work with and support contractors and the supply chain.</li> </ul>
<p><b>A healthier Wales</b> A society in which people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>	<ul style="list-style-type: none"> <li>+ The Growth Deal will help improve mental well-being by (1) creating better-quality jobs for the local labour market through targeted interventions in high value sectors and (2) building a more skilled workforce within the region through supporting skills and training initiatives</li> <li>+ These opportunities will support improvements in standards of living across the region reducing poverty, inequality and deprivation</li> <li>+ Through its partnership with the Regional Skills Partnership, the NWEAB has engaged</li> </ul>	<ul style="list-style-type: none"> <li>• The Future Generations Act will be embedded into all procurement activity assessing contribution to relevant national wellbeing indicators for Wales</li> <li>• The NWEAB will work directly with the Public Service Boards (PSBs) to include community resilience and wealth building developing assets in our communities to include supporting positive mental health in workforces, supply chain and in communities</li> <li>• The NWEAB will work with national and local planning processes to promote and champion well-being outcomes through</li> </ul>

	<p>with the Public Sector Boards considering ways the programmes/projects can equitably benefit the region’s residents through skills development and employment</p> <p>+ The regional transport decarbonisation project will improve air quality across North Wales supporting improvements to cardiovascular and respiratory diseases and overall life expectancy</p>	<p>procurement activity and test key policies in areas such as <i>building designs that promote health; access to project sites by walking/cycling, including for those with disabilities; and consideration of opportunities to incorporate green infrastructure.</i></p>
<p><b>A more equal Wales</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p>	<p>+ Regional Skills Partnership has been a key partner in portfolio development considering how the programmes/projects can equitably benefit the region’s residents through skills development and employment</p> <p>+ Growth Deal programmes have been distributed across the North Wales region with leadership and engagement from all County Councils with the intention of distributing benefits equitably</p> <p>+ Procurement systems will support local supply chains to engage with larger contracts through supply chain briefings and joint bidding opportunities and pipeline of projects</p> <p>+ Leakage of economic benefits through jobs created being filled by residents from outside the North Wales boundary has been factored into each programme/project</p> <p>+ Jobs created across the portfolio will be disaggregated by gender, age, diversity and job satisfaction</p>	<ul style="list-style-type: none"> <li>• The NWEAB will promote and champion the delivery of social value and community benefits through procurement activity and test key policies such as the socio economic duty and the social partnerships bill.</li> <li>• Work with our partners to ensure we support people from all backgrounds and circumstances to retrain, develop new skills through volunteering or contribute to education/apprenticeships through innovative recruitment and engagement strategies</li> <li>• Target opportunities and engage with existing mechanisms to support specific groups such as young people or those in areas of deprivation to engage in education and learning/development.</li> <li>• Support engagement and connections with schools and engage with the new curriculum 2022 in Wales, with a focus on digital inclusion.</li> </ul>

	<ul style="list-style-type: none"> <li>- North Wales’ residents with poor inter-generational educational experiences may not be able to access quality training and employment opportunities created by the Growth Deal, perpetuating the region’s long-standing poverty gap</li> </ul>	
<p><b>A Wales of cohesive communities</b> Attractive, viable, safe and well-connected communities.</p>	<ul style="list-style-type: none"> <li>+ The Growth Deal focuses on scalable and dispersed growth across the region to achieve sustainable, balanced and inclusive economic growth with the benefits shared across the region.</li> <li>+ The digital programme will enable better communication across North Wales, connecting communities virtually</li> <li>+ Jobs created across the portfolio will be disaggregated (annually?) by gender, age, and diversity</li> <li>+ Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age.</li> </ul>	<ul style="list-style-type: none"> <li>• The Future Generations Act will be embedded into all procurement activity assessing contribution to relevant national wellbeing indicators for Wales</li> <li>• Work with procurement partners and third sector organisations to maximise community wealth building opportunities.</li> <li>• On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages hard-to-reach groups and communities and those disadvantaged by gender, disability, ethnicity or age</li> <li>• All project business cases will be required to include a plan setting out steps the project will take to ensure equitable and inclusive access to opportunities arising from the Growth Deal investment as part of their development and approval process</li> </ul>
<p><b>A Wales of vibrant culture and thriving Welsh language</b> A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.</p>	<ul style="list-style-type: none"> <li>• The Growth Deal will create jobs and training opportunities for young people to stay and work in North Wales and continue to use Welsh in their personal and professional lives</li> <li>• The Growth Deal includes projects within growth industries of low carbon energy and high value manufacturing which will provide</li> </ul>	<ul style="list-style-type: none"> <li>• The Future Generations Act will be embedded into all procurement activity assessing contribution to relevant national wellbeing indicators for Wales</li> <li>• Engage with new partnership such as museums, theatres and arts to support developing our cultural and Welsh language considerations in contract opportunities</li> </ul>

	<p>high value job opportunities cross North Wales, particularly in Gwynedd and Anglesey which have a greater percentage of Welsh speakers across the region</p> <ul style="list-style-type: none"> <li>• There are also projects focused on more traditional foundation sectors – agri-food and tourism. This is particularly relevant for the agriculture sector where a greater percentage of workers speak Welsh compared to the general population.</li> <li>• The Agri-Food and Tourism programme will enhance opportunities for residents and visitors to engage positively with our cultural and environmental heritage by providing enhanced customer service opportunities and more opportunities for developing Welsh food products</li> <li>• The NWEAB operates as a bilingual entity in all its operations; all public material is produced bilingually</li> </ul>	<ul style="list-style-type: none"> <li>• All project business cases will be required to complete a Welsh Language impact assessment as part of their development and approval process, and consider opportunities to incorporate celebration of and engagement with Welsh culture and language into the commissioning of each infrastructure project</li> </ul>
<p><b>A globally responsible Wales</b> A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p>	<ul style="list-style-type: none"> <li>• The portfolio will support the transition to a low carbon economy through energy generation, carbon savings and pioneering low carbon technologies within industry and at a business/farm level. Projects will contribute towards Wales’ action on climate change and towards global decarbonisation efforts.</li> </ul>	<ul style="list-style-type: none"> <li>• The Future Generations Act will be embedded into all procurement activity assessing contribution to relevant national wellbeing indicators for Wales</li> <li>• Consider global off-setting for any carbon emissions</li> <li>• Look for opportunities to engage refugees and asylum seekers with valuable skills relevant to the programmes / projects</li> <li>• Ensure that supply chains for projects do not support modern slavery, environmental and human rights abuses</li> </ul>

## Appendix B - Key Meetings in developing the Growth Deal



## Appendix C - Growth Deal Projects

Table C.1 Growth Deal Projects					
Programme	Project	Project Sponsor	Total investment	Growth Deal Ask	Summary
High value manufacturing and innovation	Centre for Environmental Biotechnology	Bangor University	£9.6m	£3.0m	The CEB will be a world-leading centre in the discovery of novel enzymes of industrial relevance. The CEB will provide a strong foundation for attracting world-leading researchers, significant public and commercial research funding, and inward investment to Wales. The CEB also aims to draw companies in the biocatalysis sector to North Wales to take advantage of clustering and agglomeration benefits the regions offers due to its well-established specialism in bioengineering.
	Enterprise Engineering & Optics Centre	Glyndwr University	£29.8m	£10.0m	The Enterprise Engineering & Optics Centre will provide facilities (in Wrexham and St. Asaph) targeted to boost high level skills development for the region and enable SME's and large businesses to work in partnership with Wrexham Glyndwr University on commercially driven research and development.
Agri-food and tourism	Tourism TALENT Network	Coleg Llandrillo and Conwy Borough Council	£12.9m	£4.5m	The Tourism Talent Network sets out ambitious plans to future-proof skills provision and increase commercial benefits from one of the most established and fastest growing sectors in the region. The North Wales Tourism TALENT Network aims to stimulate public-private collaboration to coordinate action on skills and product development to transform and accelerate the growth of the tourism and hospitality sector in the region.
	Glynllifon Rural Economy Hub Project	Grŵp Llandrillo Menai	£13.0m	£10.0m	The vision is to create a distinctive, world-class Rural Economy Hub at Glynllifon, offering a range of facilities and services to strengthen and enhance the regional economy, specifically through growing the food and drink sector.
	Llysfasi Carbon Neutral Centre	Coleg Cambria	£15.4m	£10.0m	Llysfasi Carbon Neutral Centre aims to lead North Wales to a resilient future where carbon neutral land management is at the centre of a developing renewable energy sector supporting a sustainable, thriving and healthy community covering the rural/urban mix of the region.
Land and property	Holyhead Gateway	Stena Line	£80.0m	£35.0m	Future proof the port of Holyhead by providing new deep-water heavy loading and cruise facilities, improved vehicular access, guaranteeing the future of the breakwater and providing for the demands of regional energy projects.
	Regional Land and Property	NWEAB	£275.4m	£44.1m	Comprised of five property sites: <b>Denbigh Hospital Site</b> -A planning application has been submitted to bring forward a mixed use commercial and residential development. The Growth

Programme	Project	Project Sponsor	Total investment	Growth Deal Ask	Summary
					<p>Deal funding will assist in the delivery of a cleared and remediated site with primary services.</p> <p><b>Bodelwyddan Strategic Site</b>-A mixed use commercial and residential development site of 137 hectares. The Growth Deal funding will provide the primary services to enable the site to be bought to the market for development.</p> <p><b>Parc Bryn Cegin Strategic Site</b>-Provide industrial floor space to meet known demand for units.</p> <p><b>Wrexham Gateway</b>- Growth Deal funding will provide the necessary statutory consents and deliver primary services to enable the site to be bought to the market for sale and development.</p> <p><b>Warren Hall Strategic Site</b>- Growth Deal funding will provide the necessary statutory consents and deliver primary services to enable the 65-hectare mixed use site to be bought to the market for sale and then development by the private sector.</p>
Digital	Full fibre	NWEAB	£7.2m	£6.8m	This project seeks to deliver full fibre connectivity (gigabit capable) to 28 key business sites across NWEAB. The focus of the project is to provide access to full fibre services that are more affordable, scalable and able to service the needs of SMEs, in lieu of and complementing more expensive leased line circuits. Some 4,100 business premises and 450 residential premises able to access gigabit capable full fibre broadband once complete.
	Connecting the final %	NWEAB	£4.0m	£4.0m	This project aims to accelerate the development of Connected Campuses at 19 key regional economic sites. It will target key sites which present uses cases for 5G and low power Wi-Fi networks in the context of heavy industry, light industry, research sites, commercial sites and across a much larger rural campus (encompassing thousands of farms and agricultural clusters). It is estimated some 2,600 business premises will have access to high bandwidth 5G and low power Wi-Fi services once complete.
	Connected Campus	NWEAB	£21.0m	£21.0m	This project aims seeks to respond to industry demand and technology drivers by supporting the more efficient operation of supply chains, and major transport operations (such as ports). In total, 156km of road and rail corridor will be connected to 5G/Low Power Wireless Access Networks , along the A55 corridor and adjacent mainline rail route. It is estimated that up to 1.57 million rail journeys and 1.3 million road journeys will benefit from enhanced 5G connectivity once complete.

Programme	Project	Project Sponsor	Total investment	Growth Deal Ask	Summary
	Connected Corridor	NWEAB	£2.2m	£2.2m	This project targets ubiquitous superfast coverage across North Wales, which have yet to be served by other means and cannot obtain speeds of at least 30Mbps (download). A lack of reliable or in some cases, basic, broadband is a key issue facing rural businesses, hampering deprivation and contributing to the demographic crunch – this will help to alleviate and reverse these trends. Up to 10,100 residential and 4,300 business premises will have access to superfast broadband once complete.
	Digital Signal Processing Centre Project	Bangor University	£7.3m	£3.0m	The project will bring together Bangor University researchers to work alongside high-profile international companies and Welsh SMEs enabling them to work together to explore disruptive solutions for 5G. The project will allow the DSP Centre to expand its presence and remit, integrating fully with the National Strategy Project (NSP) and enable the scaling of key assets including a 5G testbed, research capacity and state-of-the-art equipment. The project is expected to create 160 jobs in total.
Low carbon energy	Morlais	Menter Môn	£36.0m	£9.0m	Constructing the infrastructure that connects the Morlais Zone with the electricity grid system, readying the site for private sector developers investing to lease parts of the zone for deploying tidal energy technologies. This would position the zone as the first consented, expandable and technology-agnostic site in the world with up to 180 MW of potential
	Trawsfynydd Power Station	Cwmni Eginio	£400.0m	£20.0m	The Trawsfynydd site is uniquely placed for a 'First of A Kind' deployment of a Small Modular Reactor (SMR) or Advanced Modular Reactor (AMR) due to its status as a publicly owned asset, its highly skilled workforce, and the supportive community. In combination with the public and private sector, the Growth Deal will contribute funding towards enabling infrastructure for this development, helping to secure jobs as well as position North Wales at the cutting edge of innovation and R&D in a technology that has significant potential for deployment across the UK.
	Low Carbon Centre of Excellence	Bangor University	£97.7m	£21.0m	Developing 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
	Smart Local Energy	NWEAB	£106.2m	£25.0m	To help achieve renewable energy, decarbonisation and local ownership targets, the project will support innovative enabling projects and

Programme	Project	Project Sponsor	Total investment	Growth Deal Ask	Summary
					demonstrators that overcome market failures and unlock private and community sector investments in smart local energy solutions.
	Transport Decarbonisation	NWEAB	£28.6m	£11.4m	Support delivery of a demonstrator project involving the production of green hydrogen from low carbon energy sources to decarbonise transport networks

Source: NWEAB

## Appendix D - Programme level spending objectives

Table D.1 Programme Level Spending Objectives	
Low carbon energy	<ul style="list-style-type: none"> <li>Jobs - To create between 800-980 new jobs in North Wales through the programme by 2036</li> <li>GVA - To create net additional GVA of £433-530m through the programme by 2036</li> <li>Investment - To deliver a total investment of £602-£735m through the programme by 2036</li> <li>Low carbon energy generation - To enable the deployment of at least 314MW of new, installed low carbon generation capacity through the programme by 2036</li> <li>Carbon Savings - To enable carbon savings of at least 2,723 tonnes through the programme by 2036.</li> </ul>
Innovation in high value manufacturing	<ul style="list-style-type: none"> <li>Jobs - To create between 145 -180 new jobs in North Wales through the programme by 2036</li> <li>GVA - To create net additional GVA of £94m - £114m through the programme by 2036</li> <li>To deliver a total investment of £36m - 43m between through the programme by 2036 Research and Innovation - Work in collaboration with 55 UK and international industry partners or SMEs to help develop low carbon technologies or waste reduction (TRL 1-5)</li> <li>Economic Integration - To support and facilitate three collaborative R&amp;D projects per annum to develop and new technologies (TRL 1-5)</li> <li>Skills and knowledge transfer - Provide training and upskilling to 100 people/businesses in the targeted technologies (biotechnology, optics, composites, hydrogen fuel cells) over the first 5 years</li> <li>Commercialisation - Number of enterprises supported to take new products using targeted technologies from the laboratory to the market/firm (TRL 6-9). Targets to be agreed during Project Business Case development.</li> </ul>
Agri-food and tourism	<ul style="list-style-type: none"> <li>Jobs - To create between 310 - 380 new jobs in North Wales through the programme by 2036.</li> <li>GVA - To create net additional GVA of £230m - £281m through the programme by 2036</li> <li>Investment - To deliver a total investment of between £37m and £45m through the programme by 2036</li> <li>Innovation and Productivity - To provide up to 4,000 – 6,000 m2 of new incubator, R&amp;D and training floorspace to help encourage innovation and diversification, promote upskilling and support business growth within the agri-food and tourism sectors.</li> <li>Decarbonisation and sustainable business models - 300-400 businesses diversifying from traditional core operation or adopting new technology / practices within the first five years of the programme.</li> <li>Skills and Knowledge Transfer - Provide additional skills training, knowledge transfer and collaboration opportunities for business, education providers and research institutions. Additional training provided to 2,500 individuals/businesses operating in the agrifood and tourism sectors over 5 years.</li> <li>Supply Chain Opportunities - Increase the % of supply contracts delivered through the programme with businesses located in North Wales – baseline to be agreed.</li> </ul>
Land and property	<ul style="list-style-type: none"> <li>Jobs - To create between 1,870 and 2,280 new jobs in North Wales through the programme by 2036</li> </ul>

	<ul style="list-style-type: none"> <li>• GVA - To create net additional GVA of £1.06bn and £1.29bn through the programme by 2036</li> <li>• Investment - To deliver a total investment of between £320m and £390m through the programme by 2036</li> <li>• Employment Sites and Premises - To deliver 30 ha of serviced employment land and 20,000 sq m of between 2021 and 2026</li> <li>• Residential Sites - To deliver 1,000 plus residential development plots between 2021 and 2026.</li> <li>• Holyhead Gateway - Land reclamation, safe guarding and life extension works to the breakwater, access improvements and port capacity enhancements</li> </ul>
Digital	<ul style="list-style-type: none"> <li>• Jobs - To create between 315-380 new jobs in North Wales through the programme by 2036.</li> <li>• GVA - To create net additional GVA of £130m - £158m through the programme by 2036</li> <li>• Investment - To deliver a total investment of between £37m and £46m through the programme by 2036</li> <li>• Connectivity at key sites - To introduce robust and competitive connectivity market at 28 strategic key sites in step with or in advance of UK Government 2025 target for gigabit capability coverage</li> <li>• Mobile Coverage on transport networks - To introduce high bandwidth mobile coverage on transport networks with deployment in step with or in advance of UK Government 2027 target for 5G coverage. Delivery of coverage across A55, A483 and A5.</li> <li>• Superfast everywhere - To ensure all inhabited premises in the region have Superfast broadband connectivity in the short term (by 2023) with gigabit upgrade capability built in as far as possible.</li> <li>• Digital Infrastructure Innovation - To ensure that the region is empowered to participate in innovation and commercialisation of new digital infrastructure technology to achieve and consolidate a long term role in a strategically important industry</li> </ul>

Source: NWEAB



## Appendix E - Economic Appraisal: Key Principles & Assumptions and Benefits by Project

Table E.1 Summary of Key Principles and Assumptions

Programme	Estimating and valuing gross benefits	Estimating additionality	Sensitivities tested
Low carbon economy	<ul style="list-style-type: none"> <li>Operational job estimates drawn from the Morlais Environmental Statement (08/19) &amp; Trawsfynydd Economic Impact Assessment (Arup, 08/20)</li> <li>Low carbon centre of excellence jobs based on Bangor University estimate</li> <li>Smart Local Energy &amp; Transport Decarbonisation jobs based on requirement for a 3.0 BCR (to be developed further at programme FBC stage)</li> <li>Average GVA per FTE for N. Wales (£53,000)</li> </ul>	<p><b>Deadweight</b></p> <ul style="list-style-type: none"> <li>Low Carbon Centre of Excellence: 10.3% (sub-regional Additionality Guide Capital Project Benchmark)</li> <li>Zero deadweight for the other projects. Assumed unlikely to go ahead at all without public funding.</li> </ul> <p><b>Displacement</b></p> <ul style="list-style-type: none"> <li>Trawsfynydd: 25% based on Arup EIA</li> <li>Other projects based on sub-regional Additionality Guide benchmarks</li> </ul> <p><b>Leakage and multipliers:</b> as above. Multiplier for Moralised is included in original ES jobs estimate.</p>	<ul style="list-style-type: none"> <li>Reduced impacts from Morlais and Trawsfynydd – assuming 40MW capacity at Morlais &amp; lower impact scenario for Trawsfynydd</li> <li>Jobs creation reduced by 25%</li> <li>Deadweight increased to 50%</li> <li>Total costs increased by 20%, (with Optimism Bias still incorporated).</li> </ul>
Digital	<ul style="list-style-type: none"> <li>Assumptions on coverage and take-up of mobile/fixed broadband and evidence on business productivity/innovation, start-ups and house price increases</li> <li>Connected Campus and Connected Corridor based on North Wales apportionment of UK level evidence on 5G benefits, including relating 5G to rail/road connectivity</li> <li>Digital Signalling Processing jobs from University of Bangor estimate, plus average GVA per FTE for N. Wales (£53,000)</li> </ul>	<ul style="list-style-type: none"> <li>Deadweight based on likely commercial deployment of fixed/mobile broadband</li> <li>Displacement: zero – universal fixed/mobile broadband will ultimately be available to all. The GD investment addresses a digital equity gap.</li> <li>Leakage: zero – impacts assumed to occur at business sites.</li> <li>Multipliers: based on sub-regional Additionality Guide benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>Take-up of fixed infrastructure reduced by 10%</li> <li>Take-up of mobile infrastructure reduced by 20% (Inc. Connected Campus/Corridor )</li> <li>Deadweight applied to Full Fibre project increased to 100%</li> <li>DSP indirect jobs reduced by 33%.</li> </ul>

<p>Land and property</p>	<p>Job estimates for Holyhead Port development based on latest business planning Job estimates for remaining sites investment based on estimated floorspace benchmarks from the HCA Employment Densities Guide Average GVA per FTE for N. Wales (£53,000)</p>	<p>Applied mean average rates for all additionality factors for all observations at sub-regional level, taken from HCA Additionality Guide (2014)</p>	<ul style="list-style-type: none"> <li>• The number of direct jobs created through the programme is reduced by 25%.</li> <li>• Indirect job creation has been removed from the appraisal.</li> <li>• Deadweight has been increased to 50% across all projects.</li> </ul>
<p>Agri-food &amp; tourism</p>	<ul style="list-style-type: none"> <li>• Direct jobs taken from latest business planning assumptions</li> <li>• Indirect jobs within facilities and amongst beneficiaries</li> <li>• Jobs valued at average GVA per FTE for N. Wales (£53,000)</li> <li>• Apprentice numbers provided by project and valued at £3,456 per annum per completion (source: New Economy Unit Cost Database)</li> </ul>	<ul style="list-style-type: none"> <li>• Applied mean average rates for all additionality factors for sector/cluster support at sub-regional level, taken from HCA Additionality Guide (2014)</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation and skills impacts 20% lower than expected</li> <li>• Additionality factors 20% higher</li> </ul>
<p>High value manufacturing</p>	<ul style="list-style-type: none"> <li>• Direct jobs taken from latest business planning assumptions</li> <li>• Indirect jobs amongst beneficiary businesses estimated by applying benchmark unit costs per gross job created for R&amp;D focussed projects from the English national ERDF evaluation 2007-13 (£52k, uprated to current prices)</li> <li>• Jobs valued at average GVA per FTE for N. Wales (£53,000)</li> </ul>	<ul style="list-style-type: none"> <li>• Applied mean average rates for all additionality factors for sector/cluster support at sub-regional level, taken from HCA Additionality Guide (2014)</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation 20% lower than expected</li> <li>• Additionality factors 20% higher</li> </ul>

Source: Hatch

Table E.2 Gross Economic Benefits: Central Estimate (GVA is cumulative to 2036 and expressed in 2020/21 prices, undiscounted; jobs are annual at steady state)

	GVA (£m)	Jobs Created (FTEs)
	<b>Digital</b>	
Full fibre	50	520
Connecting the final %	65	540
Connected Campus	80	0
Connected Corridor	55	0
DSP	105	160
<b>Digital Total</b>	<b>345</b>	<b>1,210</b>
	<b>Low Carbon</b>	
Morlais	70	140
Trawsfynydd Power Station	170	380
Low Carbon Energy Centre of Excellence	30	30
Smart Local Energy	145	210
Transport Decarbonisation	75	110
<b>Low Carbon Total</b>	<b>485</b>	<b>870</b>
	<b>Land &amp; Property</b>	
Development Around Holyhead Port	1,175	2,000
Denbigh Hospital Site	35	70
Bodelwyddan	200	380
Wrexham Technology Park	350	550
Warren Hill Strategic Site	360	670
Bryn Cygan	42	70
<b>Land &amp; Property Total</b>	<b>2,160</b>	<b>3,740</b>
	<b>Agri-Food &amp; Tourism</b>	
Llysfasi Carbon Neutral Centre	435	630
Glynlliflon - Rural Economy Hub	50	80
North Wales Tourism Talent - Skills and Business Support	40	10
<b>Agri-Food &amp; Tourism Total</b>	<b>525</b>	<b>710</b>
	<b>Innovation &amp; HV Manufacturing</b>	
Centre for Environmental BIOTECHnology	10	190
Enterprise Engineering & Optics Centre	95	150
<b>Innovation &amp; HV Manufacturing Total</b>	<b>105</b>	<b>330</b>
	<b>GD Portfolio Total</b>	
<b>GD Portfolio Total</b>	<b>3,625</b>	<b>6,860</b>

Source: Hatch. GVA rounded to the nearest £5 million. Jobs rounded to the nearest 10.

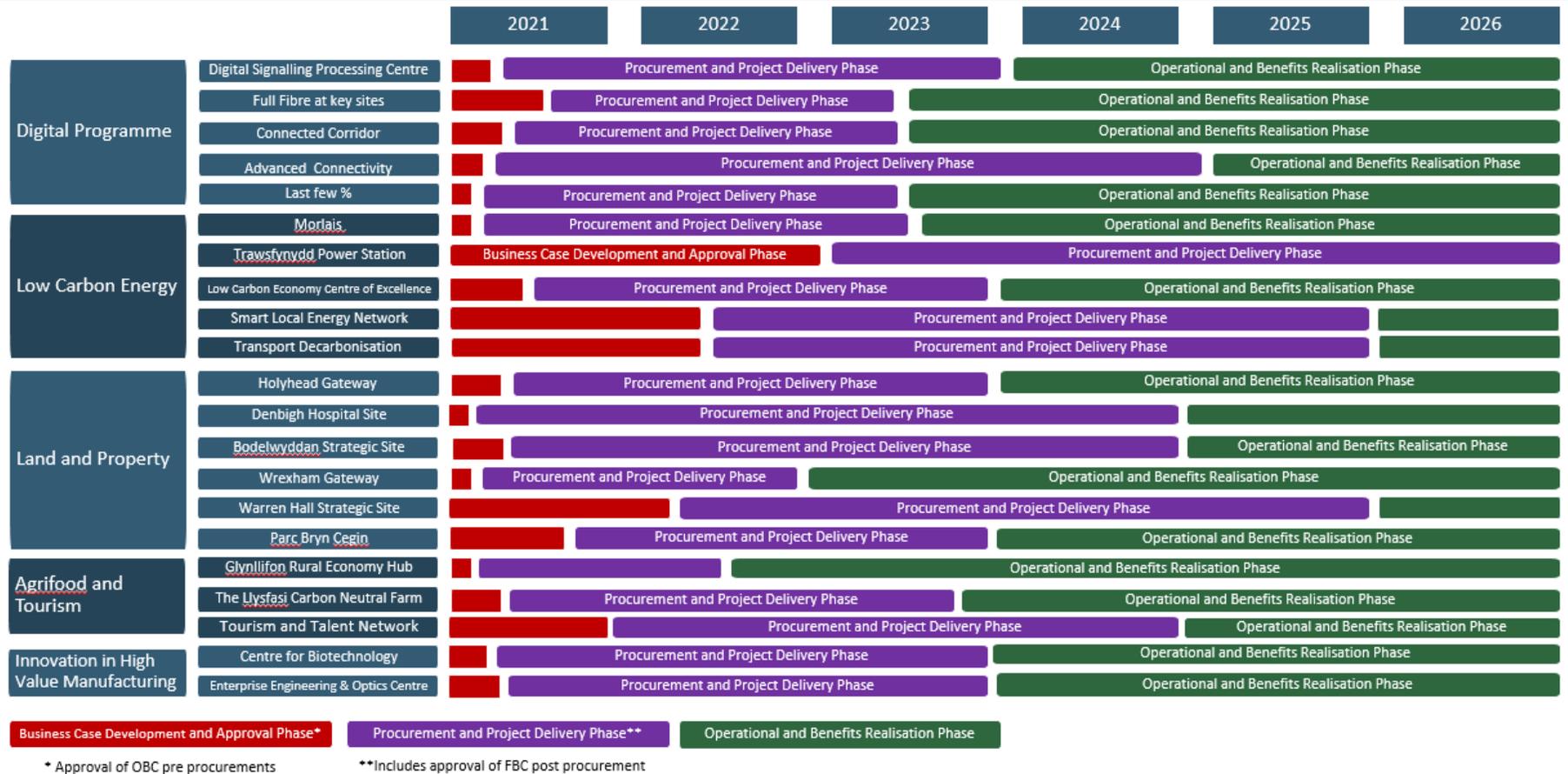
Table E.3 Net Additional Economic Benefits: Central Estimate (GVA is cumulative to 2036 and expressed in 2020/21 prices, undiscounted; jobs are annual at steady state)

	GVA (£m)	Jobs Created (FTEs)
<b>Digital</b>		
Full fibre	20	120
Connecting the final %	35	150
Connected Campus	35	0
Connected Corridor	25	0
DSP	50	80
<b>Digital Total</b>	<b>170</b>	<b>350</b>
<b>Low Carbon</b>		
Morlais	50	100
Trawsfynydd Power Station	230	510
Low Carbon Energy Centre of Excellence	20	20
Smart Local Energy	120	180
Transport Decarbonisation	60	90
<b>Low Carbon Total</b>	<b>480</b>	<b>890</b>
<b>Land &amp; Property</b>		
Holyhead Port	545	930
Denbigh Hospital Site	20	50
Bodelwyddan	125	250
Wrexham Technology Park	220	360
Warren Hill Strategic Site	235	440
Bryn Cegin	30	50
<b>Land &amp; Property Total</b>	<b>1,175</b>	<b>2,080</b>
<b>Agri-Food &amp; Tourism</b>		
Llysfasi - Carbon Neutral Centre	215	310
Glynllifon - Rural Economy Hub	25	40
Tourism and Talent Network	20	0
<b>Agri-Food &amp; Tourism Total</b>	<b>260</b>	<b>350</b>
<b>Innovation &amp; HV Manufacturing</b>		
Centre for Environmental BIOTECHnology	60	90
Enterprise Engineering & Optics Centre	45	70
<b>Innovation &amp; HV Manufacturing Total</b>	<b>105</b>	<b>160</b>
<b>GD Portfolio Total</b>		
<b>GD Portfolio Total</b>	<b>2,185</b>	<b>3,830</b>

Source: Hatch. Jobs rounded to the nearest 10.

# Appendix F - Growth Deal Delivery Timescale

Figure F.1 Growth Deal Delivery Timescale



Page 166

Source: NWEAB

Explanatory Note on Private Delivery in the Land and Property Programme

Due to the scale of the proposed development, the following projects will have delivery timescales extending beyond 2026 - Western Gateway, Warren Hall, Bodelwyddan, Former North Wales Hospital. The timetable above refers to the Growth Deal funded elements of these projects. The full indicative delivery timeline for these projects is shown in Table 5.4 of the Financial Case of the Land and Property Programme Business Case

## Appendix G - Detailed Programme Level Sensitivity Analysis

Table G.1 Sensitivity Analysis: Low Carbon Economy Programme		
Sensitivity Test	Net Discounted GVA to 2036	Core BCR
<b>Preferred Option</b>	<b>£329m</b>	<b>3.3 : 1</b>
Sensitivity Test 1: Reduced impacts from Morlais and Trawsfynydd	£288m	2.8 : 1
Sensitivity Test 2: Reduction in FTE jobs created by 25%	£262m	2.6 : 1
Sensitivity Test 3: Deadweight is increased to 50%	£166m	1.6 : 1
Sensitivity Test 4: Costs increase 20%	£329m	2.7 : 1
Switching Values (returning a 1: 1 BCR)	A c. 70% deterioration in our core impact modelling assumptions	

Source: Hatch

Table G.2 Sensitivity Analysis: Innovation in High Value Manufacturing Programme		
Sensitivity Test	Net Discounted GVA to 2036	Core BCR
<b>Preferred Option</b>	<b>£57m</b>	<b>4.4 : 1</b>
Job creation 20% lower than expected	£46m	3.5 : 1
Additionality factors 20% higher	£53m	4.2 : 1
Worst Case (combined)	£43m	3.3 : 1
Switching Values (returning a 1: 1 BCR)	A 77% reduction in job creation	

Source: Hatch

Table G.3 Sensitivity Analysis: Agri-Food & Tourism Programme		
Sensitivity Test	Net Discounted GVA to 2036	Core BCR
<b>Preferred Option</b>	<b>£184m</b>	<b>6.4 : 1</b>
Job creation and skills impacts 20% lower than expected	£146m	5.1 : 1
Additionality factors 20% higher	£172m	6.0 : 1
Worst Case (combined)	£138m	4.8 : 1
Switching Value (returning a 1: 1 BCR)	A 84% reduction in job creation and economic value associated with tourism skills	

Source: Hatch

Table G.4 Sensitivity Analysis: Land & Property Programme		
Sensitivity Test	Discounted Net Additional GVA	Core BCR

<b>Preferred Option</b>	<b>£804 million</b>	<b>8.9:1</b>
Sensitivity Test 1: Reduction in direct jobs by 25%	£605 million	6.7:1
Sensitivity Test 2: Indirect job creation removed	£665 million	7.3:1
Sensitivity Test 3: Deadweight 50%	£535 million	5.9:1
Sensitivity Test 4: Costs increase 20%	£804 million	7.4:1
Switching Values (returning a 1: 1 BCR)	89% reduction in job creation	

Source: Hatch

Table G.5 Sensitivity Analysis: Digital Programme

Sensitivity Test Variable	Total GVA Impact (NPV)	Core BCR
Preferred Option Impact and VfM	£144.0m	3.6:1
Test 1: Adjustment to Fixed Fibre Take-Up	£139.5m	3.4:1
Test 2: Adjustment to 4G/5G Mobile Take-Up	£134.0m	3.3:1
Test 3: Adjustment to Deadweight	£140.1m	3.5:1
Test 4: Optimism Bias Cost Adjustment	£144.0m	3.6:1
Test 5: Adjusted Indirect DSP Employment	£133.1m	3.3:1
<b>All Tests Combined (Worst Case Scenario)</b>	<b>£116.3m</b>	<b>2.9:1</b>

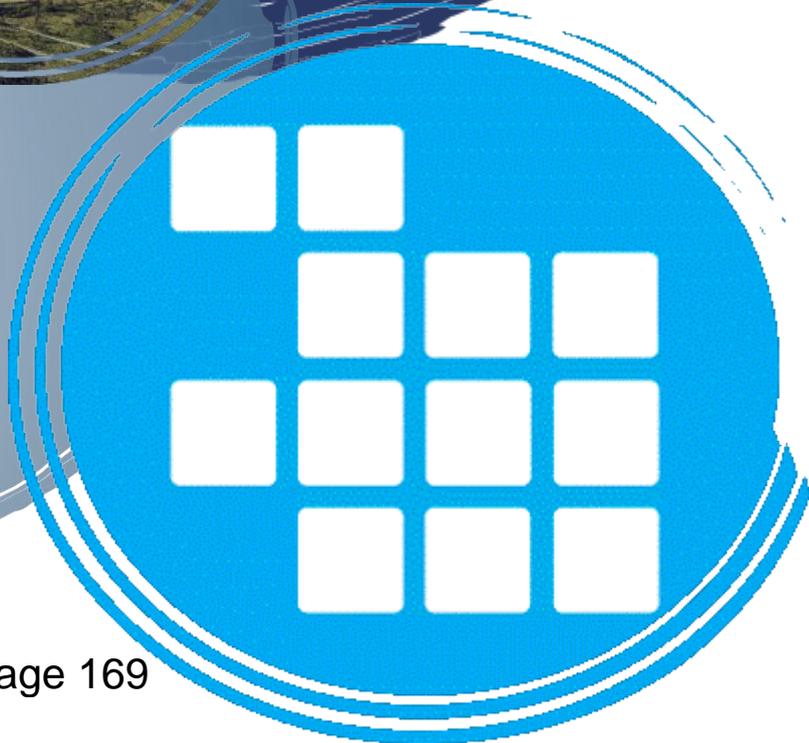
**Switching Values**  
(returning a 1: 1 BCR)

A c. 75% reduction in:

- take-up of fixed and mobile broadband
- benefits from fixed broadband in terms of business start-ups
- benefits generated through the DSP.

Source: Hatch

# Executive Overview Low Carbon Energy Programme



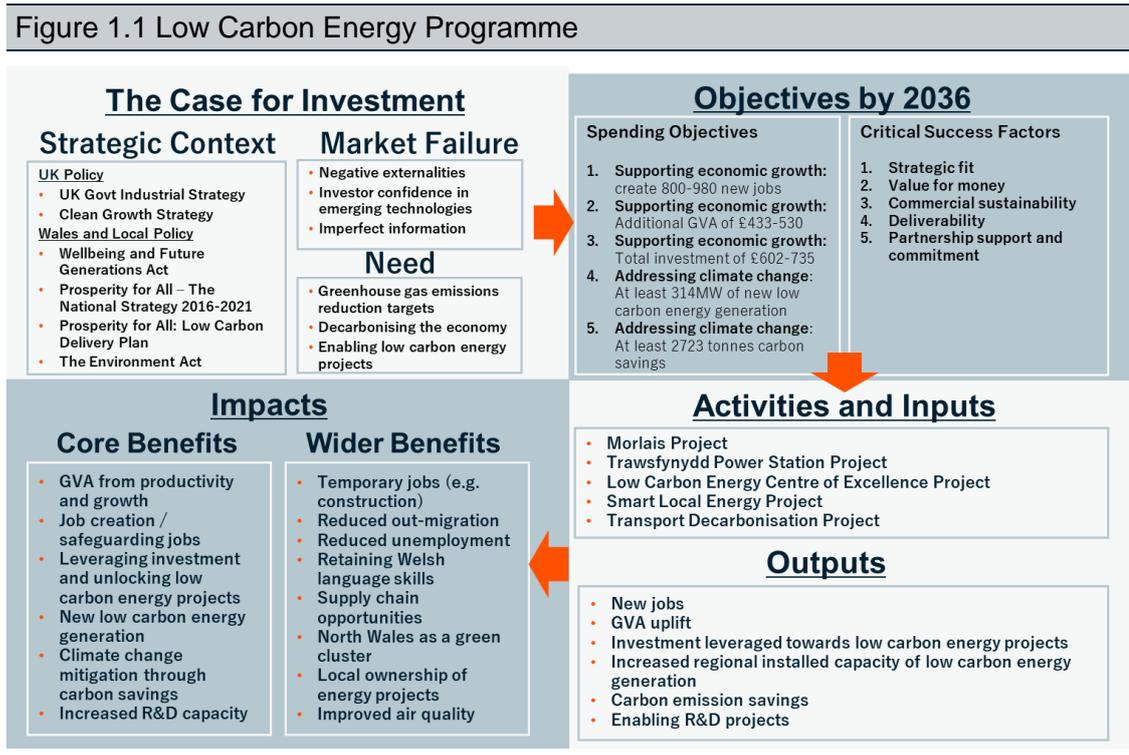
**HATCH**

# Executive Overview

- i. The purpose of the business case is to demonstrate the optimal choice of projects for the delivery of the Low Carbon Energy Programme, which is part of the North Wales Growth Deal. The business case follows the structure of the Five Case Model and HM Treasury Green Book principles. It is structured into five cases – strategic, economic, commercial, financial and management.
- ii. The North Wales Growth Deal is seeking to deliver a total investment of up to £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- iii. The aim of the Low Carbon Energy Programme is to unlock the economic benefits of transformational low carbon energy projects and position North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment
- iv. The business case is intended to inform the Final Deal Agreement, which follows the Heads of Terms agreement with the Welsh and UK Governments in 2019.

## The Strategic Case

A summary of the logic model for the Low Carbon Energy Programme is set out below.



Source: Hatch

## Strategic Context

- v. The North Wales Economic Ambition Board was established in 2012 and covers the six Local Authority administrative areas of the region of North Wales and University of Bangor, Glyndwr University, Coleg Cambria. The private sector has also shaped the

deal through the North Wales Mersey Dee Business Council and the Business Delivery Group.

- vi. The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales. Building on our strengths to boost productivity and tackling long term challenges and economic barriers to deliver inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Future Generations Act.
- vii. The Growth Deal builds on the Growth Vision for North Wales, adopted in 2016:

*“a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.”*

- viii. The Growth Deal also aligns closely with the priorities of the UK and Welsh Governments in relation to economic development. There is particularly strong alignment with the UK Government’s **Industrial Strategy**, the Welsh Government’s **Economic Action Plan, the Well-being of Future Generations Act, and its cross-cutting themes**. Sustainability is at the core of the Growth Deal, and the investments will contribute towards Wales carbon emissions reduction targets.

## The Case for Change

### Spending Objectives

- ix. The Low Carbon Energy Programme Spending Objectives are focussed on both supporting economic growth and addressing climate change:

<b>Spending Objective 1</b> Job Creation	To create between 800-980 new jobs in North Wales through the programme by 2036
<b>Spending Objective 2</b> GVA	To create net additional GVA of £433-530m through the programme by 2036
<b>Spending Objective 3</b> Investment	To deliver a total investment of £602-£735m through the programme by 2036
<b>Spending Objective 4</b> Low Carbon Energy Generation	To enable the deployment of at least 314MW of new installed low carbon energy generation capacity through the programme by 2036
<b>Spending Objective 5</b> Carbon Savings	To enable carbon savings of at least 2723 Tonnes CO <sub>2</sub> e through the programme by 2036

### Existing Arrangements

- x. North Wales is a hub for low carbon energy generation, with the equivalent of 82% of its electricity consumption already coming from local renewable sources. The region hosts over a third of Wales’ renewable energy capacity and has two nuclear licensed sites, Wylfa and Trawsfynydd. The region’s geography and natural resources allow unique opportunities to deploy a broad range of low carbon energy technologies, with resources to scale up offshore and on shore wind generation, tidal stream energy, tidal range energy, hydro-power, solar and new nuclear generation.

- xi. The low carbon economy supports over 430,000 jobs across the UK and directly generated £44.5 billion in turnover in 2017 (not including supply chain activity). Across Wales as a whole, the low-carbon economy is estimated to consist of 9,000 businesses, employing 13,000 people.

## Business Needs

- xii. **Supporting economic growth in low carbon energy sectors:** Exploiting local strengths and competitive advantages (e.g. existing energy infrastructure, research strengths, skilled workforce and natural resources) to drive growth in the low carbon energy sector where there are substantial growth opportunities nationally (sector is forecast to grow 11% per year to 2030). An estimated £11bn of additional investment is needed by 2035 to put the region on track to achieve Net Zero. This level of investment has the potential to create up to 24,400 new jobs.
- xiii. **Addressing Climate Change:** Responding to the climate emergency declared by Welsh Government and the aim of achieving net zero by 2050. There is a need to decarbonise North Wales' energy system, including power (e.g. increasing low carbon energy generation), housing (including challenges associated with large numbers of homes being off the gas grid) and transport.

## Potential Scope

- xiv. As one of the three 'high-growth sectors' targeted within the Growth Deal, the aim of the Programme is to unlock the economic benefits of transformational low carbon energy projects and position North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment.
- xv. The Programme consists of five projects: Morlais, Trawsfynydd Power Station, Low Carbon Energy Centre of Excellence, Smart Local Energy and Transport Decarbonisation

## Benefits

- xvi. The programme will lead to a number of direct and indirect benefits that will not only span the low carbon energy sector but the wider economy of North Wales. Some of the main benefits associated with meeting the programme's Spending Objectives are set out below:
- **Direct and indirect job creation** through unlocking energy infrastructure projects. Temporary jobs will also be required to support the construction phase of such projects.
  - **Social and wellbeing benefits** such as reduced unemployment, reducing out-migration and retaining Welsh language skills within the region.
  - **Climate change mitigation** through Investing in projects to increase low carbon energy generation or reduce fossil fuel / energy use. Investments will contribute towards a reduction in annual carbon emissions and meeting net zero targets.
  - **Supporting the growth of regional supply chains** by supporting projects that offer opportunities to grow the regional supply chain (e.g. utilising Wales-based manufacturing/assembly capabilities).
  - **Supporting innovation and R&D** will result in increased innovation, productivity and commercialisation within the low carbon sector.

## Main Risks

- xvii. There are a number of key risks to the successful delivery of the Growth Deal Portfolio including resources; delivery; cost; COVID-19; Brexit; Private and public sector investment; and political change. However, there are also specific risks such as Government policy shifts, consenting requirements, grid connectivity challenges and supply chain capacity that are applicable to the programme. The approach to managing these risks is considered in the Management Case.

## Constraints and Dependencies

- xviii. Notable constraints on the delivery of the Growth Deal include the total funding package of £240m, the 15-year term of the Growth Deal, the requirement for solely capital funding and State Aid considerations. The Growth Deal is dependent on securing the final deal, and on the engagement and collaboration with the private and public sectors. Projects within the programme may also be dependent upon supportive government policy that establishes support mechanisms and routes to market for emerging energy technologies.

## The Economic Case

### Critical Success Factors and Options Assessment

- xix. The five projects that comprise the Preferred Option are summarised below:

Project	Summary Description	Outputs & Benefits	Cost/ Ask
Morlais, Lead: Menter Môn	Menter Môn aim to develop the first Tidal Stream Plug and Play site in the UK, creating the conditions for North Wales to develop primacy as an International Tidal Stream development hub.  The Growth Deal investment will support the second phase of the project, which involves constructing the infrastructure that connects the Morlais Zone with the electricity grid system. Constructing the grid connection infrastructure would position the zone as the first consented, expandable and technology agnostic site in the world with up to 180 MW of potential. The infrastructure would then unlock private sector investment, with turbine technology developers leasing parts of the zone and spending up to £4m per mw to deploy their turbines at commercial scale and supply renewable energy to the grid.	14-180MW Installed Capacity of Low Carbon Energy  £43m-£392m of indirect private investment unlocked through deployment of tidal turbines  90-110 operational jobs  63-804 tonnes of CO2e savings by 2036	Growth Deal Ask £9m Total infrastructure cost £36m

Project	Summary Description	Outputs & Benefits	Cost/ Ask
Low Carbon Energy Centre of Excellence Lead: Bangor University	<p>Bangor University has recognised international expertise in low carbon energy research, particular nuclear, which offers an opportunity to act as an anchor for growth of the North Wales supply chain in these key sectors.</p> <p>Growth Deal funding will provide capital to develop infrastructure at Bangor University and Menai Science Park, enhancing capabilities for innovation in the energy sector and helping to create the conditions for new inward investment and business growth in the low carbon energy supply chain.</p>	<p>22-26 new jobs</p> <p>Unlocking R&amp;D investment resulting in increased innovation, productivity and commercialisation within the low carbon sector.</p> <p>R&amp;D projects delivered will increase knowledge transfer and business / academic partnerships with the private sector</p> <p>Grant capture</p>	<p>Growth Deal Ask £21m</p> <p>Total cost £97.7m</p>
Trawsfynydd Power Station Lead: Cwmni Egino	<p>The Trawsfynydd site is uniquely placed for a 'First of A Kind' deployment of a Small Modular Reactor (SMR) or Advanced Modular Reactor (AMR) due to its status as a publicly owned asset, its highly skilled workforce, and the supportive community.</p> <p>In combination with public and private sector investment, the Growth Deal will contribute funding towards enabling infrastructure, helping to secure jobs as well as position North Wales at the cutting edge of innovation and R&amp;D in a technology that has significant potential for deployment across the UK.</p>	<p>300-700 MW new Installed Capacity of Low Carbon Energy (estimate of generating capacity of an SMR / AMR at Trawsfynydd)</p> <p>£360m direct private sector leverage and up to £2bn indirect private sector investment unlocked through enabling works (estimated capital cost of a 'First of a Kind' SMR)</p> <p>455-557 new operational Jobs created.</p> <p>2,660-2,206 tonnes of CO2e savings by 2036</p>	<p>Growth Deal Ask £20m</p> <p>Total cost £400m</p>
Smart Local Energy Lead: NWEAB	<p>To achieve its low carbon energy generation and carbon reduction targets, North Wales, Wales and the UK needs investment to overcome market failures and enable new private sector and community investment in smart local energy solutions.</p> <p>The Growth Deal will support a series of enabling and demonstrator projects to unlock new and innovative local energy projects, increase local ownership in energy investments</p>	<p>156-193 new jobs</p> <p>Unlocking investment in low carbon energy projects</p> <p>Increased capacity of low carbon energy projects</p> <p>Increased local ownership in energy investments</p> <p>Delivery of innovative demonstrator and enabler projects to contribute</p>	<p>Growth Deal Ask £25m</p> <p>Total project cost estimates: £106.2m</p>

Project	Summary Description	Outputs & Benefits	Cost/ Ask
	and contribute to decarbonising the regional economy.	towards decarbonising the regional economy	
Transport Decarbonisation Lead: NWEAB	Subject to further feasibility studies, Growth Deal funding will support delivery of demonstrator projects involving the production of green hydrogen from low carbon energy sources to decarbonise regional transport networks.	79-97 new jobs Decarbonised transport networks through procurement and deployment of hydrogen fuelled vehicles  Green hydrogen production and usage	Growth Deal Ask £11.4m Total project cost £28.6m

xx. To demonstrate the strategic rationale for the Preferred Option, it was assessed against three alternative options: do nothing, a scaled down programme and a scaled up programme. Each option was scored based on how well it delivered against the programme Spending Objectives and five 'Critical Success Factors' (Strategic Fit, Value for Money, Commercial Sustainability, Deliverability and Partnership Support and Commitment). The Preferred Option is the only option which is effective across all Spending Objectives and Critical Success Factors.

xxi. Each of the constituent projects within the Low Carbon Energy programme will develop a project-level options assessment within the project business case.

## Economic Appraisal

xxii. The Low Carbon Energy Programme is expected to deliver between **800-980 net additional FTE jobs** for North Wales, with a **NPV of £297-363m** and **£430-530m net additional GVA**. Based on all public sector funding for the Growth Deal, it will deliver a **benefit-cost ratio (BCR) of 1.1:1 – 1.4:1 (or 3.0:1 – 3.6:1 based on Growth Deal investment only)**.<sup>1</sup>

xxiii. In interpreting these figures, it is important to note that there are a range of benefits that cannot be quantified or monetised in a robust fashion, but are still a significant consideration in the value for money case for the programmes. These include:

- Climate change mitigation
- Attracting inward investment
- Enhanced research and innovation capacity
- Temporary construction jobs
- Social & wellbeing benefits including retention of young people and reduced out-migration

xxiv. There are a number of risks to generating the scale of economic benefits estimated. The value for money assessment has been subjected to sensitivity testing at the programme level. The BCRs remain robust in the face of these tests.

xxv. A summary of the key findings from the economic appraisal of the Low Carbon Energy Programme is provided below.

<sup>1</sup> Note this includes an assessment of optimism bias in capital costs.

Table 1.1 Appraisal Summary Table	
Net Present Social Value (£m) (including Optimism Bias)	£59 – £72 (£206 – £252 based on GD costs)
Public sector cost (£m, (undiscounted, excluding optimism bias))	£227 (£86 from Growth Deal)
Appropriate Benefits Cost Ratio	1.1 – 1.4 (3.0 – 3.6 Growth Deal investment)
Significant unmonetizable costs/benefits	<ul style="list-style-type: none"> <li>• Reduced CO2</li> <li>• Inward investment</li> <li>• Spin-outs</li> <li>• Social/wellbeing benefits</li> </ul>
Significant unquantifiable factors	TBC
Risk costs by type and residual optimism bias	24% optimism bias applied <sup>2</sup>
Switching values (for the preferred option only)	TBC
Time horizon and reason	15 year appraisal period. All infrastructure assets will have a residual value at this point

## The Commercial Case

### Commercial Strategy

- xxvi. The NWEAB is committed to maximising the economic impact and value for money of the North Wales Growth Deal. The Board also recognises the potential to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities.

### Procurement Strategy

- xxvii. Our procurement strategy responds to Welsh policy and procedures. All Growth Deal procurement activity will be underpinned by a guiding set of principles, which are summarised below:

Procurement policy and principles	
Policy drivers	<ul style="list-style-type: none"> <li>• North Wales Growth Vision</li> <li>• Wellbeing of Future Generations Act</li> <li>• Public Contract Regulations 2015</li> <li>• Welsh Public Procurement Policy Statement</li> <li>• Welsh Government Code of Practice Ethical Employment in supply chains Government Commercial Operating Standards</li> </ul>
Procurement Principles	<ul style="list-style-type: none"> <li>• Regional leadership</li> <li>• Developing the regional economy by including local and regional economic considerations in contract opportunities, and improving access to SMEs</li> <li>• Promoting the use of local suppliers and local supply chains where possible</li> </ul>

<sup>2</sup> Upper bound of standard buildings from HM Treasury guidance)

	<ul style="list-style-type: none"> <li>• Maximising skills and employability opportunities through contract opportunities</li> <li>• Supporting community development through community wealth building and inclusion of cultural and Welsh language considerations in contracts</li> <li>• Supporting environmental sustainability by including environmental considerations in contract opportunities and minimising carbon footprint of projects where possible</li> <li>• Ensuring effective spending and value for money via regional collaboration; effective performance, risk, contract and fraud management arrangements</li> </ul>
--	--

xxviii. Procurement activity will be the responsibility of the Lead Partner for each project. For regional projects, this responsibility will sit with the PMO.

## The Financial Case

### Capital and Revenue Requirements

xxix. The Low Carbon Energy Programme is based on the delivery of five projects with a total capital expenditure of £668.5m, of which £86.4m million is derived from the Growth Deal with the remainder provided by public and private sector partners.

Table 1.2 The capital expenditure requirements are based on the latest available project business cases and aggregated up to provide the programme estimates. Breakdown of Expenditure:

Project	Lead Partner	Growth Deal (£m)	Other Public (£m)	Private (£m)	Total (£m)
Morlais	Menter Mon	9	27	-	<b>36</b>
Low Carbon Energy Centre of Excellence	Bangor University	21	75.7	1	<b>97.7</b>
Trawsfynydd Power Station Project	Cwmni Eginio	20	20	360	<b>400</b>
Smart Local Energy Project	NWEAB	25	6.2	75	<b>106.2</b>
Transport Decarbonisation	NWEAB	11.4	11.5	5.7	<b>28.6</b>
<b>Programme Total</b>		<b>86.4</b>	<b>140.4</b>	<b>441.7</b>	<b>668.5</b>

### Project Maturity

xxx. The five projects within the programme are currently at different levels of maturity as shown by the table below:

Project	Business Case Stage*	Notes
Morlais	OBC	The Project is currently progressing to OBC stage. A business case is being drafted ready for submission to the NWEAB for consideration in early 2021.
Low Carbon Energy Centre of Excellence	OBC	The Project is progressing to OBC stage. Bangor University aim to submit the OBC to the NWEAB for consideration in 2021.

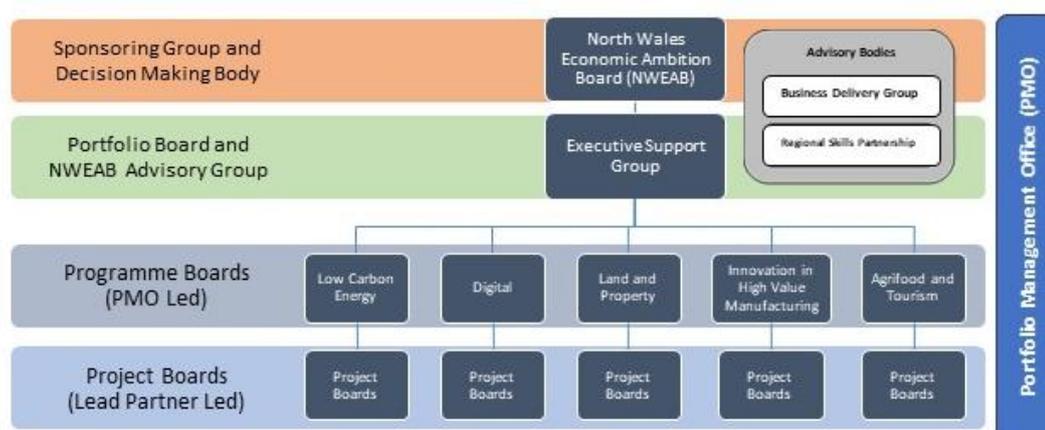
Trawsfynydd Power Station	SOC	The project is at an early stage of development. The EAB will engage with Cwmni Eginio, Welsh Government and private sector partner(s) to coordinate investment and develop a project SOC / OBC.
Smart Local Energy Project	SOC / early project development	The project is currently at concept stage. Further feasibility and project scoping work will be delivered as part of the business case development process.
Transport Decarbonisation	SOC / early project development	The project is at currently at concept stage. Further feasibility and project scoping work will be delivered as part of the business case development process.

\* Project business cases are developed in three stages – Strategic Outline Case (SOC), Outline Business Case (OBC), Full Business Case (FBC).

## The Management Case

### North Wales Growth Deal Delivery Structure

- xxxii. The diagram below sets the delivery structure for the Growth Deal building on the existing structures put in place by the EAB's Governance Agreement. Details on these roles are set out in the management case:



- xxxii. **Programme Boards** - Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director. The Low-Carbon Energy Programme SRO is Dylan Williams, Deputy Chief Executive at Isle of Anglesey County Council.
- xxxiii. **Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk/issues and programme assurance. Each

programme is assigned a Programme Manager from within the PMO. The Programme Manager for the Low Carbon Energy Programme is Henry Aron.

## **Project Business Cases**

- xxxiv. The North Wales Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, full 5 Case Model project business cases can be brought forward for the NWEAB to consider.

## **Risk Management**

- xxxv. The NWEAB has an adopted Risk Framework for the delivery of the North Wales Growth Deal. The approach to risk management is outlined in the Growth Deal Risk and Issues Management Strategy and User Guide. The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature.

## **Timeline and Milestones**

- xxxvi. The NWEAB is seeking approval of the North Wales Growth Deal in December 2020 with the signing of the Final Deal. Following Final Deal, project business cases will be brought forward for the NWEAB to consider from early 2021 onwards.

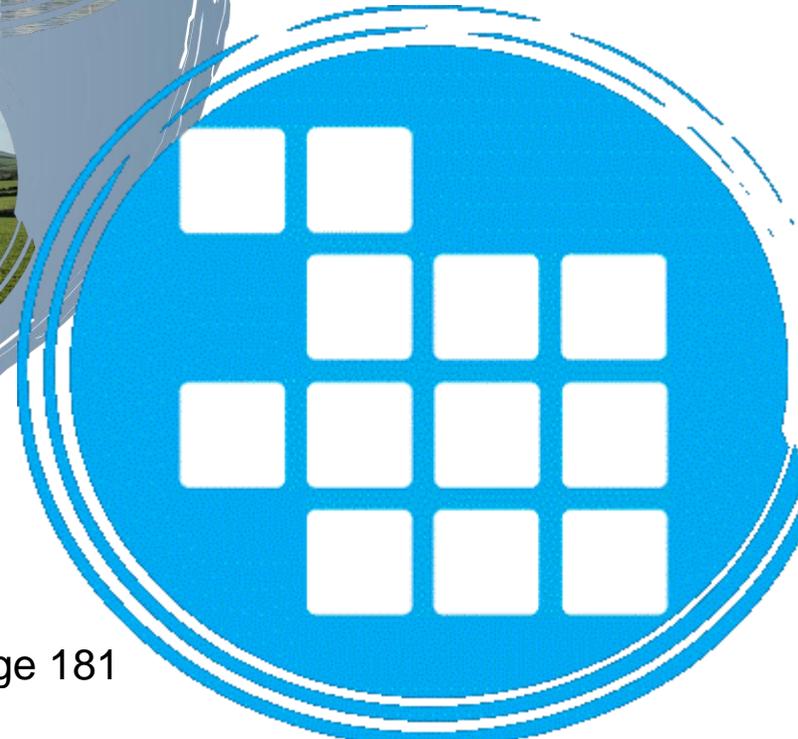
## **Monitoring, Evaluation and Feedback**

- xxxvii. Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board. A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal and will be agreed with UK and Welsh Government as part of the Final Deal.

## **Assurance**

- xxxviii. The PMO worked with the Welsh Government Assurance Hub to develop an Integrated Assurance and Approval Plan (IAAP) that sets out the assurance activities that will be undertaken at portfolio, programme and project level for the North Wales Growth Deal.
- xxxix. As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The North Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. The IAAP will be agreed with UK and Welsh Government as part of the Final Deal.

# Executive Overview Agrifood and Tourism Programme



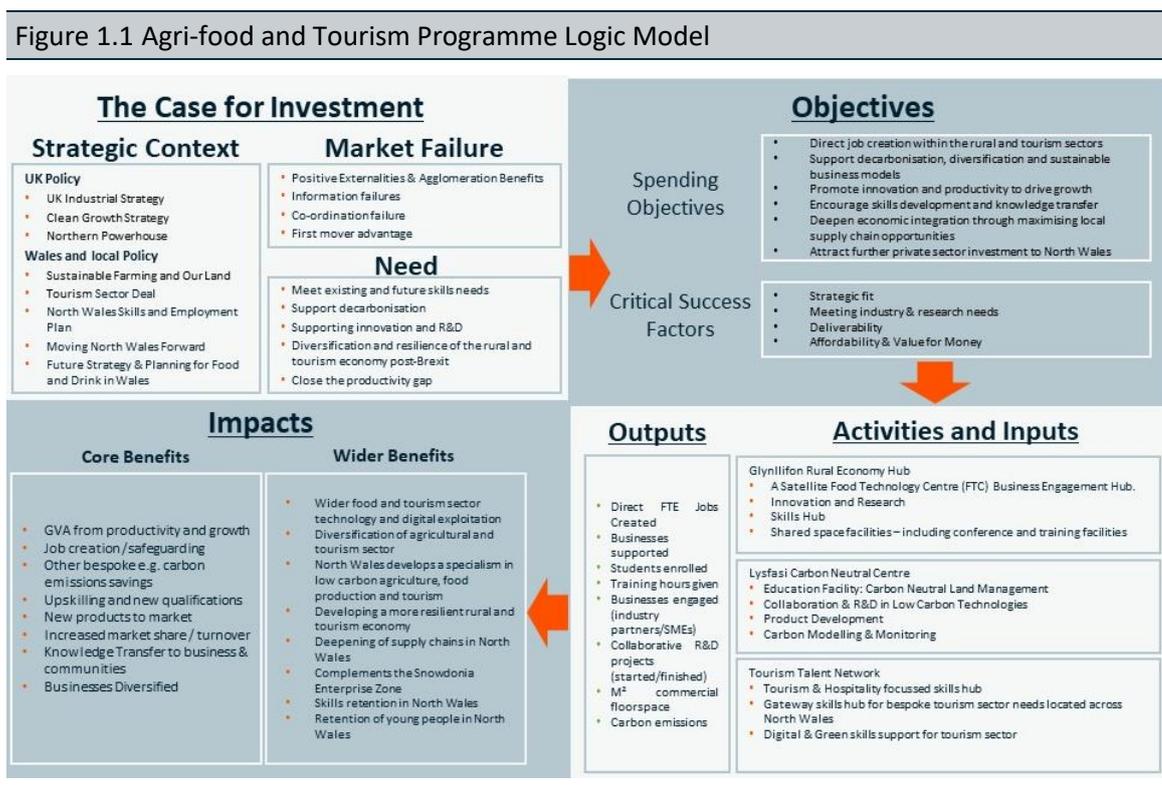
**HATCH**

# Executive Overview

- i. The purpose of the business case is to demonstrate the optimal choice of projects for the delivery of the Agri-food and Tourism Programme, one of five programmes underpinning the North Wales Growth Deal. The business case follows the structure of the Five Case Model and HM Treasury Green Book principles. It is structured into five cases – strategic, economic, commercial, financial and management.
- ii. The North Wales Growth Deal is seeking to deliver a total investment of up to £1.1 billion in the North Wales economy (£240 million from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- iii. This programme will build on the well-established agricultural, food and drink sector in North Wales, as well as supporting further investment in high quality tourism to extend the tourism season. The aim – through the Growth Deal - is to build a more sustainable, vibrant and resilient foundation economy within the region, optimising opportunities for employment and prosperity through our environment and landscape.
- iv. The business case is intended to inform the Final Deal Agreement, which follows the Heads of Terms agreement with the Welsh and UK Governments in 2019.

## The Strategic Case

A summary of the logic model for the Agri-food and Tourism Programme is set out below.



Source: Hatch

## Strategic Context

- v. The North Wales Economic Ambition Board was established in 2012 and covers the six Local Authority administrative areas of the region of North Wales and University of Bangor, Glyndwr University, Coleg Cambria and Grwp Llandrillo Menai. The private sector has also shaped the deal through the North Wales Mersey Dee Business Council and the Business Delivery Group.
- vi. The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales. Building on our strengths to boost productivity and tackling long term challenges and economic barriers to deliver inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Future Generations Act.
- vii. The Growth Deal builds on the Growth Vision for North Wales, adopted in 2016:

*“a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.”*

- viii. The Growth Deal also aligns closely with the priorities of the UK and Welsh Governments in relation to economic development. There is particularly strong alignment with the UK Government’s **Industrial Strategy**, the Welsh Government’s **Economic Action Plan, the Well-being of Future Generations Act, and its cross-cutting themes**. Sustainability is at the core of the Growth Deal, and the investments will contribute towards Wales’ carbon emissions reduction targets.

## The Case for Change

### Spending Objectives

- ix. The Agri-Food and Tourism Programme Spending Objectives are focussed on both supporting economic growth and building sector resilience:

<b>Spending Objective 1 - Jobs</b>	To create between 310 - 380 new jobs in North Wales through the programme by 2036
<b>Spending Objective 2 - GVA</b>	To create net additional GVA of £230million - £281million through the programme by 2036
<b>Spending Objective 3 Investment</b>	To deliver a total investment of between £37million and £45million through the programme by 2036
<b>Spending Objective 4 - Decarbonisation and sustainable business models</b>	Educate businesses on the benefits of decarbonisation, diversification and sustainable business models. Create the conditions to enable business to reduce their carbon footprint and respond to emerging opportunities from the low carbon economy. 300-400 businesses diversifying from traditional core operation or adopting new technology/practices within the first five years of the programme.
<b>Spending Objective 5 - innovation and productivity</b>	To provide up to 4,000 – 6,000m <sup>2</sup> of incubator, R&D and training floorspace to help encourage innovation, promote upskilling and support business growth within the agri-food and tourism sector.

<b>Spending Objective 6</b> – Skills and knowledge transfer	Provide specialist skills and training provision, alongside collaboration opportunities for businesses, education providers and research institutions. Provide additional training to 2,500 people/businesses operating in the agri-food and tourism sectors over 5 years.
<b>Spending Objective 7</b> - Local supply chain opportunities	Increase the % of supply contracts delivered through the programme with businesses located in North Wales – baseline to be agreed.

## Existing Arrangements

- x. The Agri-food sector is a pillar of the North Wales economy, with estimates stating the food and farming industry employing around 20,900 people in North Wales in 2019, representing 6.6% of the regional workforce. In 2016, the sector contributed £371.5m to the Wales and UK economy, representing 3.4% of regional GVA<sup>1</sup>. The land-based resource of the six counties of North Wales, are substantial and diverse and the land management is subsequently diverse with 355,000 ha of new and permanent pasture, 116,000 ha of rough grazing, 20,000 ha woodland and 24,000 ha crops spread across almost 6,900 farm holdings throughout the region, all of these of which have a key role to play in the balance of carbon capture and use.
- xi. Tourism is another well established and vital sector for the North Wales economy. There were approximately 37,200 people working in the tourism and hospitality industry in North Wales in 2019, representing 12% of the regional workforce. In 2016, the sector contributed £742million to the Wales and UK economy, representing 7% of regional GVA.

## Business Needs

- xii. **Underinvestment in R&D and Innovation:** Spend across agri-food and tourism sectors equated to 1.3% of all R&D spend across all sectors in the UK in 2018, despite the sectors making up 10% of total employment<sup>2</sup>. The sector has suffered from underinvestment in research and innovation with individual businesses unable to capture the positive externalities associated with R&D investment, not reflected in market prices.
- xiii. **Meeting existing and future skills needs:** The Employer Skills Survey indicated that 25% of restaurants and hotels reported skills shortages and 45% of businesses within primary industry (which includes agriculture).
- xiv. **Supporting decarbonisation across Wales and the UK:** Reducing carbon emissions and supporting decarbonisation is crucial to the future sustainability of Wales as recognised in the Well-being of Future Generations Act, which sets a target to reduce emissions by at least 80% against the 1990 baseline.
- xv. **Improving productivity in North Wales:** In 2017, gross output per hectare of agricultural land was £858 in Wales significantly lower than UK's most productive, which was the South East of England (£3,190 per ha). The tourism sector also suffers from lower productivity levels than

<sup>1</sup> North Wales Regional Skills Partnership; Labour Market Insights, June 2020

<sup>2</sup> ONS Business Register and Employment Survey, 2018; Employment by Sector

those seen in England, with GVA per employee in the tourism sector equating to £19,600, 14% lower than the equivalent metric in England (£22,700 per employee).

- xvi. **Diversification and resiliency of the economy:** agriculture, food and tourism sectors form the backbone of many local economies in North Wales. Therefore, there is an ambition to support businesses within these sectors who are embedded in their local communities, to increase their productivity, encourage skills progression, and develop more sustainable business models through improving their access to innovation hubs and new technology.
- xvii. **Lack of appropriate premises to support skills, innovation and growth:** Research carried out by Arad for the Glynllifon Rural Economy Hub indicates that the lack of food-grade premises, local product development facilities and technical support is holding back the potential of the sector, with individual businesses unable to access the skills and expertise to innovate and improve productivity via efficiency savings.

## Potential Scope

- xviii. This programme will build on the well-established agricultural, food and drink sector in North Wales, as well as supporting further investment in high quality tourism to extend the tourism season. The aim is to build a more sustainable, vibrant and resilient foundation economy within the region, optimising opportunities for employment and prosperity through our environment and landscape.
- xix. The programme consists of three projects: Glynllifon Rural Economy Hub; Llysfasi Carbon Neutral Centre and the North Wales Tourism Talent Network.

## Main Benefits

- xx. The programme will lead to a number of direct and indirect benefits for the North Wales economy. Some of the main benefits associated with meeting the programme's Spending Objectives are set out below:
  - **Direct and indirect job creation** - Helping to support higher value employment in rural areas, contributing to increased productivity levels locally;
  - **Skills and Knowledge Transfer** - Providing a sector specific training and support offer, delivered in partnership with local and regional providers, leading to improved competitiveness and resilience within the sector;
  - **Collaboration** - Fostering collaboration and interaction between academics, businesses, training providers and students and facilitating inter-disciplinary approaches to innovation in the rural economy and the food and drink sector in particular;
  - **Diversification and Resilience** - Developing more resilient businesses throughout North Wales in the future, via low carbon land management practices, diversification, upskilling and new technologies;

## Main Risks

- xxi. There are a number of key risks to the successful delivery of the Growth Deal portfolio including resources; delivery; cost COVID-19; Brexit; climate-related risk; private and public sector investment; end user company involvement and political change. However, there are

specific risks such as lack or breakdown of collaboration, failure to recruit skills, loss of research leadership, that are applicable to the programme. The approach to managing these risks is considered in the Management Case.

## Constraints and Dependencies

- xxii. Notable constraints on the delivery of the Growth Deal include the total funding package of £240m, the 15-year term of the Growth Deal, the requirement for solely capital funding and State Aid considerations. The Growth Deal is dependent on securing the final deal, and on the engagement and collaboration with the private and public sectors. Projects within the Programme may also be dependent upon supportive government policy that establishes support mechanisms and routes to market for emerging energy technologies.

## The Economic Case

### Critical Success Factors and Options Assessment

The three projects that comprise the Preferred Option are summarised below.

Project	Summary Description	Outputs	Cost/Ask
Project 1: Glynllifon Rural	The vision is to create a distinctive, world-class Rural Economy Hub at Glynllifon, offering a range of facilities and services to strengthen and enhance the regional economy, specifically through growing the food and drink sector. The Rural Economy Hub will deliver the following two facilities: <ul style="list-style-type: none"> <li>• Knowledge Centre – which is centred on creating a pool of “know-how” and practical experience to support innovation and enterprise growth in the region.</li> <li>• Food Enterprise Park - which will include flexible food grade units designed to attract start-ups and growth SMEs.</li> </ul>	<ul style="list-style-type: none"> <li>• Direct jobs</li> <li>• GVA (£)</li> <li>• Food grade accommodation floorspace developed (m2)</li> <li>• New businesses locating to Rural Economy Hub</li> <li>• Businesses supported by Rural Hub (services and facilities)</li> </ul>	<ul style="list-style-type: none"> <li>• £10m Growth Deal</li> <li>• Total Cost - £13m</li> </ul>
Project 2: Llysfasi Carbon Neutral Centre	Llysfasi Carbon Neutral Centre aims to lead North Wales to a resilient future where carbon neutral land management is at the centre of a developing renewable energy sector supporting a sustainable, thriving and healthy community covering the rural/urban mix of the region. The project will develop: <ul style="list-style-type: none"> <li>• Educational facilities to enhance skills in Carbon Neutral land management among young people and existing SMES, to help develop carbon neutral business growth in North Wales.</li> <li>• Renewable energy technologies and their practical application in both rural and urban enterprises and community living. The centre will have a ‘science into</li> </ul>	<ul style="list-style-type: none"> <li>• Direct jobs</li> <li>• GVA (£)</li> <li>• Knowledge transfer business communities supported through</li> <li>• Commercial innovation projects supported</li> <li>• Businesses diversified through support</li> </ul>	<ul style="list-style-type: none"> <li>• £10m Growth Deal</li> <li>• Total Cost - £15.4m</li> </ul>

practice' ethos and attract businesses with technologies that require testing and adaptive development for operation in rural and urban environments.

- Technologies that use precision management, supported by digitisation of management control data, to reduce carbon use.
- The use of carbon modelling to measure the impacts of renewable energy technologies, precision and digital techniques, and sequestration carbon offsetting on the goal of carbon neutrality.

Project Tourism Talent Network	<p>3: The Tourism Talent Network sets out ambitious plans to future-proof skills provision and increase commercial benefits from one of the most well established and fastest growing sectors in the region. The North Wales Tourism TALENT Network aims to stimulate public-private collaboration to coordinate action on skills and product development to transform and accelerate the growth of the tourism and hospitality sector in the region. The project will deliver the following benefits:</p>	<ul style="list-style-type: none"> <li>• Jobs supported</li> <li>• No. of placements per year</li> </ul>	<ul style="list-style-type: none"> <li>• £4.5m Growth Deal</li> <li>• Total Cost - £12.9m</li> </ul>
	<ul style="list-style-type: none"> <li>• Increased private sector investment in skills and work force development</li> <li>• Skills provision better aligned with employer needs</li> <li>• Tourism and hospitality recognised as an aspirational career of choice</li> <li>• Increase in student numbers with higher qualifications (NQF4) in tourism and hospitality sectors</li> <li>• Retention of graduates and young people in North Wales to work in the sector</li> <li>• More productive and competitive tourism and hospitality sector</li> <li>• Improved customer satisfaction</li> <li>• Improvement in standards of living across the region</li> </ul>		

xxiii. To demonstrate the strategic rationale for the Preferred Option, it was assessed against three alternative options: do nothing, a scaled down programme and a scaled up programme. Each option was scored based on how well it delivered against the programme spending objectives and five 'Critical Success Factors' (Strategic Fit, Value for Money, Commercial Sustainability, Deliverability and Partnership Support and Commitment). The Preferred Option is the only option which is effective across all Objectives and Critical Success Factors.

- xxiv. Each of the constituent projects within the Agri-Food and Tourism programme will develop a project-level options assessment within the project business case.

## Economic Appraisal

- xxv. The Agri-food and Tourism Programme is expected to deliver between 310 – 380 net additional FTE jobs for North Wales, with a NPSV of £127million - £155million. Based on all public sector funding for the Growth Deal, it will deliver a benefit-cost ratio (BCR) of 3.8 – 4.7 (or 5.7 – 7.0 based on Growth Deal investment only).
- xxvi. In interpreting these figures it is important to note that there are a range of benefits that cannot be quantified or monetised in a robust fashion, but are still a significant consideration in the value for money case for the programmes. These include:
- Knowledge transfer
  - Agriculture/tourism diversification
  - Low carbon cluster development in agriculture, tourism & food
  - Retaining young people
- xxvii. There are a number of risks to generating the scale of economic benefits estimated, and the value for money assessment has been subjected to sensitivity testing at the programme level. The BCRs remain robust in the face of these tests.
- xxviii. A summary of the key findings from the economic appraisal of the Agri-Food and Tourism Programme is provided below.

Table 1.1 Appraisal Summary Table	
<b>Net Present Social Value (£m) (including Optimism Bias)</b>	£127 – £155 (£140 – £171 based on GD costs)
<b>Public sector cost (£m, (undiscounted, excluding optimism bias)</b>	£37 (£25 from Growth Deal)
<b>Appropriate Benefits Cost Ratio</b>	3.8 – 4.7 (5.7 – 7.0 Growth Deal investment)
<b>Significant unmonetizable costs/benefits and unquantifiable factors</b>	<ul style="list-style-type: none"> <li>• Knowledge transfer</li> <li>• Agriculture/tourism diversification</li> <li>• Low carbon cluster development in agriculture, tourism &amp; food</li> <li>• Retaining young people</li> </ul>
<b>Risk costs by type and residual optimism bias</b>	24% optimism bias applied
<b>Switching values (for the preferred option only)</b>	A 84% reduction in job creation and economic value associated with tourism skills
<b>Time horizon and reason</b>	15 year appraisal period used All infrastructure assets will have a residual value at this point

## The Commercial Case

---

### Commercial Strategy

- xxix. The Economic Ambition Board is committed to maximising the economic impact and value for money of the North Wales Growth Deal. The Board also recognises the potential to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities.

### Procurement Strategy

- xxx. Our procurement strategy responds to Welsh policy and procedures. All Growth Deal procurement activity will be underpinned by a guiding set of principles, which are summarised below.

Procurement policy and principles	
Policy drivers	<ul style="list-style-type: none"><li>• North Wales Growth Vision</li><li>• Wellbeing of Future Generations Act</li><li>• Public Contract Regulations 2015</li><li>• Welsh Public Procurement Policy Statement</li><li>• Welsh Government Code of Practice Ethical Employment in supply chains</li><li>• Government Commercial Operating Standards</li></ul>
Procurement Principles	<ul style="list-style-type: none"><li>• Regional leadership</li><li>• Developing the regional economy by including local and regional economic considerations in contract opportunities, and improving access to SMEs</li><li>• Promoting the use of local suppliers and local supply chains where possible</li><li>• Maximising skills and employability opportunities through contract opportunities</li><li>• Supporting community development through community wealth building and inclusion of cultural and Welsh language considerations in contracts</li><li>• Supporting environmental sustainability by including environmental considerations in contract opportunities and minimising carbon footprint of projects where possible</li><li>• Ensuring effective spending and value for money via regional collaboration; effective performance, risk, contract and fraud management arrangements</li></ul>

- xxxi. Procurement activity will be the responsibility of the Lead Partner for each project. For regional projects, this responsibility will sit with the Portfolio Management Office (PMO).

## The Financial Case

---

### Capital and Revenue Requirements

- xxxii. The Agri-food and Tourism Programme is based on the delivery of three projects with a total capital expenditure of £41.3million, of which £24.5million is derived from the Growth Deal with the remainder provided by public and private sector partners.

- xxxiii. The capital expenditure requirements are based on the latest available project business cases and aggregated up to provide the programme estimates.

Project	Lead Partner	Growth Deal (£m)	Other Public (£m)	Private (£m)	Total (£m)
Glynllifon Rural Economy Hub Project	Grŵp Llandrillo Menai	10.0	3.0	-	<b>13.0</b>
The Llysfasi Carbon Neutral Centre	Coleg Cambria	10.0	2.7	2.7	<b>15.4</b>
Tourism TALENT Network	Grŵp Llandrillo Menai	4.5	6.7	1.7	<b>12.9</b>
<b>Programme Total</b>		<b>24.5</b>	<b>12.4</b>	<b>3.7</b>	<b>41.3</b>

## Project Maturity

- xxxiv. The three projects within the programme are currently at different levels of maturity as shown by the table below:

Project	Business Case Stage*	Summary
Glynllifon Rural Economy Hub	<b>OBC</b>	Project has a well-developed OBC in place with minor revisions required before presentation to NWEAB for approval.
Llysfasi Carbon Neutral Centre	<b>SOC</b>	Project is ready to progress to the development of an OBC.
Tourism Talent Network	<b>Project Review</b>	An OBC was in place for the project pre-covid, however the project scope is to be reviewed to assess the impact of Covid-19.

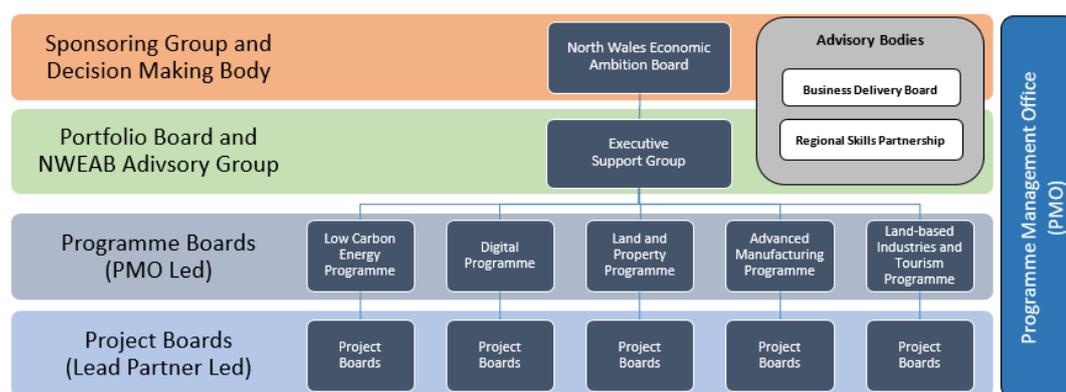
\* Project business cases are developed in three stages – Strategic Outline Case (SOC), Outline Business Case (OBC), Full Business Case (FBC).

## The Management Case

### North Wales Growth Deal Delivery Structure

- xxxv. The diagram below sets the delivery structure for the Growth Deal building on the existing structures put in place by the EAB's Governance Agreement. Details on these roles are set out in the management case:

Figure 1.2 Growth Deal Delivery Structure



Source: NWEAB

- xxxvi. **Programme Boards** - Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director. The Agri-Food & Tourism Programme SRO is Jane Richardson, Strategic Director of Economy & Place at Conwy County Borough Council and Chair of CADW.
- xxxvii. **Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk/issues and programme assurance. Each programme is assigned a Programme Manager from within the PMO. The Programme Manager for the Agri-Food & Tourism Programme is Robyn Lovelock.

## Project Business Cases

- xxxviii. The North Wales Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, full 5 Case Model project business cases can be brought forward for the Economic Ambition Board to consider.

## Risk Management

- xxxix. The Economic Ambition Board has an adopted Risk Framework for the delivery of the North Wales Growth Deal. The approach to risk management is outlined in the Growth Deal Risk and Issues Management Strategy and User Guide. The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature.

## Timeline and Milestones

- xl. The Economic Ambition Board is seeking approval of the North Wales Growth Deal in December 2020 with the signing of the Final Deal. Following Final Deal, project business cases will be brought forward for the Economic Ambition Board to consider from January 2021 onwards.

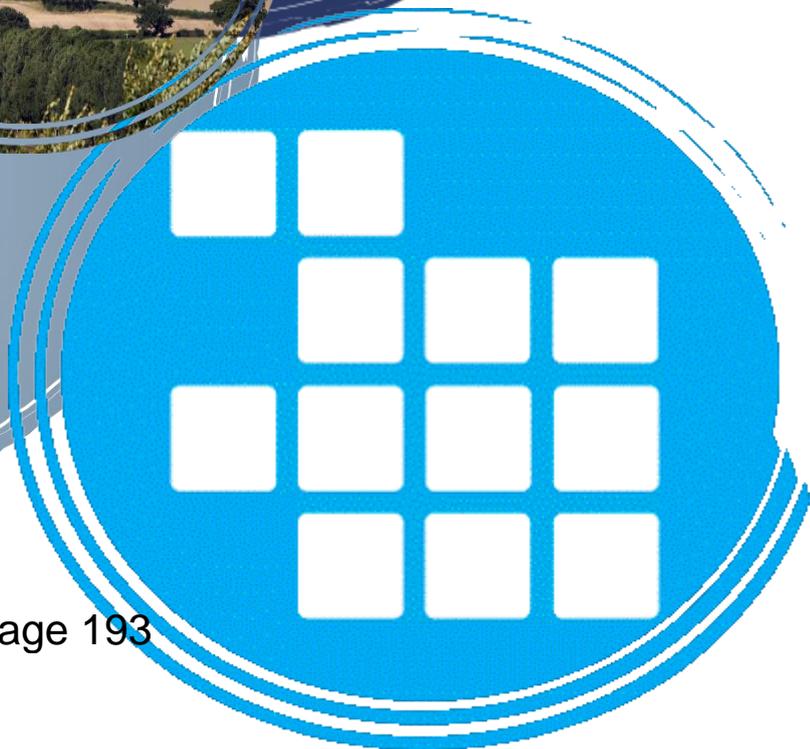
## Monitoring, Evaluation and Feedback

- xli. Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board. A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal and will be agreed with UK and Welsh Government as part of the Final Deal.

## Assurance

- xlii. The PMO worked with the Welsh Government Assurance Hub to develop an Integrated Assurance and Approval Plan (IAAP) that sets out the assurance activities that will be undertaken at portfolio, programme and project level for the North Wales Growth Deal.
- xliii. As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The North Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. The IAAP will be agreed with UK and Welsh Government as part of the Final Deal.

# Executive Overview Land and Property Programme



**HATCH**

## Executive Overview

- i. The purpose of this Business Case is to demonstrate the optimal choice of projects for the delivery of the Land and Property Programme, which is part of the North Wales Growth Deal. The business case follows the structure of the Five Case Model and HM Treasury Green Book principles. It is structured into five cases – strategic, economic, commercial, financial and management.
- ii. The Growth Deal is seeking to deliver a total investment of up to up to £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- iii. The aim of the programme is to enable strategic interventions into the North Wales Property Market to be delivered so as to create an environment where the construction and development industry is willing to invest to build a more vibrant, sustainable and resilient economy.
- iv. This Business Case is intended to inform the Final Deal Agreement, which follows the Heads of Terms agreement with the Welsh and UK Governments in 2019.

## The Strategic Case

- v. The Logic Model for the Land and Property Programme is shown in Figure 1 below. Logic Models are used to convey how a programme of activities lead to a set of desired results.

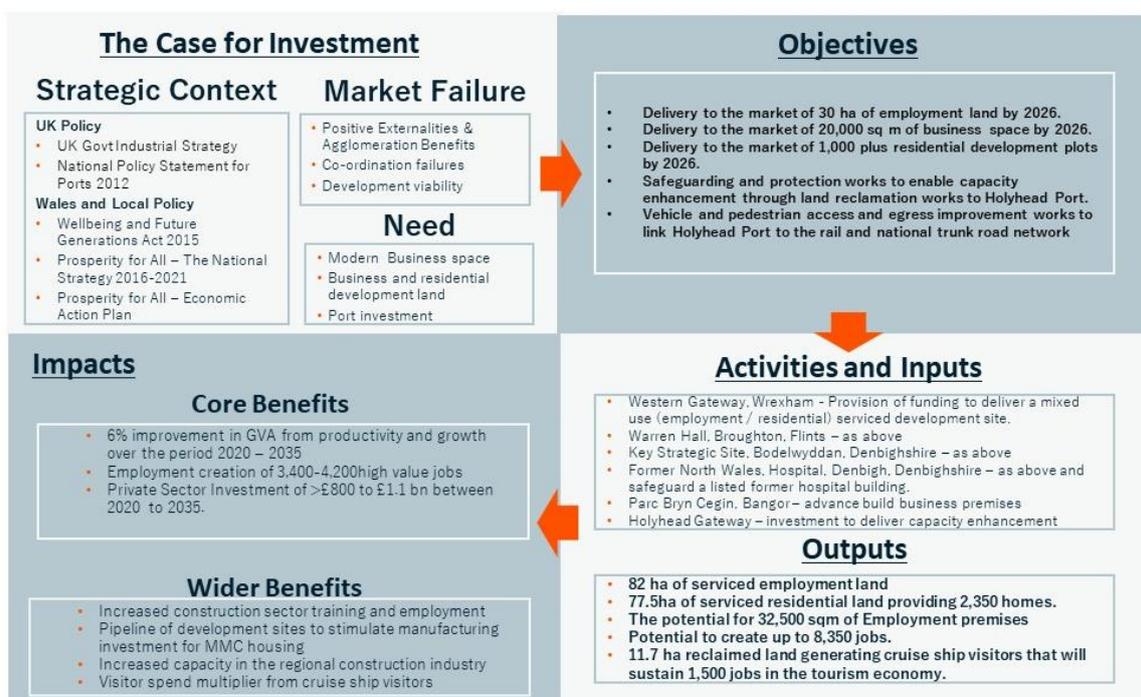


Figure 1 Source: Hatch

## Strategic Context

- vi. The North Wales Economic Ambition Board was established in 2012 and covers the six Local Authority administrative areas of the region of North Wales and University of Bangor, Glyndwr University, Coleg Cambria. The private sector has also shaped the deal through the North Wales Mersey Dee Business Council and the Business Delivery Group.
- vii. The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales. Building on our strengths to boost productivity and tackling long term challenges and economic barriers to deliver inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Future Generations Act.
- viii. The Growth Deal builds on the Growth Vision for North Wales, adopted in 2016:

*“a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.”*

- ix. The Growth Deal aligns closely with the priorities of the UK and Welsh Governments in relation to economic development. There is particularly strong alignment with the UK Government’s **Industrial Strategy**, the Welsh Government’s **Economic Action Plan, the Well-being of Future Generations Act, and its cross-cutting themes**. Sustainability is at the core of the Growth Deal, and the investments will contribute towards Wales carbon emissions reduction targets.

## The Case for Change

### Spending Objectives

- x. The Land and Property Programme is one of the two enablers supporting the delivery of the High Growth Sectors to maximise the economic benefit of the Growth deal.

<b>Spending Objective 1</b> Job Creation	To create between 1,870 and 2,280 new jobs in North Wales through the programme by 2036
<b>Spending Objective 2</b> GVA	To create net additional GVA of £1.06bn and £1.29bn through the programme by 2036
<b>Spending Objective 3</b> Investment	To deliver a total investment of between £320m and £390m through the programme by 2036
<b>Spending Objective 4</b> Employment Sites and Premises	To deliver 30 ha land and 20,000 sq. m of employment I premises between 2021 and 2026
<b>Spending Objective 5</b> Residential Sites	To deliver 1,000 plus residential development plots between 2021 and 2026.

---

**Spending Objective 6**  
Holyhead Gateway

---

Land reclamation, safeguarding and life extension works to the breakwater, access improvements and port capacity enhancements

---

## Existing Arrangements

- xi. Since the mid 2000's, the public sector adopted a more relaxed approach to intervening in the property market. The combination of this policy stance and the consequences of the property Crash of 2008/9 has resulted in limited development of employment sites or the delivery of new premises in most parts of North Wales in the last decade. This has created constraints in the property market being able to meet the needs of businesses to grow and expand. The residential market has also shown a consistent trend to under-supply new build homes for the last 10 years with the result that housing need is has increased over the same period.
- xii. The Holyhead Gateway is a series of works proposed in the Port of Holyhead to improve access, undertake capacity enhancements and safeguarding works to the harbour. The current port operator/owner is unable to fund the capital required to create the investment required to address the needs of the Port.

## Business Needs

- xiii. The need of the commercial property market is the capability to deliver stalled development sites and new business premises cost effectively. Overcoming the barriers that prevent these stalled sites from moving to the development phase is the broad strategic thrust of the sites and premises workstream.
- xiv. The private and public residential house building sector requires certainty on risk on development sites in order that they can deliver new housing. By addressing the barriers that are preventing these sites from being developed and providing a pipeline of serviced development sites; it is intended to create the environment to allow the construction industry to invest in building capacity and creating employment.
- xv. Freight traffic through the port of Holyhead has grown by 43% between 2013 and 2018 with passenger ferry levels broadly stable. The port's operational need is to enhance capacity for both freight and passenger traffic, and, given the increase in cruise ship visiting the harbour and the potential for larger vessels, increased berthing facilities. The safeguarding and access improvement works are additional areas that need investment to complement and protect the proposed capacity enhancements.

## Potential Scope

- xvi. As one of the enabling programmes within the Growth Deal, the strategic aim of the Programme is to overcome barriers to investment by undertaking interventions across North Wales to de-risk development and create certainty in the market to encourage investment.

## Benefits

- xvii. The Programme will deliver a number of direct and indirect benefits for the North Wales economy. These strategic benefits include the following:
- Delivering serviced employment land and advance premises at strategic locations across the region facilitating business expansion and growth increasing prosperity, improving productivity, stimulating inward investment and creating new jobs.
  - Delivering increased numbers of residential development land to improve housing delivery and grow capacity in the construction sector, creating and strengthening regional supply chains and high value employment.
  - A more skilled workforce within the region – through supporting skills and training initiatives linked to major projects.
  - Improvements in standards of living across the region by inclusive growth that provides opportunities and reduces poverty, inequality and deprivation.

## Main Risks

- xviii. There are a number of key risks to the successful delivery of the Growth Deal Portfolio including having sufficient resources; delivery capacity; cost certainty; Covid 19 driven change; Brexit; private and public sector investment and political change. There are also specific risks for the programme such as uncertainty on the impact of the pandemic on property demand and future use, infrastructure constraints, consenting requirements and supply chain capacity. The approach to managing these risks is considered in the Management Case.

## Constraints and Dependencies

- xix. Notable constraints on the delivery of the Programme include the total funding package of £240m, the 15-year term of the Growth Deal, the requirement for capital funding only, state aid and procurement compliance, consenting requirements and capacity within industry. The Growth Deal is dependent on securing the final deal, and on the successful engagement and collaboration with the private and public sectors. The Sites and Premises Projects are geographically dispersed and can be delivered independently of each other.

# The Economic Case

## Critical Success Factors and Options Assessment

The six projects included within the Land and Property programme are summarised in Table 2 below.

Project	Summary Description	Outputs & Benefits	Cost/ Ask
<b>Western Gateway, Wrexham</b>  <b>Lead: Wrexham CBC and NWEAB</b>	Provision of primary services and highway improvements to a development site adjacent to Wrexham Tech Park to enable the private sector to invest	5 ha of development land capable of sustaining circa 8,000 sq. m of commercial/business accommodation.  Serviced land for 48 new homes  545 FTE new jobs  £32.4m direct and indirect private sector investment.	Growth Deal Ask £9.1m Total investment £32.4m
<b>Warren Hall, Broughton, Flintshire</b>  <b>Lead: Welsh Government and NWEAB</b>	Provision of primary services to a 65-ha mixed development site close to the A55 Junction 36. This will provide a large serviced development site removing risk and providing cost certainty in the market	22.7 ha of employment/business land capable of accommodating up to 10,000 sq. m of employment space.  8.1 ha of residential development land to deliver 300 new low carbon homes  1.3 Ha local centre  675 FTE new jobs  £55m direct private sector investment	Growth Deal ask £15m Total Investment £70m

<b>Key Strategic Site, Bodelwyddan</b>	137 ha mixed use greenfield development site close to Junction close to Junctions 25 and 26 of the A55. The proposed development scheme would provide 26 ha of employment land and land for 1,715 residential plots. A local centre, a primary school, medical centre, leisure and recreational facilities will also be provided.	26 ha of serviced employment land capable of sustaining 9,500 sq m of business accommodation.  Circa 60 ha of residential development land capable of sustaining 1,715 homes.  376 FTE new jobs  £72m of direct private sector investment in Phase 1. £185m over the full scope of the development.	Growth Deal Ask £10m Total investment £82m
<b>Lead: NWEAB and a private sector developer</b>			
<b>Former North Wales Hospital, Denbigh, Denbighshire</b>	A former Victorian hospital site comprising a number of Grade 2* Listed buildings. The proposed development has a development partner selected by the Council	Refurbished Grade 2* Listed Building converted into 32 apartments  300 new homes on circa 10 ha on brownfield land.  1,100 sq. m of commercial and business accommodation  74 FTE new jobs  £70m of direct private sector investment.	Growth Deal Ask £4m. Total Investment £4m
<b>Lead: Jones Bros Ltd and Denbighshire County Council.</b>			
<b>Parc Bryn Cegin, Bangor, Gwynedd Lead: Welsh Government and NWEAB</b>	The provision of advance employment/business accommodation on a partially serviced business park with 17 ha net development land on the outskirts of Bangor close to Junction 11 of the A55.	3,000 sq. m of advance new business accommodation  71 FTE new jobs  Private sector investment to be confirmed.	Growth Deal Ask £6m. Total Investment £6m

<b>Holyhead Gateway</b>  <b>Lead: Stena Line and Welsh Government</b>	Safeguarding and life extension works to the Listed breakwater to protect the Harbour	11.7 ha land reclaimed from the seabed for new hardstanding and wharfage and the capacity for freight trans-shipment.	Growth Deal Ask £35m Total Investment £45m
	Land reclamation on two parts of the seabed of the inner harbour extending to 11.7 ha.	Capacity to accommodate large freight and cruise ships	
	Creation of a multi – purpose berth to accommodate cruise and freight ships of up to 370m.	£45m of direct private sector investment.	
	Highway improvements to link the port to the A55.	50 plus cruise ship visits with 39,000 visitors (and 18,000 crew visits).  1,250 direct new FTE jobs.	
	Pedestrian improvements linking the railway station to the ferry passenger terminal.	Indirect spend from cruise ship visits into the local visitor economy.	

xx. To demonstrate the strategic rationale for the Preferred Option, it was assessed against three alternative options: do nothing, a scaled down programme’ and, a scaled-up programme. Each option was scored based on how well it delivered against the programme spending objectives and five ‘Critical Success Factors’ (Strategic Fit, Value for Money, Commercial Sustainability, Deliverability and Partnership Support and Commitment). The Preferred Option is the only option which is effective across all Objectives and Critical Success Factors.

xxi. Each of the constituent projects within the Land and Property programme will develop a project-level options assessment within its business case.

## Economic Appraisal

xxii. The Land and Property Programme is expected to deliver between 1,870 and 2,280 net additional FTE jobs for North Wales, with a NPSV of £570m. Based on all public sector funding for the Growth Deal, it will deliver a **benefit-cost ratio (BCR) of 7.9:1, that is £7.9** will be created in terms of the core economic benefits for every £1 of public funding provided HM Treasury Guidance states that this represents ‘Very Good Value for Money.

xxiii. In interpreting these figures, it is important to note that there are a range of benefits that cannot be quantified or monetised in a robust fashion but are still a significant consideration in the value for money case for the programmes. These include:

- Real time property solutions for business investment
- Supply chain and investment multiplier through a pipeline of projects
- Reducing Housing Needs.
- Community cohesion and retention of young people.
- Boost to regional visitor economy through increased visits

xxiv. There are a number of risks in generating the scale of economic benefits estimated, and the value for money assessment has been subjected to sensitivity testing at the programme level. The BCRs remain robust in the face of these tests.

xxv. A summary of the key findings from the economic appraisal of the Programme is provided in Table 3 below.

<b>Table 3 - Land and Property Programme Appraisal Summary Table</b>	
<b>Net Present Social Value (£m) (including Optimism Bias)</b>	£641 – £783 (£643 – £786)
<b>Public sector cost (£m, undiscounted, excluding optimism bias)</b>	£81 (£79)
<b>Appropriate Benefits Cost Ratio</b>	7.8 – 9.6 (8.0 – 9.8)
<b>Significant unmonetizable costs/benefits and unquantifiable factors</b>	Land value uplift Reduced CO2 Transport benefits Social/wellbeing benefits
<b>Risk costs by type and residual optimism bias</b>	TBC
<b>Switching values (for the preferred option only)</b>	TBC
<b>Time horizon and reason</b>	15 Year appraisal period used

## The Commercial Case

### Commercial Strategy

xxvi. The NWEAB is committed to maximising the economic impact and value for money of the North Wales Growth Deal. The Board also recognises the potential to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities.

### Procurement Strategy

xxvii. Our procurement strategy responds to Welsh policy and procedures. All Growth Deal procurement activity will be underpinned by a guiding set of principles, which are summarised below in Table 4.

<b>Table 4 Procurement policy and principles</b>	
Policy drivers	<ul style="list-style-type: none"> <li>• North Wales Growth Vision</li> </ul>

	<ul style="list-style-type: none"> <li>• Wellbeing of Future Generations Act</li> <li>• Public Contract Regulations 2015</li> <li>• Welsh Public Procurement Policy Statement</li> <li>• Welsh Government Code of Practice Ethical Employment in supply chains Government Commercial Operating Standards</li> </ul>
Procurement Principles	<ul style="list-style-type: none"> <li>• Regional leadership</li> <li>• Developing the regional economy by including local and regional economic considerations in contract opportunities, and improving access to SMEs</li> <li>• Promoting the use of local suppliers and local supply chains where possible</li> <li>• Maximising skills and employability opportunities through contract opportunities</li> <li>• Supporting community development through community wealth building and inclusion of cultural and Welsh language considerations in contracts</li> <li>• Supporting environmental sustainability by including environmental considerations in contract opportunities and minimising carbon footprint of projects where possible</li> <li>• Ensuring effective spending and value for money via regional collaboration; effective performance, risk, contract and fraud management arrangements</li> </ul>

xxviii. Procurement activity will be the responsibility of the Lead Partner for each project. For regional projects, this responsibility will sit with the PMO

## The Financial Case

### Capital & Revenue Requirements

xxix. The Land and Property Programme is based on the delivery of six projects with a total capital expenditure of £355.4m, of which £79.1m million is derived from the Growth Deal with the remainder provided by public and private sector partners.

xxx. The capital expenditure requirements are provided in the financial case, based on the latest available project business cases and aggregated up to provide the programme estimates. The estimated capital requirements for the Land and Property Programme are set out in Table 5 below:

Table 5 Land and Property Programme Capital Requirements						
Project		Lead Partner	Growth Deal (£m)	Other Public (£)	Private (£)	Total (£m)
<b>Land and Property Programme</b>						
Holyhead Gateway		Stena Line	35.0	0	45.0	<b>80.0</b>
Land and Property	Western Gateway, Wrexham	NWEAB/WCBC	9.1	1.9	32.4	<b>43.4</b>
	Warren Hall, Broughton	WG / NWEAB	15.0	0	55.0	<b>70.0</b>
	KSS, Bodelwyddan	NWEAB	10.0	0	72.0	<b>82.0</b>
	FNWH, Denbigh	NWEAB/Jones Bros/DCC	4.0	0	70	<b>74.0</b>
	Parc Bryn Cegin, Bangor	WG/NWEAB	6.0	0	0	<b>6.0</b>
<b>PROGRAMME TOTAL</b>			<b>79.1</b>	<b>1.9</b>	<b>274.43</b>	<b>355.4</b>

## Project Maturity

xxxi. The five projects within the programme are currently at different levels of maturity as shown by the table below:

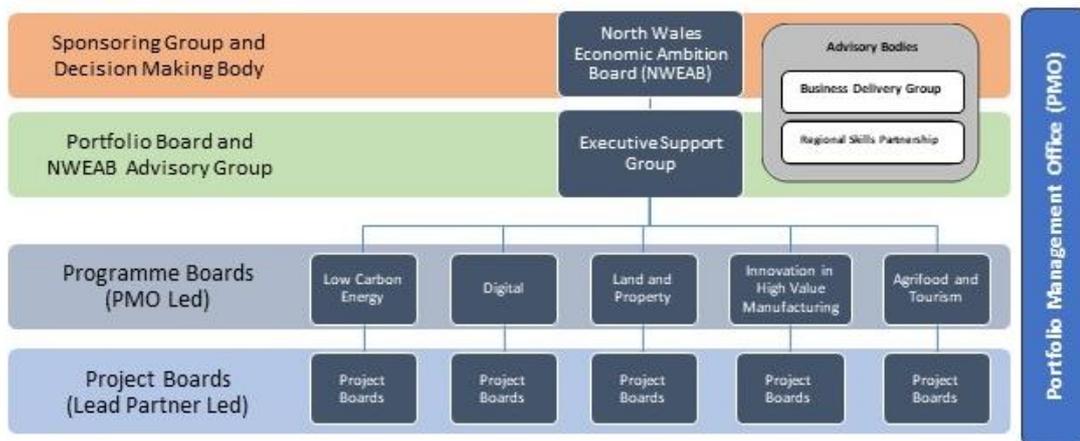
Project	Business Case Stage	Summary
Western Gateway, Wrexham	SOC	The Project is ready to progress to the OBC stage.
Warren Hall, Broughton	SOC	The Project is subject to the agreement of the Collaboration Agreement and a site-specific joint venture agreement with Welsh Government, at present the Project is waiting the Flintshire LDP in 2021.
KSS, Bodelwyddan	SOC	The project is subject to a deadline to maintain the existing outline planning consent. Subject to completing a formal agreement with the other parties then the Project is ready to progress to the development of an OBC.
FNWH, Denbigh	SOC	Project will move to towards the development of an OBC subject to the grant of planning consent, state aid clarification and agreement on funding between the parties.
Parc Bryn Cegin, Bangor	SOC	The Project is subject to the agreement of the Collaboration Agreement and a site-specific joint venture agreement with Welsh Government. Subject to the agreement of the Collaboration Agreement the project will then move towards the development of the JV Agreement and OBC
Holyhead Gateway	Project Review	The project scope is to be reviewed to assess the economic and societal impact of the Port of Holyhead on the regional. Welsh, UK and RoI in light of the proposed investment into the port given the indicative increase in costs.

\* Project business cases are developed in three stages – Strategic Outline Case (SOC), Outline Business Case (OBC), Full Business Case (FBC).

# Management Case

## North Wales Growth Deal Delivery Structure

xxxii. Figure 2 below sets out the delivery structure for the Growth Deal building on the existing structures put in place by the EAB’s Governance Agreement. Details on these roles are set out in the management case.



Source: NWEAB Figure 2

xxxiii. **Programme Boards** - Each programme will have a formal Board and an appointed Senior Responsible Owner (SRO). These Boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director.

xxxiv. **Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects. Each programme is assigned a Programme Manager from within the PMO. The Land and Programme Manager is David Mathews.

## Project Business Cases

xxxv. The North Wales Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, the five Case Model project business cases can be brought forward for the NWEAB to consider.

## Risk Management

xxxvi. The Board has an adopted Risk Framework for the delivery of the North Wales Growth Deal. The approach to risk management is outlined in the Growth Deal Risk and Issues Management

Strategy and User Guide. The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature.

## **Timeline and Milestones**

xxxvii. The NWEAB is seeking approval of the North Wales Growth Deal in December 2020 with the signing of the Final Deal. Following Final Deal, project business cases will be brought forward for the NWEAB to consider from early 2021 onwards.

## **Monitoring, Evaluation and Feedback**

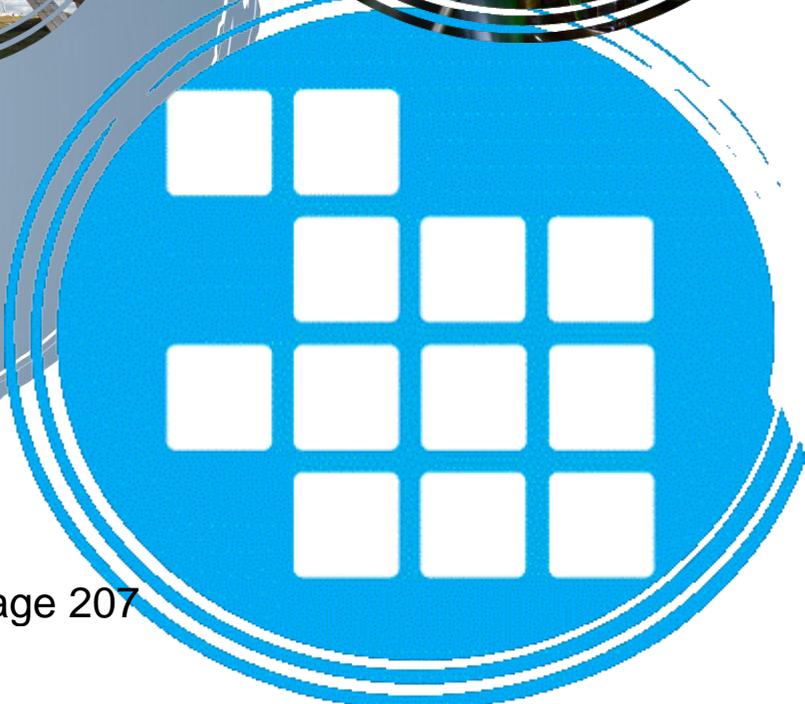
xxxviii. Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board. A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal and will be agreed with UK and Welsh Government as part of the Final Deal.

## **Assurance**

xxxix. The PMO worked with the Welsh Government Assurance Hub to develop an Integrated Assurance and Approval Plan (IAAP) that sets out the assurance activities that will be undertaken at portfolio, programme and project level for the North Wales Growth Deal.

xl. As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The North Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. The IAAP will be agreed with UK and Welsh Government as part of the Final Deal.

# Executive Overview Innovation in High Value Manufacturing Programme



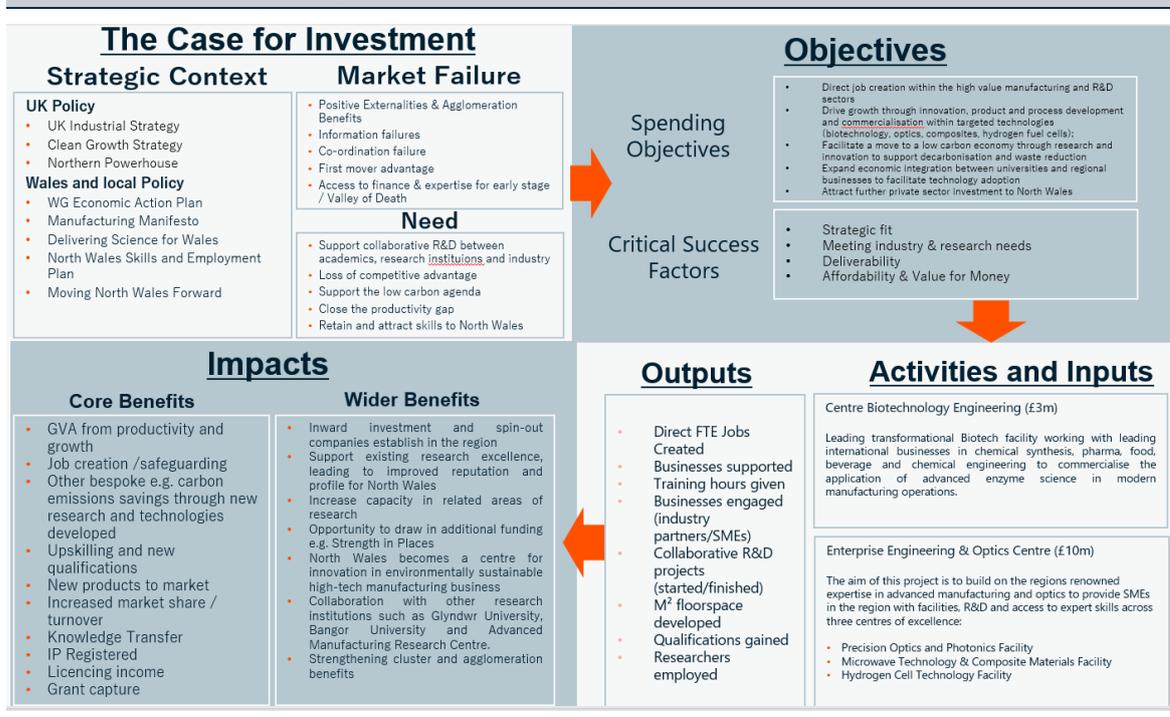
# Executive Overview

- i. The purpose of the business case is to demonstrate the optimal choice of projects for the delivery of the Innovation in High Value Manufacturing Programme, which is part of the North Wales Growth Deal. The North Wales Growth Deal is seeking to deliver a total investment of up to £1.1 billion in the North Wales economy (£240 million from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- ii. The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity, while tackling long-term challenges and economic barriers to deliver inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Future Generations Act.
- iii. The aim of the Innovation in High Value Manufacturing Programme is to consolidate North Wales' position as a powerful and innovative high value manufacturing cluster, building on existing specialisms and leading expertise to create a higher value, more diverse economic base that supports the transition to a low carbon economy.
- iv. The business case is intended to inform the Final Deal Agreement, which follows the Heads of Terms agreement with the Welsh and UK Governments in 2019.

## The Strategic Case

A summary of the logic model for the Innovation in High Value Manufacturing is set out below.

Figure 1.1 Innovation in High Value Manufacturing



Source: Hatch

## Strategic Context

- v. The North Wales Economic Ambition Board was established in 2012 and covers the six Local Authority administrative areas of the region of North Wales and University of Bangor, Glyndwr University, Coleg Cambria. The private sector has also shaped the deal through the North Wales Mersey Dee Business Council and the Business Delivery Group.
- vi. The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales. Building on our strengths to boost productivity and tackling long term challenges and economic barriers to deliver inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Future Generations Act.
- vii. The Growth Deal builds on the Growth Vision for North Wales, adopted in 2016:

*“a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.”*

- viii. The Growth Deal also aligns closely with the priorities of the UK and Welsh Governments in relation to economic development. There is particularly strong alignment with the UK Government’s **Industrial Strategy**, the Welsh Government’s **Economic Action Plan, the Well-being of Future Generations Act, and its cross-cutting themes**. Sustainability is at the core of the Growth Deal, and the investments will contribute towards Wales’ carbon emissions reduction targets.

## The Case for Change

### Spending Objectives

- ix. The Innovation in High Value Manufacturing programme Spending Objectives are as follows.

<b>Spending Objective 1</b> Job Creation	To create between 145 -180 new jobs in North Wales through the programme by 2036
<b>Spending Objective 2</b> GVA	To create net additional GVA of £94m - £114m through the programme by 2036
<b>Spending Objective 3</b> Investment	To deliver a total investment of £36 - 43m between through the programme by 2036
<b>Spending Objective 4</b> Facilitate a move to a low carbon economy through research and innovation to support decarbonisation and waste reduction	Work in collaboration with 55 UK and international industry partners or SMEs to help develop low carbon technologies or waste reduction (TRL <sup>1</sup> 1-5)
<b>Spending Objective 5</b> Expand economic integration between regional universities and regional businesses to facilitate technology adoption	To support and facilitate three collaborative R&D projects per annum to develop and new technologies (TRL 1-5)
<b>Spending Objective 6</b>	Provide training and upskilling to 100 people/businesses in the targeted

<sup>1</sup> Technology Readiness Level (TRL)

Encourage skills development and knowledge transfer	technologies (biotechnology, optics, composites, hydrogen fuel cells) over the first 5 years
<b>Spending Objective 7</b> Drive growth through product / process development and commercialisation within targeted technologies (biotechnology, optics, composites, hydrogen fuel cells)	Number of enterprises supported to take new products using targeted technologies from the laboratory to the market/firm (TRL 6-9). Targets to be agreed during Project Business Case development.

## Existing Arrangements

- x. North Wales is a major manufacturing and engineering location with considerable strengths in the aerospace, automotive, food, paper, electronics and green energy sectors employing 36,000 people in North Wales. <sup>2</sup> Deeside, for example, has one of the largest concentrations of aerospace manufacturing companies in the UK<sup>3</sup>.
- xi. North Wales hosts a number of industry-recognised research and innovation hubs linked to the High Value Manufacturing sector applying leading edge technical knowledge and expertise to the creation of products, production and processes and associated services, including:
- Wrexham Glyndwr University with recognised specialisms in optics (St. Asaph Campus), hydrogen cell technology, microwave technology and composite materials;
  - Advanced Manufacturing Research Centre (AMRC) Cymru which specialises in automation, Design for X, digitalisation, and product and process verification, in addition to developing the 'Wing of Tomorrow' with Airbus.
- xii. The Innovation in High Value Manufacturing Programme will capitalise on this strong network of anchor companies with international profiles and world leading expertise to develop a powerful high value manufacturing cluster – one which will be highly competitive on the global stage. Strengthening this sector in the region will significantly improve productivity and contribute significantly to sustainable economic growth.

## Business Needs

- xiii. **Leading decarbonisation:** Business rewards for innovation supporting the shift to a low carbon economy are substantial, with UK 'green-collar' jobs expected to grow to 2 million and the value of exports from the low carbon economy to grow to £170 billion a year by 2030. The programme provides opportunities to further develop and commercialise cutting-edge technology that will support Wales, the UK's and global decarbonisation efforts.
- xiv. **Supporting innovation and R&D:** lack of facilities and technical support is holding back the potential of the sector, with individual businesses unable to access the skills and expertise to innovate and improve productivity via efficiency savings. Commercial developers are unwilling to take the risk to develop new start-up, R&D and training premises, especially when there is

<sup>2</sup> North Wales Regional Skills Partnership

<sup>3</sup> Including Airbus, Gooch & Housego (Kent Periscopes), QinetiQ, Unimaq, Qioptic, Brother Industries, BAE, Wholebake foods, MDBA Systems, KK Fine Foods, Coveris, LoS, Cytec/Solvay, UPS2, DRB, Meadowvale foods

additional cost (i.e. specialist design or facilities) and often operating models that do not fit typical investment models. The programme is also supportive of the UK Government R&D Road Map, which identifies research and development as critical to economic and social recovery from the impacts of COVID-19.

- xv. **Improving productivity in North Wales:** In 2018, Wales noted the lowest productivity levels among the UK's 12 regions and countries (as per the NUTS1 classification). Output per hour (preferred ONS measure) was 17.2% below the UK average, whilst output per job was 18.2% below the UK average. Output per hour contracted by 1% in Wales relative to last year, which is the third lowest rate among UK regions and countries (ONS, 2020). Research by Cambridge University in 2014 found that HVM sectors contributed £275 billion (in GVA) to the UK economy and are acknowledged as highly productive sectors. It is estimated that AMRC Cymru could increase GVA to the Welsh economy by as much as £4billion<sup>4</sup> over the next 20 years, which equates to £200 million in GVA per year. Demonstrating that supporting business with R&D and access to technologies has the potential highly productive.
- xvi. **Acting as a catalyst for supply chain integration:** A progressive depletion or 'hollowing out' of the Welsh and UK-based supply chain over recent decades represents a long-term threat to production and manufacturing capability and its future prosperity. Given the key role of SMEs in the supply chain, the need to actively re-build and sustain SMEs is a major structural challenge for the economy. The Innovation in High Value Manufacturing programme can help to develop resilient regional and national supply chains for the products of the future and supporting reshoring of key current supply chains by providing the technological efficiencies that make domestic production globally competitive.
- xvii. **Supporting good quality jobs with high level skills:** This provision of renowned centres of excellence in High Value Manufacturing will be a key driver in bringing the latest skills to the North Wales region. The programme will not only directly support high value and highly skilled jobs through the research facilities, it will also help indirectly support highly skilled jobs among regional businesses who are adopting innovative practices and technologies. This will help North Wales retain skills and graduates whilst providing local young people with future high value and skilled employment.

## Potential Scope

- xviii. The strategic aim of the programme is to consolidate North Wales' position as a powerful and innovative high value manufacturing cluster, building on existing specialisms and leading expertise to create a higher value, more diverse economic base that supports the transition to a low carbon economy.
- xix. The two projects in the Innovation in High Value Manufacturing Programme are: the Centre for Environmental Biotechnology (CEB) and the Enterprise Engineering & Optics Centre (EEOC), described below.

<sup>4</sup> Welsh Government, 2019; AMRC Cymru opens for business in North Wales; <https://gov.wales/amrc-cymru-opens-business-north-wales>

## Main Benefits

- xx. The Programme will lead to a number of direct and indirect benefits for the North Wales economy. Some of the main benefits associated with meeting the Programme's Spending Objectives are set out below:
- **Supporting innovation and R&D:** lack of facilities and technical support is holding back the potential of the sector, with individual businesses unable to access the skills and expertise to innovate and improve productivity via efficiency savings.
  - **Improving productivity in North Wales:** It is estimated that AMRC Cymru could increase GVA to the Welsh economy by as much as £4billion<sup>4</sup> over the next 20 years, which equates to £200million in GVA per year. Demonstrating that supporting business with R&D and access to technologies has the potential to be highly productive.
  - **Acting as a catalyst for supply chain integration:** The Innovation in High Value Manufacturing programme can help to develop resilient regional and national supply chains for the products of the future and support reshoring of current supply chains by providing technological efficiencies that make domestic production globally competitive.
  - **Supporting good quality jobs with high level skills:** This provision of renowned centres of excellence in High Value Manufacturing, will be a key driver in both bringing and retaining the sought-after skills to the North Wales region.

## Main Risks

- xxi. Key risks to the successful delivery of the programme include resources, delivery, cost, COVID-19, Brexit, climate-related risk; private and public sector investment, end user company involvement and political change. However, there are also some specific risks such as lack or breakdown of collaboration, failure to recruit skills, loss of research leadership and regulatory change that are applicable to the programme. The approach to managing these risks is considered in the Management Case

## Constraints and Dependencies

- xxii. Notable constraints on the delivery of the Growth Deal include the total funding package of £240million, the 15-year term of the Growth Deal, the requirement for solely capital funding and State Aid considerations. The Growth Deal is dependent on securing the final deal, and on the engagement and collaboration with the private and public sectors. Projects within the Programme may also be dependent upon supportive government policy that establishes support mechanisms and routes to market for the range of emerging technologies described.

## The Economic Case

---

### Critical Success Factors and Options Assessment

- xxiii. The two projects that comprise the Preferred Option for the Innovation in High Value Manufacturing programme are summarised below. The projects were designed and developed through partnership working and co-production among the public, higher education and the private sectors in the region.

Project	Summary Description	Outputs	Costs / Ask
<p><b>Project 1: Centre for Environmental Biotechnology (CEB)</b> Led by Bangor University</p>	<p>The CEB will be a world-leading centre in the discovery and characterisation of novel extremophilic enzymes of industrial relevance. The CEB will provide a strong foundation for attracting world-leading researchers, significant public and commercial research funding, and inward investment to Wales, building on an initial £5million ERDF investment into research capacity. The CEB also aims to draw companies in the biocatalysis sector to North Wales to take advantage of clustering and agglomeration benefits the regions offers due to its well-established specialism in bioengineering.</p> <p>Building on the successful model adopted by the University's Biocomposites Centre, the CEB project will also help drive new collaborations with industrial partners and other research institutions in innovative research areas, which will be supported by significant new investments by Bangor University. These investments will help build further capacity and infrastructure, to undertake innovative research, and provide innovators and businesses an environment where research innovations can be developed into diverse products, services, spinouts and start-ups, by reducing the development timeframe between research and commercially viable solutions.</p>	<ul style="list-style-type: none"> <li>• Grant capture</li> <li>• New enterprises collaborating per annum</li> <li>• New researchers employed</li> </ul>	<ul style="list-style-type: none"> <li>• Growth Deal Ask £3m</li> <li>• Total infrastructure cost £9.6m</li> </ul>
<p><b>Project 2: Enterprise Engineering &amp; Optics Centre (EEOC)</b> Led by: Wrexham Glyndwr University</p>	<p>The Enterprise Engineering and Optics Centre will provide facilities (in Wrexham and St. Asaph) targeted to boost high level skills development for the region and enable SME's and large businesses to work in partnership with Wrexham Glyndwr University on commercially driven research and development.</p> <p>The provision of new state-of-the-art equipment that has wide industrial, R&amp;D and educational application will support business in the region to deliver on the priority and growth sectors: High Value manufacturing, energy and environment,</p>	<ul style="list-style-type: none"> <li>• Accessed by businesses</li> <li>• Businesses co-located</li> <li>• Businesses partnerships brokered</li> <li>• Jobs created</li> <li>• private sector investment leveraged</li> <li>• GVA generated</li> </ul>	<ul style="list-style-type: none"> <li>• Growth Deal Ask £9.9m</li> <li>• Total infrastructure cost £29.8</li> </ul>

---

construction. Key initiatives within the planned Enterprise Engineering and Optics Centre include:

- Precision Optical systems (St. Asaph)
  - Photonics technologies and facilities development (St. Asaph);
  - Microwave Technology and Composite Materials (Wrexham), and;
  - Hydrogen Cell Technology (Wrexham).
- 

- xxiv. To demonstrate the strategic rationale for the Preferred Option, it was assessed against three alternative options: do nothing, a scaled down programme and a scaled up programme. Each option was scored based on how well it delivered against the programme spending objectives and five 'Critical Success Factors' (Strategic Fit, Value for Money, Commercial Sustainability, Deliverability and Partnership Support and Commitment). The Preferred Option is the only option which is effective across all Objectives and Critical Success Factors.
- xxv. Each of the constituent projects within the Innovation in High Value Manufacturing programme will develop a project-level options assessment within the project business case.

### Economic Appraisal

- xxvi. The Innovation in High Value Manufacturing programme is expected to deliver between **145 - 180 net additional FTE jobs** for North Wales, with a NPV of £51million - £63million. Based on all public sector funding for the Growth Deal, it will deliver a **benefit-cost ratio (BCR) of 1.3 – 1.6 (or 4.1 – 4.9 based on Growth Deal investment only)**.<sup>5</sup>
- xxvii. In interpreting these figures it is important to note that there are a range of benefits that cannot be quantified or monetised in a robust fashion, but are still a significant consideration in the value for money case for the programmes. These include:
- Attracting inward investment into high value sectors
  - Key sector development and competitiveness
  - Enhanced research and innovation capacity
  - Retention of young people
  - Rural sustainability.
- xxviii. There are a number of risks to generating the scale of economic benefits estimated, and the value for money assessment has been subjected to sensitivity testing at the programme level. The BCRs remain robust in the face of these tests.
- xxix. A summary of the key findings from the economic appraisal of the Innovation in High Value Manufacturing programme is provided below.

<sup>5</sup> Note this includes an assessment of optimism bias in capital costs.

Table 1.2 Appraisal Summary Table	
Innovation in High Value Manufacturing	
Net Present Social Value (£m) (including Optimism Bias)	£16 – £19 (£40 – £49)
Public sector cost (£m, undiscounted, excluding optimism bias)	£39 (£13)
Appropriate Benefits Cost Ratio	1.3 – 1.6 (4.0 – 4.8)
Significant unmonetizable costs/benefits and unquantifiable factors	Spin-outs / Knowledge transfer / IP/Licensing / Clustering / Retaining young people
Risk costs by type and residual optimism bias	24% optimism bias applied (upper bound of standard buildings from HM Treasury guidance)
Switching values (for the preferred option only)	77% reduction in job creation
Time horizon and reason	15-year appraisal period used. All infrastructure assets will have a residual value at this point

## The Commercial Case

### Commercial Strategy

- xxx. The NWEAB is committed to maximising the economic impact and value for money of the North Wales Growth Deal. The Board also recognises the potential to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities.

### Procurement Strategy

- xxxi. Our procurement strategy responds to Welsh policy and procedures. All Growth Deal procurement activity will be underpinned by a guiding set of principles, which are summarised below.

Procurement policy and principles	
Policy drivers	<ul style="list-style-type: none"> <li>• North Wales Growth Vision</li> <li>• Wellbeing of Future Generations Act</li> <li>• Public Contract Regulations 2015</li> <li>• Welsh Public Procurement Policy Statement</li> <li>• Welsh Government Code of Practice Ethical Employment in supply chains</li> <li>• Government Commercial Operating Standards</li> </ul>
Procurement Principles	<ul style="list-style-type: none"> <li>• Regional leadership</li> <li>• Developing the regional economy by including local and regional economic considerations in contract opportunities, and improving access to SMEs</li> <li>• Promoting the use of local suppliers and local supply chains where possible</li> <li>• Maximising skills and employability opportunities through contract opportunities</li> <li>• Supporting community development through community wealth building and inclusion of cultural and Welsh language considerations in contracts</li> <li>• Supporting environmental sustainability by including environmental considerations in contract opportunities and minimising carbon footprint of projects where possible</li> </ul>

	<ul style="list-style-type: none"> <li>Ensuring effective spending and value for money via regional collaboration; effective performance, risk, contract and fraud management arrangements</li> </ul>
--	---

xxxii. Procurement activity will be the responsibility of the Lead Partner for each project. For regional projects, this responsibility will sit with the Portfolio Management Office (PMO).

## The Financial Case

### Capital and Revenue Requirements

xxxiii. The Innovation in High Value Manufacturing programme is based on the delivery of two projects with a total capital expenditure of £39.375million, of which £12.9million is derived from the Growth Deal with the remainder provided by public and private sector partners.

xxxiv. The capital expenditure requirements are based on the latest available project business cases and aggregated up to provide the programme estimates.

Table 1.3 The capital expenditure requirements are based on the latest available project business cases and aggregated up to provide the programme estimates.

Project	Lead Partner	Growth Deal (£m)	Other Public (£m)	Private (£m)	Total (£m)
Centre of Environmental Biotechnology	Bangor University	3.0	6.6	-	9.6
Enterprise Engineering and Optics Centre	Glyndwr University	9.9	19.9	-	29.8
<b>Programme Total</b>		<b>12.9</b>	<b>26.5</b>	-	<b>39.4</b>

### Project Maturity

xxxv. The two projects within the programme are currently at different levels of maturity as shown by the table below. Both have benefitted from existing support through European Regional Development Fund (ERDF) to increase research capacity and industry engagement.

Table 1.4 Project Maturity

Project	Business Case Stage	Summary
Centre of Environmental Biotechnology	<b>SOC</b>	Project is ready to progress to the development of an OBC.
Enterprise Engineering & Optics Centre	<b>SOC</b>	Further work is required to demonstrate the complementarity to existing initiatives in North Wales before proceeding to OBC.

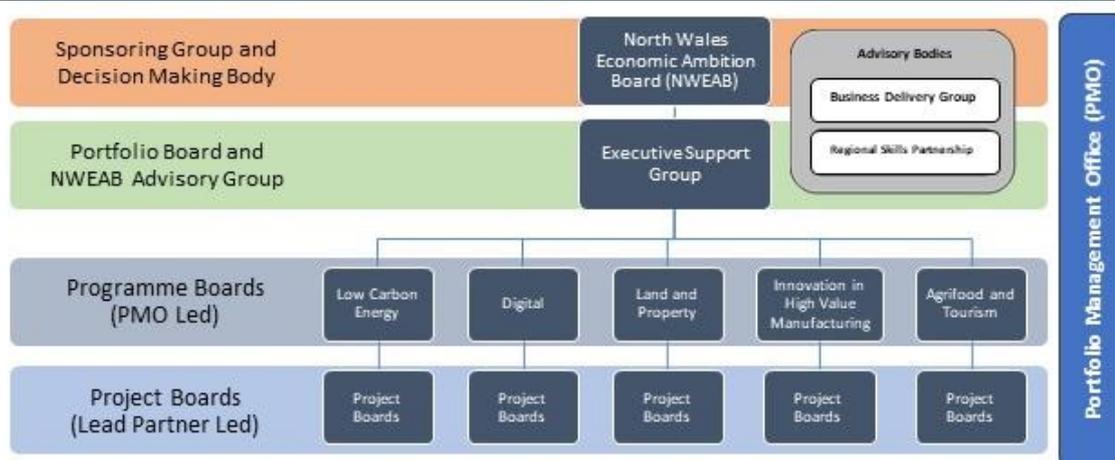
\* Project business cases are developed in three stages – Strategic Outline Case (SOC), Outline Business Case (OBC), Full Business Case (FBC).

## The Management Case

### North Wales Growth Deal Delivery Structure

- xxxvi. The diagram below sets the delivery structure for the Growth Deal building on the existing structures put in place by the NWEAB's Governance Agreement. Details on these roles are set out in the management case.

Figure 1.2 Growth Deal Delivery Structure



- xxxvii. **Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects. Each programme is assigned a Programme Manager from within the PMO. The Programme Manager for the Innovation in High Value Manufacturing Programme is Robyn Lovelock.
- xxxviii. **Programme Boards** - Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director. The Innovation in High Value Manufacturing Programme Deputy SRO is Paul Bevan – Executive Director – Commercial Development at Grwp Llandrillo-Menai.

### Project Business Cases

- xxxix. The North Wales Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, full 5 Case Model project business cases can be brought forward for the NWEAB to consider.

### Risk Management

- xl. The NWEAB has an adopted Risk Framework for the delivery of the North Wales Growth Deal. The approach to risk management is outlined in the Growth Deal Risk and Issues Management Strategy and User Guide. The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature.

## **Timeline and Milestones**

- xli. The NWEAB is seeking approval of the North Wales Growth Deal in December 2020 with the signing of the Final Deal. Following Final Deal, project business cases will be brought forward for the NWEAB to consider from January 2021 onwards.

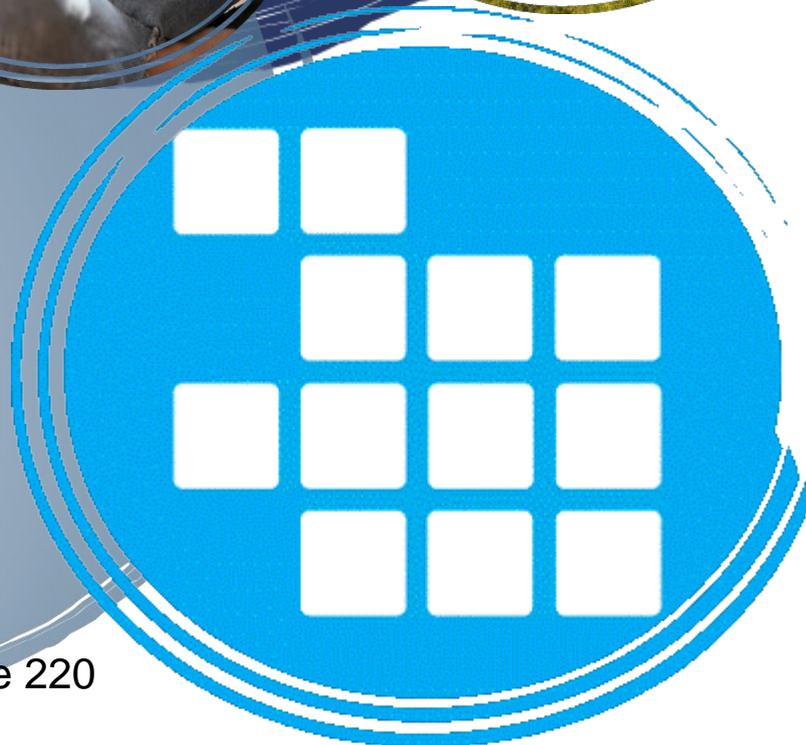
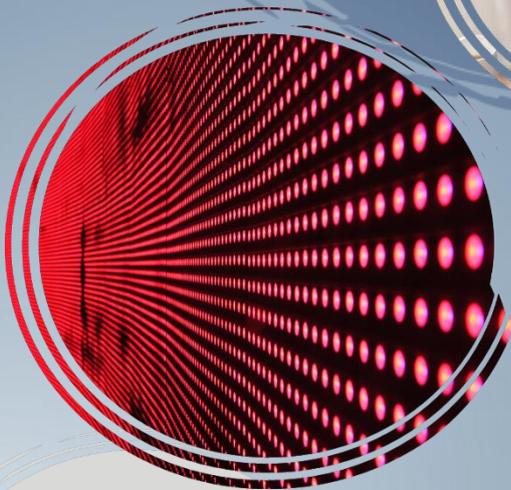
## **Monitoring, Evaluation and Feedback**

- xlii. Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board. A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal and will be agreed with UK and Welsh Government as part of the Final Deal.

## **Assurance**

- xlili. The PMO worked with the Welsh Government Assurance Hub to develop an Integrated Assurance and Approval Plan (IAAP) that sets out the assurance activities that will be undertaken at portfolio, programme and project level for the North Wales Growth Deal.
- xliv. As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The North Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. The IAAP will be agreed with UK and Welsh Government as part of the Final Deal.

# Executive Overview Digital Programme



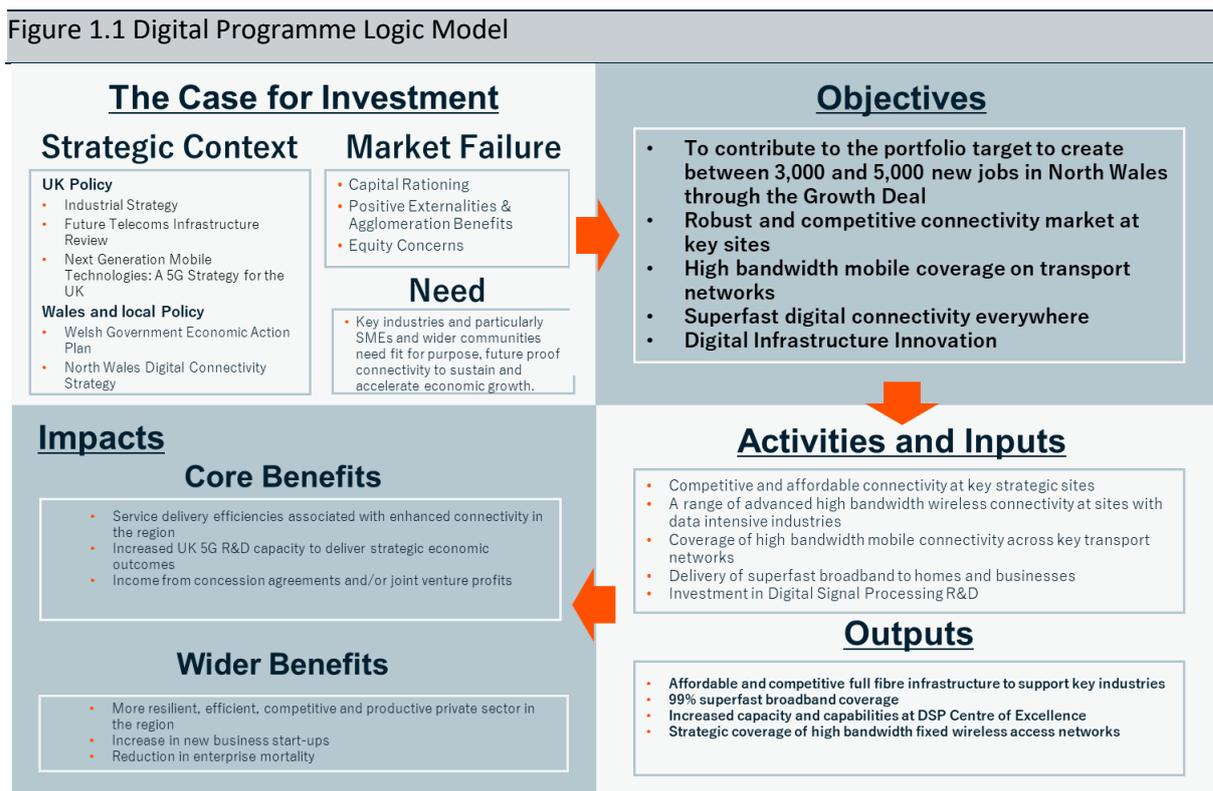
**HATCH**

# Executive Overview

- i. The purpose of this programme business case is to demonstrate the optimal choice of projects for the delivery of the Digital Programme. The business case follows the structure of the Five Case Model and HM Treasury Green Book principles. It is structured into five cases – strategic, economic, commercial, financial and management.
- ii. North Wales Growth Deal which is seeking to deliver a total investment of up to £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- iii. The purpose of the Digital Programme is to address spending objectives associated with improving connectivity at strategic locations and industries to enable economic growth in the immediate and long term and to support research into the advanced connectivity technologies of the future.
- iv. The business case is intended to inform the Final Deal Agreement, which follows the Heads of Terms agreement with the Welsh and UK Governments in 2019.

## The Strategic Case

A summary of the logic model for the Programme is set out below



## Strategic Context

- v. The NWEAB was established in 2012 and covers the six Local Authority administrative areas of the region of North Wales and University of Bangor, Glyndwr University, Coleg Cambria. The private sector has also shaped the deal through the North Wales Mersey Dee Business Council and the Business Delivery Group.

vi. The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales. Building on our strengths to boost productivity and tackling long term challenges and economic barriers to deliver inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Future Generations Act.

vii. The Growth Deal builds on the Growth Vision for North Wales, adopted in 2016:

*“a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.”*

viii. The Growth Deal aligns closely with the priorities of the UK and Welsh Governments in relation to economic development. There is particularly strong alignment with the UK Government’s **Industrial Strategy**, the Welsh Government’s **Economic Action Plan**, the **Well-being of Future Generations Act**, and its cross-cutting themes.

ix. The Digital Programme further aligns with specific policies of UK and Welsh Governments including;

- Future Telecoms Infrastructure Review (2019, UK Government)
- Delivering a Digital Wales (2010, Welsh Government)
- Next Generation Mobile Technologies: A 5G Strategy for the UK (2017, UK Government)

x. The NWEAB has developed a strategy for North Wales, accounting for the industries and locations of greatest importance to the economy of the region, the North Wales Digital Connectivity Strategy (Appendix A).

## The Case for Change

### Spending Objectives

xi. The Digital Programme Spending Objectives are focussed on delivering infrastructure to support and enable economic growth:

<b>Spending Objective 1</b> Job Creation	To create between 315-380 new jobs in North Wales through the programme by 2036
<b>Spending Objective 2</b> GVA	To create net additional GVA of £130m - £158m through the programme by 2036
<b>Spending Objective 3</b> Investment	To deliver a total investment of between £37m and 46m through the programme by 2036
<b>Spending Objective 4</b> Robust and competitive connectivity market at key sites	To introduce robust and competitive connectivity market at 28 strategic key sites in step with or in advance of UK Government 2025 target for gigabit capability coverage.
<b>Spending Objective 5</b> High bandwidth mobile coverage on transport networks	To introduce high bandwidth mobile coverage on transport networks with deployment in step with or in advance of UK Government 2027 target for 5G coverage. Delivery of coverage across A55, A483 and A5.
<b>Spending Objective 6</b> Superfast digital connectivity everywhere	To ensure all inhabited premises in the region have Superfast broadband connectivity in the short term (by 2023) with gigabit upgrade capability built in as far as possible.

<b>Spending Objective 7</b> Digital infrastructure innovation	To ensure that the region is empowered to participate in innovation and commercialisation of new digital infrastructure technology to achieve and consolidate a long term role in a strategically important industry
--	--

## Existing Arrangements

- xii. The Digital Programme Spending Objectives consist principally of delivering improved coverage of high quality and affordable digital connectivity to premises in North Wales, at comparable or faster rates than the rest of the UK. Figures at the UK Parliamentary Constituency scale clearly show the prevalence of underperformance in the main broadband speed categories. Importantly, the trend in the improvement of coverage has been consistently behind that of the UK as a whole with few exceptions in the last 10 years with no indication that this trend will improve in the foreseeable future.
- xiii. The telecoms regulator Ofcom identifies a need for investment in the UK’s telecoms infrastructure to meet growing and future demand for ultrafast broadband. Ofcom states that future broadband networks should provide choice, value and quality and its approach to achieving that has been through encouraging competition between different networks. Most of North Wales has been assessed by Ofcom as non-competitive and as such the rates of deployment of the fastest broadband have been lower than where more than one network is investing to reach new customers.
- xiv. Beyond fibre or ‘fixed’ broadband, the emergence of mobile data as key enabler of economic growth presents North Wales with further challenges. While 4G coverage has increased significantly in recent years this has been slow to happen and now 5G is following a similar path, with cities and towns around the UK already attracting significant network investment. There is almost no 5G network coverage in the region (as of July 2020). The exception is a very small scale, single deployment by Vodafone near the centre of Llandudno, limited coverage by EE in and single small deployment at Kinmel Bay, both of which are expected to be commercial trial type investments.
- xv. In developing the technology of the future the scope and volume of research outputs currently possible at the Digital SP Centre is limited by scale and equipment. The wider Optical Communications Research Group in Bangor University has produced world-leading research in optical communications and DSP. Its members have published 450 papers in international leading journals and presented in numerous major international optical communications conferences. It has filed 8 patents and captured research grants totalling £6m and undertaken collaborative R&D projects with Fujitsu and BT.

## Business Needs

- xvi. **Robust and competitive connectivity market at key sites:** Investment to bring a full range of quality digital network connectivity to key commercial sites across the region is necessary to bridge the gap, which is in places widening annually. The need for this additional investment is strong in all parts of North Wales as even where rates of coverage appear to be strong, the rate at which these have been achieved does not appear to be sustainable and risks slowing considerably while other areas of the UK experience accelerating deployment. This principle

applied to all of the current relevant digital telecommunications technologies, including most recently the latest mobile data standard 5G.

- xvii. **High bandwidth mobile coverage on transport networks:** The need to service the A55 corridor and assets along it with seamless mobile connectivity, including the deployment of advanced 5G technologies, to unlock efficiencies and economic impacts along this key strategic corridor. This coverage will extend to service rail and road traffic and open up opportunities for wider mobile deployment, improving speeds but also the quality of mobile data access.
- xviii. **Superfast digital connectivity everywhere:** Ensuring superfast broadband connectivity to all homes and businesses is achieved, with a clear pathway to delivering Gigabit connectivity as a consequence of changes to government policy.
- xix. **Digital infrastructure innovation:** Demand from end users at key sites and across North Wales' base of entrepreneurs is considerable and engagement with this audience highlights an appetite to invest more in related research and innovation.

## Potential Scope

- xx. As one of the two '**Enabling sectors**' targeted within the Growth Deal, the strategic aim of the Programme is to **deliver affordable high quality connectivity to key sites, industries and communities and to establish a world class centre of excellence in developing the telecoms technology of the future.**
- xxi. The Programme consists of four projects: Full fibre at key sites, Connected Campuses, Connected Corridor, Connecting the Last Few % and Digital Signal Processing Centre.

## Benefits

- xxii. The programme will lead to a number of direct and indirect benefits that will not only span key growth sectors but the wider economy of North Wales. Some of the main benefits associated with meeting the Programme's Spending Objectives are set out below:
  - **Direct and indirect job creation:** particularly the digital sector and Big Data sectors.
  - **Public service delivery efficiencies:** associated with enhanced connectivity in the region, e.g. blue light service communications, fleet operations, teleworking, remote monitoring of assets etc.
  - **Private sector business productivity increases:** associated with greater adoption of technologies requiring greater bandwidth

## Risks

- xxiii. There are a number of key risks to the successful delivery of the Growth Deal Portfolio including resources; delivery; cost; COVID-19; Brexit; Private and public sector investment; and political change. However, there are also specific risks such as Government policy shifts, consenting requirements, grid connectivity challenges and supply chain capacity that are applicable to the programme. The approach to managing these risks is considered in the Management Case.

## Constraints and Dependencies

- xxiv. Notable constraints on the delivery of the Growth Deal include the total funding package of £240m, the 15-year term of the Growth Deal, the requirement for solely capital funding and State Aid considerations. The Growth Deal is dependent on securing the final deal, and on the engagement and collaboration with the private and public sectors. Projects within the Programme may also be dependent upon supportive government policy that establishes support mechanisms and routes to market for emerging digital technologies and commercial models.

## The Economic Case

### Critical Success Factors and Options Assessment

xxv.

Project	Summary Description	Outputs & Benefits	Cost/ Ask
Full Fibre at key sites	This project seeks to deliver full fibre connectivity (gigabit capable) to 28 key business sites across region. The focus of the project is to provide access to full fibre services that are more affordable, scalable and able to service the needs of SMEs, in lieu of and complementing more expensive leased line circuits. Ultimately, the project will support greater market interest and competitiveness, leading to greater consumer choice and affordability.	4,100 business premises and 450 residential premises able to access gigabit capable full fibre broadband	Growth Deal Ask £6.8m Total cost £7.2m
Connected Campuses	The project will target key sites which present uses cases for 5G and low power wide area wireless networks in the context of heavy industry, light industry, research sites, commercial sites and across a much larger rural campus (encompassing thousands of farms and agricultural clusters).	2,600 business premises with access to high bandwidth 5G and low power Wi-Fi services from private operators.	Growth Deal Ask £21m Total cost £21m
Connected Corridor	This project aims seeks to respond to industry demand and technology drivers by supporting the more efficient operation of supply chains, and major transport operations (such as ports). In a North Wales context, this requires the real-time tracking of goods, vehicles, and people over extended distances. The requirement runs along the	1.57 million rail journeys and 1.3 million road journeys benefitting from enhanced 5G connectivity, with wider use cases to follow at specific sites and within certain sectors.	Growth Deal Ask £2.2m Total cost £2.2m

Project	Summary Description	Outputs & Benefits	Cost/ Ask
	A55 corridor and adjacent mainline rail route, which intersect with key economic centres, clusters, transport nodes, such as Holyhead Port. Personal and commercial mobile connectivity will be significantly enhanced by bringing forward strategic deployment of 5G network coverage.		
Connecting the Last Few %	This project targets universal superfast coverage across North Wales premises, which have yet to be served by other means and cannot obtain speeds of at least 30Mbps download.	Estimates 10,000 residential with access to superfast broadband achieving speeds of at least 30Mbps	Growth Deal Ask £4.0m Total project cost £4.0m
Digital Signal Processing Centre of Excellence (DSP Centre)	The project will bring together Bangor University researchers to work alongside high-profile international companies and Welsh SMEs enabling them to work together to explore disruptive solutions for 5G. Investment is sought to expand capacity of existing facilities to accelerate the transfer of innovation into viable market solutions, whilst boosting the wider North Wales ecosystem	15 direct FTEs created within the DSP Centre and 145 indirect FTEs created through business support and outreach	Growth Deal Ask £3m Total project cost £7.3m

- xxvi. To demonstrate the strategic rationale for the Preferred Option, it was assessed against alternative options: 'Business as Usual, do minimum, do maximum and intermediate options. Each option was assessed on how well it delivered against the programme spending objectives and five 'Critical Success Factors' (Strategic Fit, Value for Money, Commercial Sustainability, Deliverability and Partnership Support and Commitment). The Preferred Option is the only option which is effective across all Objectives and Critical Success Factors.
- xxvii. Each of the constituent projects within the Digital Programme will develop a project-level options assessment within the project business case

## Economic Appraisal

- xxviii. The Digital Programme is expected to deliver around **345 net additional FTE jobs** for North Wales, with a **NPSV of £130-158m**. Based on all public sector funding for the Growth Deal, it will deliver a **benefit-cost ratio (BCR) of 2.9-3.6 (or 3.2-3.9 based on Growth Deal investment only)**.<sup>1</sup>

<sup>1</sup> Note this includes an assessment of optimism bias in capital costs.

xxix. In interpreting these figures it is important to note that there are a range of benefits that cannot be quantified or monetised in a robust fashion, but are still a significant consideration in the value for money case for the programmes. These include:

- Attracting inward investment into high value sectors
- Key sector development and competitiveness
- Enhanced research and innovation capacity
- Retention of young people
- Rural sustainability.

xxx. There are a number of risks to generating the scale of economic benefits estimated, and the value for money assessment has been subjected to sensitivity testing at the programme level. The BCRs remain robust in the face of these tests. A summary of the key findings from the economic appraisal of the Growth Deal is provided in Table 1.1.

Table 1.1 Appraisal Summary Table

Appraisal Summary Table	
Net Present Social Value (£m) (including Optimism Bias)	£90-£110 (£93-£114 based on GD costs)
Public sector cost (£m, (undiscounted, excluding optimism bias))	£40 (£37 from Growth Deal)
Appropriate Benefits Cost Ratio	2.9 – 3.6 (3.2 – 3.9 Growth Deal investment)
Significant unmonetizable costs/benefits and unquantifiable factors	<ul style="list-style-type: none"> <li>• Choice/affordability</li> <li>• Private/Inward investment</li> <li>• Technology commercialisation</li> <li>• Social/wellbeing benefits</li> <li>• Rural sustainability</li> </ul>
Risk costs by type and residual optimism bias	24% optimism bias applied <sup>2</sup>
Switching values (for the preferred option only)	75% reduction in take-up of fixed/ mobile broadband business start-up benefits & benefits generated through the DSP.
Time horizon and reason	15 year appraisal period. All infrastructure assets will have a residual value at this point

<sup>2</sup> Upper bound of standard buildings from HM Treasury guidance)

# The Commercial Case

## Commercial Strategy

- xxxi. The NWEAB is committed to maximising the economic impact and value for money of the North Wales Growth Deal. The Board also recognises the potential to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities.
- xxxii. The four infrastructure projects within the Digital Programme present opportunities for significant commercial investment for either the public sector, the private sector or indeed both. Recent innovations such as The Digital Infrastructure Cooperative (TDIC) ‘Thin Layer Model’ pioneered by Tameside Metropolitan Borough Council and sponsored by UK Government Department for Digital, Culture, Media and Sport is one such model which the Programme Board is considering and further options are well described in DCMS’ 2011 Broadband delivery Programme Delivery Model.
- xxxiii. Projects also have clear potential for well established concession type contracts such as that between Welsh Government and FibreSpeed Ltd, or the state aid gap funding model which has been used extensively in delivering UK Government’s ‘Superfast’ programme across the UK, with BT being the principal industry beneficiary in Wales.

## Procurement Strategy

- xxxiv. Our procurement strategy responds to Welsh policy and procedures. All Growth Deal procurement activity will be underpinned by a guiding set of principles, which are summarised below.
- xxxv. For the four projects within the Digital Programme which will be delivered by the NWEAB, the PMO will lead on all procurement activity in line with the agreed Procurement Strategy. Where appropriate and beneficial to do so, existing frameworks such as the North Wales Construction Framework or the Crown Commercial Services and DCMS Dynamic Purchasing System procurement frameworks will be utilised.

Procurement policy and principles	
Policy drivers	<ul style="list-style-type: none"> <li>• North Wales Growth Vision</li> <li>• Wellbeing of Future Generations Act</li> <li>• Public Contract Regulations 2015</li> <li>• Welsh Public Procurement Policy Statement</li> <li>• Welsh Government Code of Practice Ethical Employment in supply chains</li> <li>• Government Commercial Operating Standards</li> </ul>
Procurement Principles	<ul style="list-style-type: none"> <li>• Regional leadership</li> <li>• Developing the regional economy by including local and regional economic considerations in contract opportunities, and improving access to SMEs</li> <li>• Promoting the use of local suppliers and local supply chains where possible</li> <li>• Maximising skills and employability opportunities through contract opportunities</li> <li>• Supporting community development through community wealth building and inclusion of cultural and Welsh language considerations in contracts</li> <li>• Supporting environmental sustainability by including environmental considerations in contract opportunities and minimising carbon footprint of projects where possible</li> </ul>

- Ensuring effective spending and value for money via regional collaboration; effective performance, risk, contract and fraud management arrangements

## The Financial Case

### Capital & Revenue Requirements

- xxxvi. The Digital Programme is based on the delivery of five projects with a total capital expenditure of £4.7m, of which £37m million is derived from the Growth Deal with the remainder provided by public and private sector partners.

Table 1.2 The capital expenditure requirements are based on the latest available project business cases and aggregated up to provide the programme estimates. Breakdown of Expenditure:

Project	Lead Partner	Growth Deal (£m)	Other Public (£m)	Private (£m)	Total (£m)
Full Fibre at Key Sites	NWEAB	6.8	-	0.4	<b>7.2</b>
Connected Campuses	NWEAB	21	-	-	<b>21</b>
Connected Corridor	NWEAB	2.2	-	-	<b>2.2</b>
Last Few %	NWEAB	4	-	-	<b>4</b>
DSP Centre*	Bangor University	3	3.2*	1.1	<b>7.3</b>
<b>Programme Total</b>		<b>37</b>	<b>3.2</b>	<b>1.5</b>	<b>41.7</b>

\* Does not include £3.9m previously secured ERDF funding associated with DSP Centre

### Project Maturity

- xxxvii. The five projects within the programme are currently at different levels of maturity as shown by the table below:

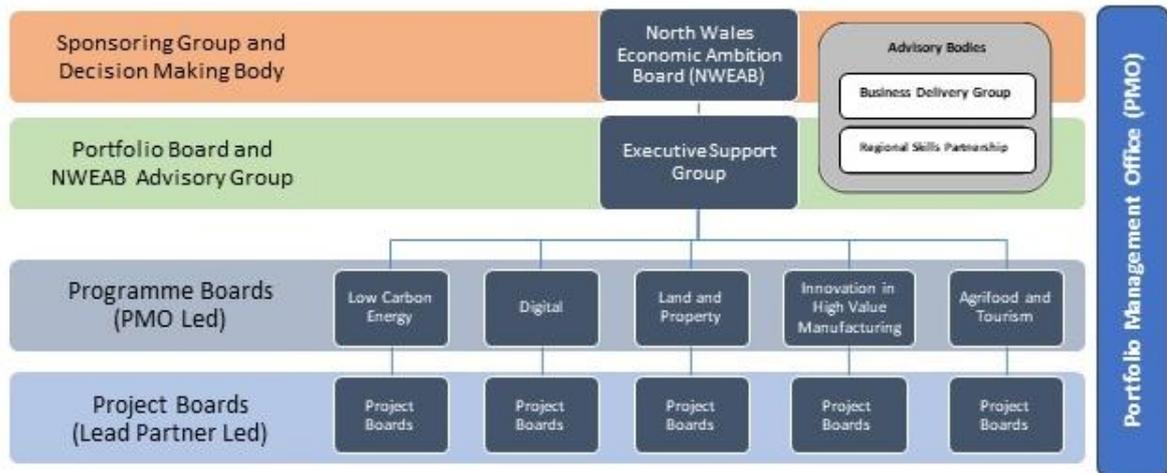
Project	Business Case Stage*	Notes
Full Fibre (Key Sites)	SOC	Project is ready to progress to the development of an OBC.
Connected Campuses	SOC	Project is ready to progress to the development of an OBC.
Connected Corridor	SOC	Project is ready to progress to the development of an OBC.
Connecting the Last Few %	SOC	Project is ready to progress to the development of an OBC.
DSP Centre	OBC	Project is currently developing an OBC for presentation to NWEAB for approval.

\* Project business cases are developed in three stages – Strategic Outline Case (SOC), Outline Business Case (OBC), Full Business Case (FBC).

## The Management Case

### North Wales Growth Deal Delivery Structure

xxxviii. The diagram below sets the delivery structure for the Growth Deal building on the existing structures put in place by the EAB’s Governance Agreement. Details on these roles are set out in the management case.



**Programme Boards** - Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director. The Digital Programme SRO is Steve Bayley, Chief Officer Housing and Economy at Wrexham County Borough Council.

**Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk/issues and programme assurance. Each programme is assigned a Programme Manager from within the PMO. The Programme Manager for the Digital Programme is Stuart Whitfield.

### Project Business Cases

xxxix. The North Wales Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, full 5 Case Model project business cases can be brought forward for the NWEAB to consider.

### Risk Management

xl. The NWEAB has an adopted Risk Framework for the delivery of the North Wales Growth Deal. The approach to risk management is outlined in the Growth Deal Risk and Issues Management Strategy and User Guide. The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature.

## Timeline and Milestones

- xli. The NWEAB is seeking approval of the North Wales Growth Deal in December 2020 with the signing of the Final Deal. Following Final Deal, project business cases will be brought forward for the NWEAB to consider from January 2021 onwards.

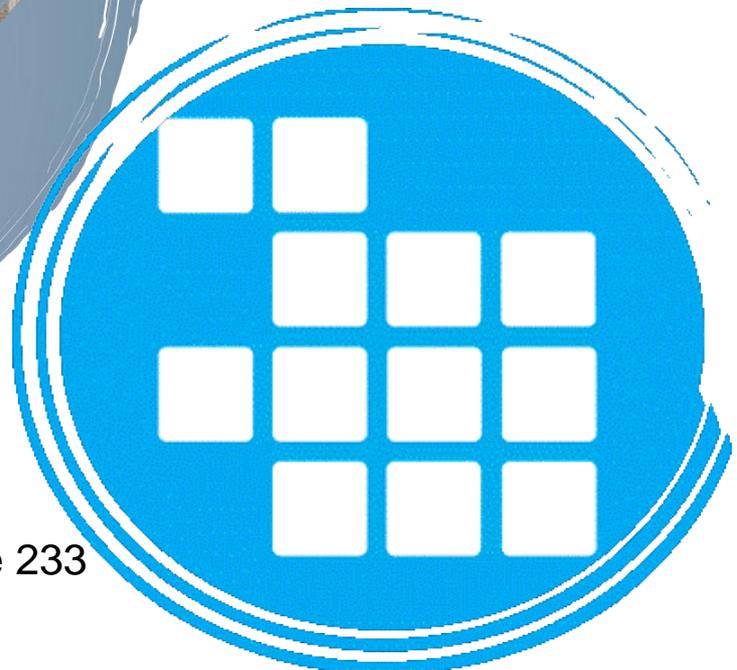
## Monitoring, Evaluation and Feedback

- xlii. Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board. A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal and will be agreed with UK and Welsh Government as part of the Final Deal.

## Assurance

- xliii. The PMO worked with the Welsh Government Assurance Hub to develop an Integrated Assurance and Approval Plan (IAAP) that sets out the assurance activities that will be undertaken at portfolio, programme and project level for the North Wales Growth Deal.
- xliv. As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The North Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. The IAAP will be agreed with UK and Welsh Government as part of the Final Deal.

# NORTH WALES GROWTH DEAL DRAFT FINAL DEAL AGREEMENT



# 1. Table of Contents

## Table of Contents

1. Table of Contents.....	2
2. Definitions.....	2
3. Foreword .....	3
4. Executive Summary .....	4
5. Introduction.....	5
6. The Growth Deal Programmes .....	14
7. Governance Structure.....	20
8. Role of the Accountable Body .....	24
9. Monitoring and Evaluation .....	25

## 2. Definitions

**[Note: To be inserted]**

### 3. Foreword

The **Growth Deal** has been developed through close collaboration and commitment, from partners across governments and sectors, to deliver long-lasting positive investment and change that will enable economic and employment growth for the long-term.

Over the next fifteen years, the deal empowers us to work together and take control of how we invest in our future.

It's a unique opportunity to de-centralise government investment, make those investment decisions locally and demonstrate the value this brings. Ultimately, as part of a broader programme of investment, the Growth Deal will enable us to build a more vibrant, sustainable and inclusive economy for us all in North Wales.

The UK Government and Welsh Government are investing £240million into the North Wales Growth Deal over the next 15 years. Alongside the North Wales Economic Ambition Board partners and the private sector, the Growth Deal seeking to deliver a total investment of up to £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.

Building on the [Heads of Terms](#), signed in November 2019, this document sets out a compelling vision for North Wales. The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long-term challenges and economic barriers to delivering inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Future Generations Act.

Our signing of this document reaffirms our joint commitment to achieve the full implementation of the North Wales Growth Deal together over the next 15 years.

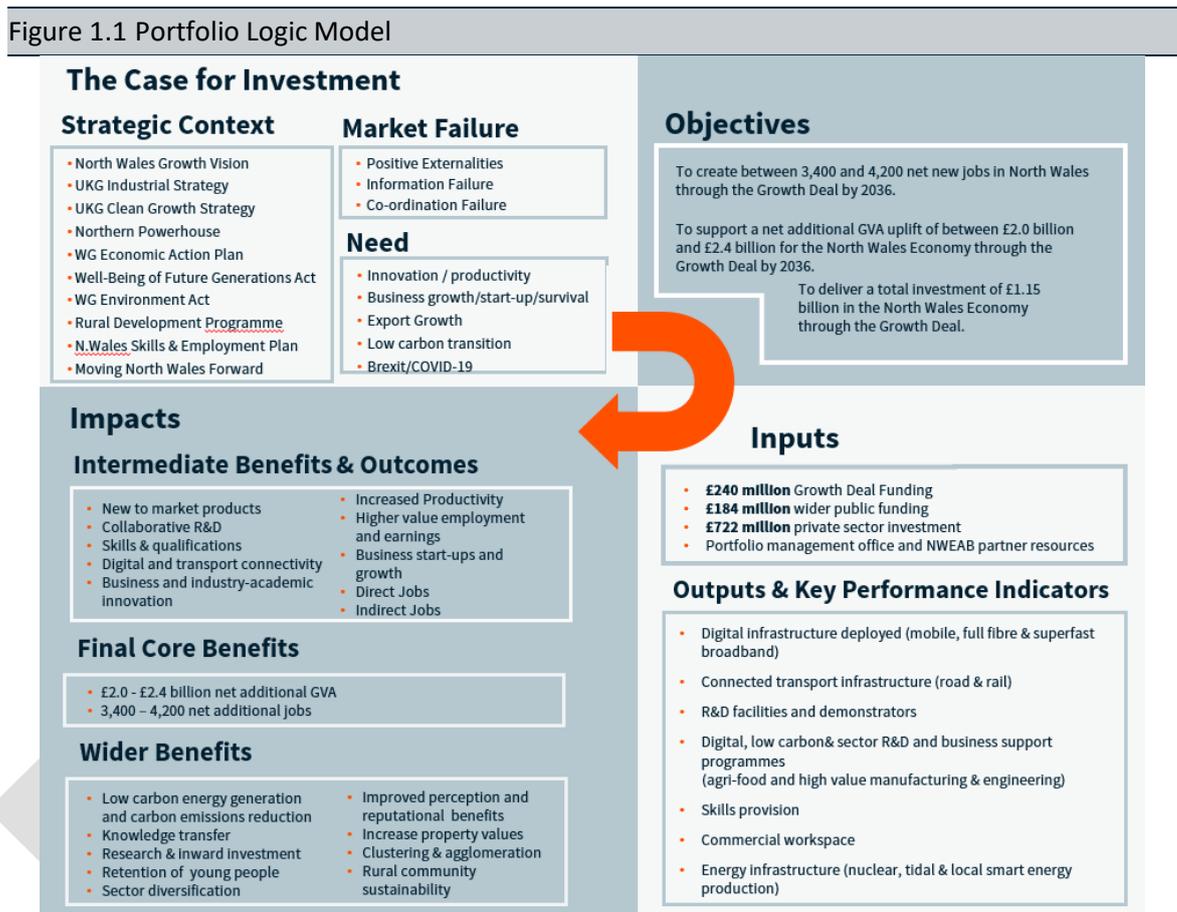
We look forward to leading this important investment in our home and our region, North Wales.

**[Insert signatures – NWEAB/UK/WG]**

## 4. Executive Summary

[Note: To be inserted once content agreed with UK and Welsh Government]

A logic model is a way of articulating the context for change and investment. A summary logic model for the Growth Deal is set out in Figure 1.1 below and provides an overview of the strategic drivers, objectives, inputs and impact of the Growth Deal.



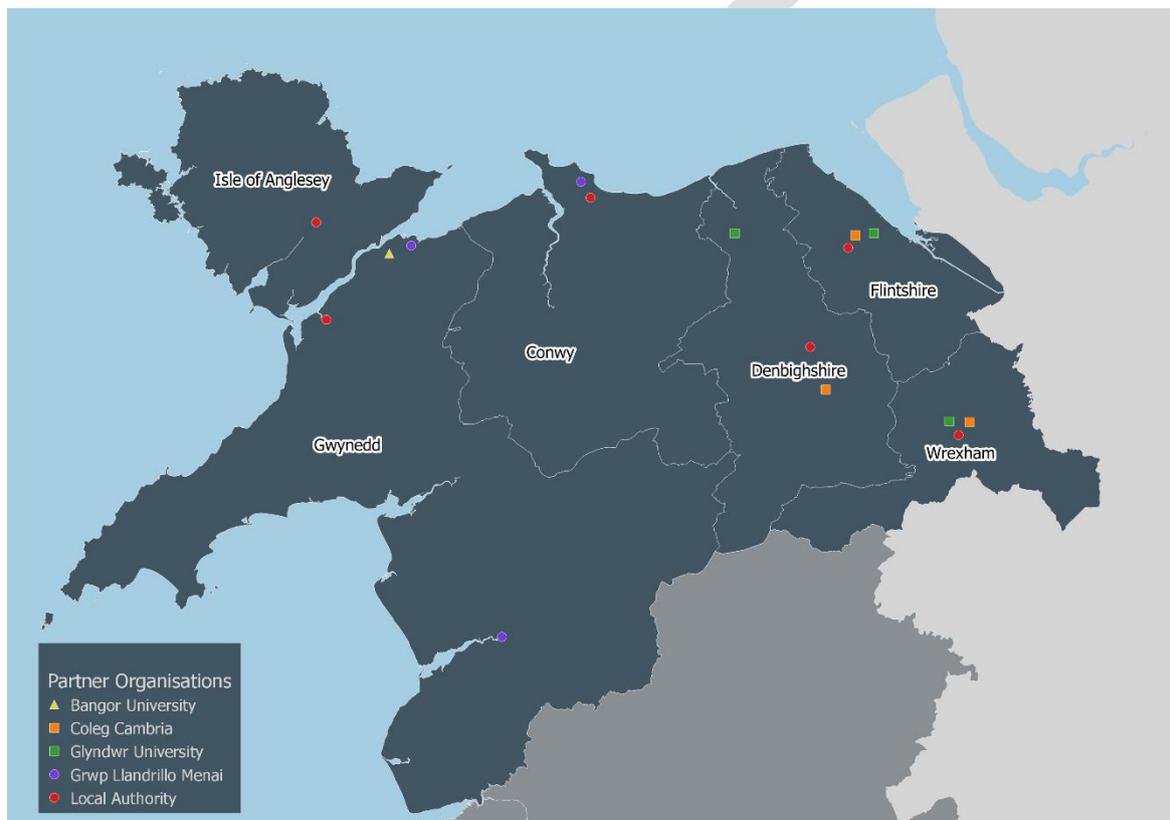
Source: Hatch; NWEAB. A Note on Market Failure: **Positive externalities**: third party economic/social/environmental benefits to the wider economy/ society. These cannot be captured in entirely by commercial organisations and so public investment is required. **Information failure**: businesses do not have full information on technologies/developments that could secure growth. Public investment is required to bridge these information gaps. **Co-ordination failure**: no one organisation may have the incentive to invest in a venture that secures benefits for wider partners. Public investment is required to initiate a partnership investment.

## 5. Introduction

### North Wales Economic Ambition Board

The North Wales Economic Ambition Board (*hereafter referred to as Economic Ambition Board or the Board*) was established in 2012 as a partnership between the six Local Authority areas of North Wales comprising the Councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire. The Board also includes Bangor University, Glyndwr University, Coleg Cambria and Grwp Llandrillo-Menai. In early 2019, the Economic Ambition Board was formally established as a joint committee.

Figure 5.1 Map of North Wales and North Wales Economic Ambition Board Partners



The North Wales Growth Deal is a partnership between the public and private sectors. The private sector has been strongly represented by The North Wales Mersey Dee Business Council, who, as a founding member of the Economic Ambition Board, have worked in close collaboration with partners and regional public and private sector stakeholders to shape and influence the Growth Deal proposition. As of August 3<sup>rd</sup> 2020, due to challenges caused by Covid-19, the Business Council withdrew membership yet remain a key stakeholder and will be an integral, albeit more distant, partner moving forward.

The private sector remains strongly represented in the North Wales Growth Deal through the Business Delivery Group who act as an independent advisory body to the North Wales Economic Ambition Board.

## The Vision for North Wales

In 2016 the Economic Ambition Board partners adopted *A Growth Vision for the Economy of North Wales* (the Growth Vision).

The adopted Vision is to develop “*a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland.*”

The Growth Vision was founded on three key principles for North Wales:

- **Smart** – with a focus on innovation and high value economic sectors to advance economic performance.
- **Resilient** – with a focus on retaining young people, increasing employment levels and skills to achieve inclusive growth.
- **Connected** – with a focus on improving transport and digital infrastructure to enhance strategic connectivity to and within the region.

The North Wales Growth Deal will play a key role in delivering this vision. We will be **smart** with our investment - building on our strengths to boost productivity, foster innovation and be competitive in the markets we serve. We already have well-established research and innovation hubs, which are helping us to push the boundaries in discovering new growth areas for our high value manufacturing business. We will invest further to create centres of excellence to enhance our reputation and enable growth in this important industry.

We will tackle the long-term market failure that has been a barrier for commercial investment - making North Wales more investable and unlocking the potential for new high-value skilled jobs, for young people and our future generations to thrive. We'll address the shortage of suitable land and properties for business growth and to bring forward sites to provide the employment land and housing we need as well as invest in our Port at Holyhead.

By investing now, we build our **resilience** for the future.

We are **connected** as a region. Our partnership across the six local authorities, universities, colleges and the private sector is well established and growing in strength. We're also driving a step change in digital connectivity by balancing investment in infrastructure and technology. We address those areas most in need of faster and more reliable broadband connections and exploit the potential of 5G access and new digital innovation. Opportunities also lie in our close connections with our neighbouring economies such as the Northern Powerhouse, Ireland and Mid-Wales. We can build stronger economies by working together.

We will strengthen our reputation as a cohesive region; leveraging our partnerships to promote growth in the economy that is scalable, sustainable and inclusive. Our Investment in low-carbon energy projects enable us to contribute directly to the climate change emergency, not only helping to make North Wales a cleaner, greener environment, but also

positioning ourselves as one of the leading UK locations within the low carbon energy sector. Not forgetting our foundation economies in agriculture and tourism, we will help to enable and encourage diversification to improve the long-term future of these key industries, ensuring they have opportunity to develop sustainably and thrive.

We will invest in a way that promotes social value and builds wealth in our communities. We recognise and value our obligation to deliver the Growth Deal in a way that improves and enhances our social, cultural, environmental and economic well-being.

## The Region

North Wales is known for its beautiful landscapes, its history, heritage, culture and it has the highest proportion of Welsh speakers in Wales at an estimated 41.9%<sup>1</sup>.

North Wales is home to nearly 700,000 residents and contributes £14.2 billion to the UK economy each year,<sup>2</sup> representing 22% of the Welsh economy.<sup>3</sup> In North Wales, the population is projected to increase by 2.1 per cent in the 2018-2028 period, and 3.1 per cent in the 2018-2038 period. North Wales has an ageing population. Between 1998 and 2018, the proportion of the population aged 65 and over has increased from 18.5 per cent to 23 per cent, while the proportion of the population aged 15 and under has fallen from 19.8 per cent to 17.8 per cent<sup>4</sup>. The profile of young people in the region aged 14-18 has remained flat for a decade but is projected to increase from 2020, meaning the region must consider the skills and employment opportunities to service this growing demographic.

Economic performance has been resilient following the financial crisis and during the period of austerity, with real<sup>5</sup> GVA increasing by 20% since 2009. This is compared to 14.9% increase in the Swansea Bay City Region and 12.6% increase in the Mid-Wales Growth Deal area.

**The total GVA in North Wales in 2018 was £14,239million**, up 4.1 percent over the previous year, which accounted for 21.9 percent of Wales total GVA (£65,089million) and 0.8 percent of UK total GVA (£1,892,681million) in that year.<sup>6</sup> Within North Wales there are **wide variations in GVA per capita**, with particularly weak productivity in the Isle of Anglesey (53% of the UK average) but stronger performance in Flintshire and Wrexham (both of which are 81% of the UK average).<sup>7</sup> This is also reflected in average earnings, which lag behind the UK average. Indeed, some local authorities in the West have the lowest earnings in Wales and the UK. For the year ending 30 June 2018, North Wales had the highest employment rate and lowest unemployment and

---

<sup>1</sup> Welsh Government – Summary Statistics for Welsh economic regions: North Wales, May2020

<sup>2</sup> Measured by Gross Value Added (GVA). Source: ONS, 2018 data.

<sup>3</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gva-by-measure-welsheconomicregion-year>

<sup>4</sup> Welsh Government – Summary Statistics for Welsh economic regions: North Wales, May2020

<sup>5</sup> i.e. inflation-adjusted.

<sup>6</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gva-by-measure-welsheconomicregion-year>

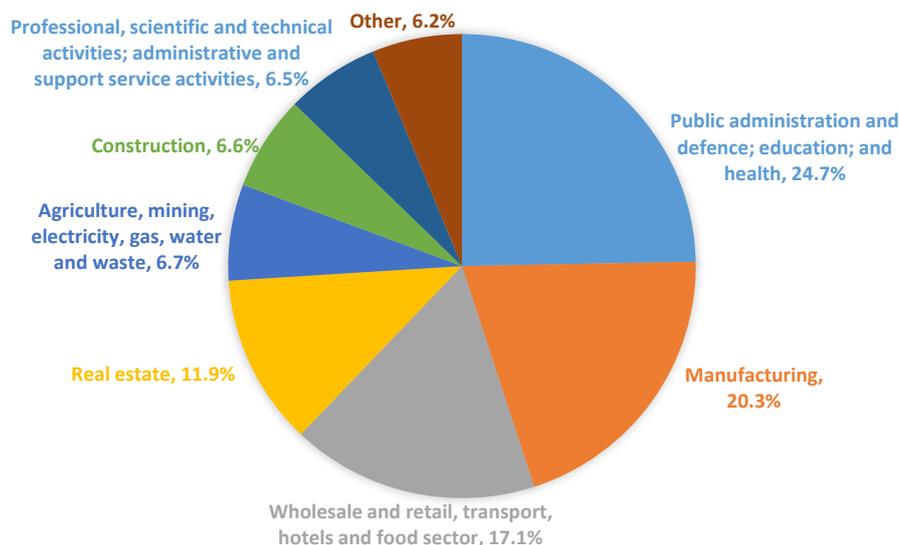
<sup>7</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gvaperhead-by-area-year>

economic inactivity rates of the Welsh regions<sup>8</sup>. However, there is a greater need in the region for high value employment opportunities.

North Wales has a number of areas that are within the top 10% most deprived areas in Wales. Many of the most deprived areas are based in rural communities.

**There remains a persistent and widening productivity gap between North Wales and the UK with wide variations in GVA (Gross Value Added) per capita across the region. Addressing this productivity gap and disparities within Wales is an important priority for the Growth Deal.**

North Wales has a diverse economy with key sectors being manufacturing, energy and tourism as well as public sector jobs. The public sector accounts for nearly a quarter (24.7%) of the region's GVA. A fifth (20.3%) of the economy is accounted for by manufacturing, which is significantly more important in North Wales than in Wales as a whole (where it accounts for 17% of GVA). Wholesale and retail, transport, hotels and food sector accounts for 17% of the economy of North Wales. The chart below shows the breakdown of industry contribution to 2018 GVA in North Wales.<sup>9</sup>



A portion of the productivity gap is accounted for by the sectoral structure of the North Wales economy, with some areas particularly reliant on relatively low paid sectors including tourism and retail. At the same time, there are areas of strength, with 64,000 people employed in *high value sectors*, defined as manufacturing; information and communication; and professional, scientific and technical activities.

**Supporting high value sectors and addressing long-term barriers to growth is at the heart of the North Wales Growth Deal.**

There is an ageing population in the region and a net outward migration of talent from the region. Whilst the population of North Wales is expected to increase to 722,317 by 2039, the share of the population aged 65 or above is expected to increase from 23.6% to 29.8%. This

<sup>8</sup> Welsh Government – Summary Statistics for Welsh economic regions: North Wales, May2020

<sup>9</sup> Source: ONS.

means a smaller share of working age people, which may place pressures on the supply of skills.

The employment rate amongst working age residents in North Wales stood at 75.9% at March 2020, which was the same as the UK. Over 5 years, between March 2015 and March 2020, 18,300 jobs were added to the economy, a growth of 6.2% for the region. The specific impacts of Covid-19 on the North Wales economy and the Growth Deal are set out in the next section.

**Investing in skills that match the needs of the region's new employment opportunities is fundamental to the future economic health of North Wales.**

## The Case for Change

This section sets out the challenges and opportunities across the key sectors in the North Wales economy that the Growth Deal is seeking to address:

### High value manufacturing

- **Supporting innovation and R&D:** there is a need for facilities and technical support with individual businesses unable to access the skills and expertise to innovate and improve productivity via efficiency savings.
- **Supporting the low carbon agenda:** there is a strong need to decarbonise industry in order to meet national targets for clean growth, as well as to capitalise on market opportunities, with the number of green-collar jobs expected to grow to 2 million and the value of UK exports from the low carbon economy to grow to £170 billion a year by 2030.
- **Supply chain integration:** A progressive depletion or 'hollowing out' of the Welsh and UK-based supply chain over recent decades represents a long-term threat to production and manufacturing capability and its future prosperity. There is a need to re-build and sustain SMEs within supply chains to drive competitiveness.
- **Improving productivity:** North Wales' advanced manufacturing sectors are relatively high productivity sectors in the economy, but there is great potential to increase productivity via targeted investments in R&D and skills.

### Agri-food and tourism

- **Under-investment in R&D and Innovation:** Engineering & Physical Science Research Council (EPSRC) data suggests that only 2% (c. £95 million) of all grants being offered directed to the Food & Drink sector. R&D spend across these three sectors equated to 1.3% of all R&D spend across all sectors in the UK in 2018 despite the sectors making up 10% of total employment/
- **Supporting the low carbon agenda across Wales and the UK:** From an environmental perspective, reducing carbon emissions is crucial to the future sustainability of Wales and this was recognised in the Wellbeing of Future Generations (Wales) Act 2015, which sets a target to reduce emissions by at least 80% against the 1990 baseline. Introducing sustainable low carbon land management practices, as well as driving innovation and new low carbon

technologies in the agriculture sector could contribute to the long-term carbon reduction agenda.

- **Improving productivity:** In 2017, gross output per hectare of agricultural land was £858 in Wales, significantly lower than UK's most productive region, which was the South East of England (£3,190 per ha). The tourism sector also suffers from lower productivity levels than those seen in England, with GVA per employee in the tourism sector equating to £19,600, 14% lower than the equivalent metric in England.
- **Meeting skills needs:** The latest Employer Skills Survey indicated that 25% of restaurants and hotels in Wales reported skills shortages and 45% businesses within primary industry (which includes agriculture). Both sectors also reported skills gap increases from the previous survey, with hotel and restaurants reporting a +3% increase whilst primary industry reported a +28% increase.
- **Diversification and resiliency:** agriculture, food and tourism sectors form the backbone of many local economies in North Wales. With the imminent exit from the European Union and the loss of related funding, it is important rural businesses have the support and knowledge to help them diversify.
- **Lack of appropriate premises:** Research carried out by Arad for the Glynllifon Rural Economy Hub indicates that the lack of food-grade premises, local product development facilities and technical support is holding back the potential of the sector, with individual businesses unable to access the skills and expertise to innovate and improve productivity via efficiency savings.

### Low carbon energy

- **Addressing climate change:** Responding to the climate emergency declared by Welsh Government and the aim of achieving Net Zero by 2050. There is a need to decarbonise North Wales' energy system, including power (e.g. increasing low carbon energy generation), housing (including challenges associated with large numbers of homes being off the gas grid) and transport.
- **Supporting economic growth in low carbon energy sectors:** exploiting local strengths and competitive advantages (e.g. existing energy infrastructure, research strengths and skilled workforce) to drive growth in the low carbon energy sector where there are substantial growth opportunities nationally (sector forecast to grow 11% per year to 2030). An estimated £10.9bn of additional investment is needed by 2035 to put the region on track to achieve Net Zero. This level of investment has the potential to create up to 24,400 new jobs.

### Land and property

- **A need for modern employment floorspace.** The network of readily developable strategic sites, capable of supporting both indigenous business growth and inward investment is relatively weak and fragmented
- **Low land values and infrastructure constraints** have resulted in insufficient developer interest, leading to a lack of supply of housing and commercial premises. To date the market has failed to address these challenges and therefore there is a

specific need for Growth Deal funding to enable the delivery of employment space, serviced residential land and improvements to Holyhead Gateway.

### Digital connectivity

- **Addressing the digital divide:** in order for the North Wales economy to prosper and for key sectors to grow to their fullest potential, significant connectivity gaps must be addressed. There is a need to rapidly increase gigabit connectivity at key growth sites, ensure rural 'not spots' are tackled in full, deliver seamless mobile connectivity across economic corridors and assets and provide the foundations for greater social equity and inclusion.
- **Responding to clear demand for better connectivity:** a wide body of evidence showcases the prescient need for next generation fixed and mobile broadband and the opportunity cost of poor provision, relative to other parts of the UK. There is an exceptional appetite to deploy more sophisticated technologies and innovative use cases, which will secure productivity, efficiency and competitiveness across the region.
- **Creating competitive market conditions:** North Wales' digital connectivity has been constrained by a lack of market competition at the wholesale level, and within the degree of choice offered by broadband providers at the retail level. There is an opportunity to respond to this by creating conditions that improve market attractiveness, reduce consumer costs, enhance end user take-up and provide the basis for longer-term commercial investment.
- **Establishing a world-class digital corridor:** the A55 is the primary economic axis for North Wales, connecting key sites, hubs for growth and the region's most prominent assets. There is an opportunity to ensure that 5G and full fibre broadband creates a seamless high-speed corridor, as the basis for large-scale smart technology deployment, pilots and trials and as a lever for inward investment.
- **Expanding digital research capacity:** North Wales has an emerging profile as a base for innovative and technology-led research, led by higher education institutions and the private sector. There is an opportunity to scale this further, drawing on other sources of funding and business intent, creating a critical mass of technology, expertise and ambition to ensure that North Wales is at the cutting edge of the discovery and deployment of cutting-edge technologies.

### The economic impact of Covid-19

Covid-19 has had an immense economic impact on North Wales as in other parts of the UK and globally. The Economic Ambition Board works closely with the six local authorities, UK and Welsh Governments and private sector representatives to co-ordinate the regional response to economic recovery. The longer term effects of Covid-19 on the regional economy at this stage is still unknown.

Work is underway to define the state of the economy in North Wales during what has been a volatile and challenging period for businesses and employees across many sectors. This period of uncertainty caused by the pandemic is ongoing and with the transition period for

leaving the EU ending on the 31 December the outlook for winter is bleak. In terms of strengthening the economy in the long term, the Growth Deal will be a welcomed source of hope and investment for the citizens of North Wales.

Interventions already undertaken and planned to create a reliable and evidence based approach to the situational analysis include a regional survey of businesses which attracted over 1,800 responses. A commissioned report on tourism to identify the strengths, weaknesses and opportunities to preserve and revive and develop the tourism economy sustainably. The appointment of an independent economic partner to co-develop the situational analysis and framework for recovery planning for North Wales. Looking initially at the near-term economic recovery post-Covid but also recognising the need to measure and evaluate the impact of the Growth Deal investment on the North Wales economy in the long term throughout the lifetime of the deal.

The Growth Deal is designed to address structural, long-term barriers to economic growth. However, the Board is fully aware that in the short-term a range of actions will be needed to facilitate recovery and alignment between those short term measures and the Growth Deal is key.

The Growth Deal on its own cannot address all the challenges facing the North Wales economy, particularly in light of Covid-19. However, such a significant injection of capital investment into the North Wales economy through the Growth Deal will be a significant boost to the construction and related sectors at a time when there is likely to be spare capacity in the economy.

## **The Investment**

The investment by UK Government, Welsh Government & the North Wales Economic Ambition Board will act as a catalyst and accelerator to unlock investment and aid economic recovery in the region.

The UK and Welsh Governments have each committed to the investment of up to £120 million (total £240 million) over the next 15 years, with the North Wales Economic Ambition Board also committing to secure up to a further £900million of investment, which represents an overall investment deal worth in excess of £1 billion

Through the North Wales Growth Deal, the Welsh and UK Governments and partners are embarking on a new strategic relationship that creates a lasting legacy that will transform the region in the long term with co-ordination centred across key programmes outlined in Table 1.

**Table 1: North Wales Growth Deal Financial Summary**

Programme Area	Govt Contribution (£m)	Public Contribution (£m)	Private Contribution (£m)	Total Programme Costs (£m)
Innovation in High Value Manufacturing	13.0	26.5	0.0	39.5
Digital Connectivity	37.0	3.1	1.6	41.7
Agri-food and Tourism	24.5	12.4	4.4	41.3
Land and Property	79.1	1.9	274.4	355.4
Low Carbon Energy	86.4	140.4	441.7	668.5
<b>Total</b>	<b>240.0</b>	<b>184.3</b>	<b>722.1</b>	<b>1,146.4</b>

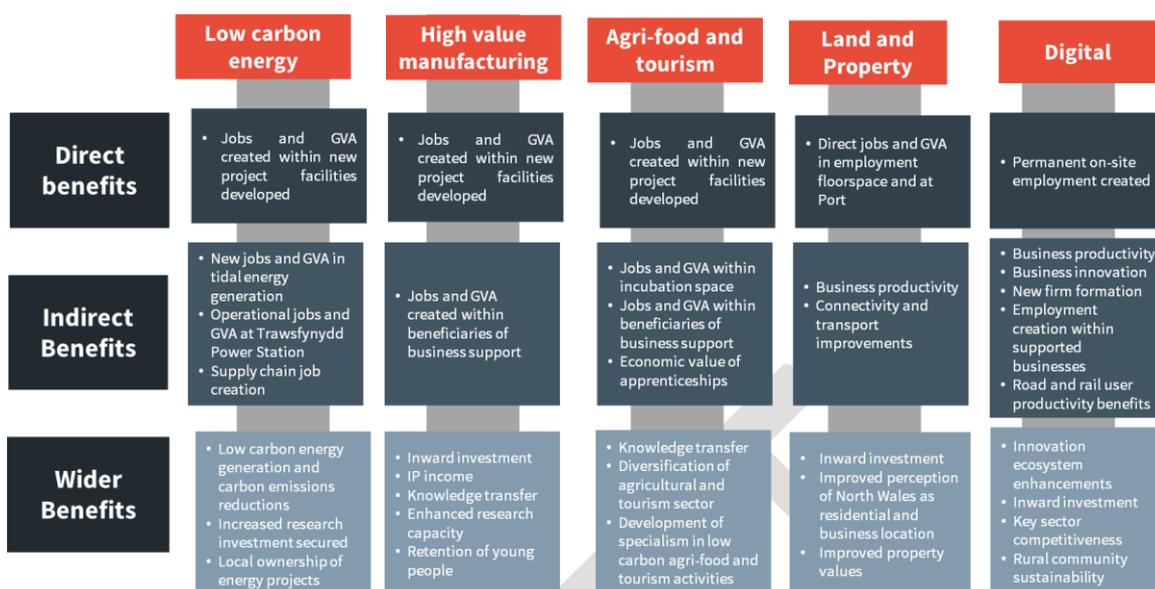
## The Impact of the Growth Deal

The Heads of Terms agreement set out that the Government investment would be used to create up to 4,000 new jobs, support 5% GVA uplift and secure £500million in private sector investment over the 15-year period. In the development of a portfolio and five programme business cases to secure the Final Deal agreement with Welsh and UK Government these have been refined into the following spending objectives for the North Wales Growth Deal. All the programmes and projects within the Growth Deal contribute to these overall objectives.

<b>Spending Objective 1 - Jobs</b>	<b>To create between 3,400 and 4,200 net new jobs in North Wales through the Growth Deal by 2036.</b>
<b>Spending Objective 2 – GVA</b>	<b>To support a net additional GVA uplift of between £2.0 billion and £2.4 billion for the North Wales Economy through the Growth Deal by 2036.</b>
<b>Spending Objective 3 – Investment</b>	<b>To deliver a total investment of up to £1.1 billion in the North Wales Economy through the Growth Deal by 2036.</b>

All Growth Deal programmes and project will contribute to achieving the spending objectives above. Each of the programmes will generate a set of benefits that have been classed as direct, indirect and wider benefits. The precise nature of these vary between the programmes. The key types are summarised below, by programme.

Figure 1.2 Benefits Framework



Source: Hatch

## 6. The Growth Deal Programmes

The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long-term challenges and economic barriers to delivering inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Future Generations Act. The Growth Deal is based on the delivery of 14 transformational projects across 5 programmes. The programmes have been defined as either high growth programmes or enabling programmes.

### High growth sectors to drive productivity in the region

The projects within the Growth Deal aimed at increasing the value and impact of high growth sectors will be focused on three key programmes:

- **Low carbon energy Programme**, initial projects include:
  - Morlais
  - Trawsfynydd Power Station
  - Low Carbon Centre of Excellence
  - Smart Local Energy
  - Transport Decarbonisation
- **Innovation in high value manufacturing Programme**, initial projects include:
  - Centre for Engineering Biotechnology
  - Enterprise Engineering and Optics Centre
- **Agri-food and tourism Programme**, initial projects include:

- Glynlifon Rural Economy Hub
- Llysfasi Carbon Neutral Centre
- Tourism TALENT Network

## Addressing key barriers to enable and achieve economic growth

We have identified enabling sectors through the Growth Deal to tackle key economic barriers and address structural issues that have impacted on productivity and jobs. Delivery in these sectors will create the appropriate conditions for businesses to invest in the region and for the labour market to take advantage of new employment opportunities. A strategic approach will be taken with our investments, ensuring that they are well-targeted in order to enable economic and employment growth across the region. This will be done in partnership with key partners, especially the UK and Welsh Governments.

The projects within the Growth Deal to address key barriers to growth will be focused on two key programmes:

- **Land and Property Programme**, initial projects include:
  - Regional Land and Property
  - Holyhead Gateway
- **Digital Programme**, initial projects include:
  - Digital Connectivity
  - Digital Signal Processing Centre

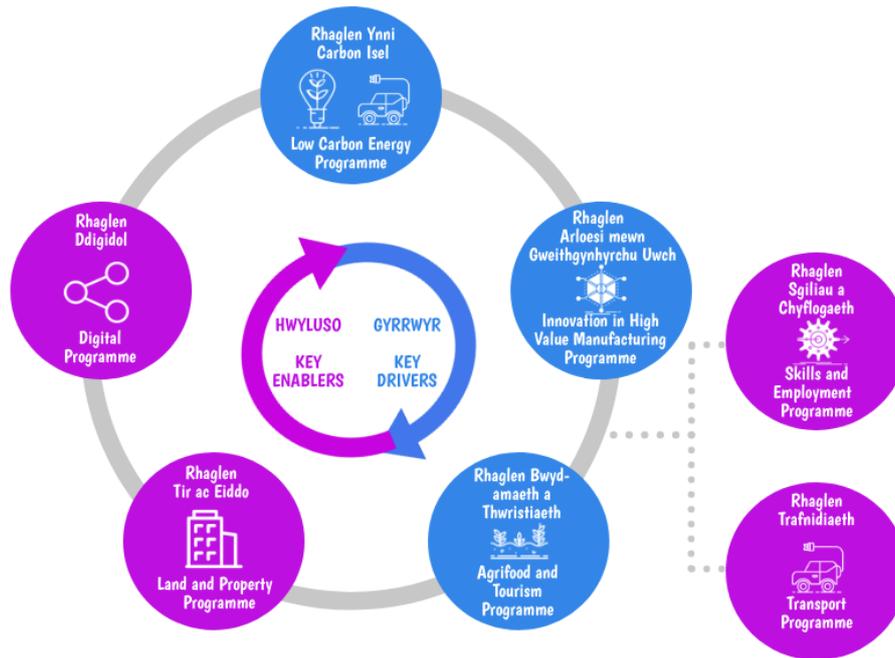
By focusing delivery on these programmes collectively, the Growth Deal will achieve a greater impact in terms of our ambition and use of resources rather than delivering them in isolation.

Two further enabling programmes sit outside the scope of the North Wales Growth Deal to be funded from other sources:

- **Skills and Employment**
- **Strategic Transport**

The programmes remain key to delivering the wider vision for North Wales and the Economic Ambition Board is working with the Regional Skills Partnership and through its Transport Sub-Board to identify and secure alternative funding sources to deliver these programmes.

Figure 6.1 The Growth Deal Programmes



Source: North Wales Economic Ambition Board

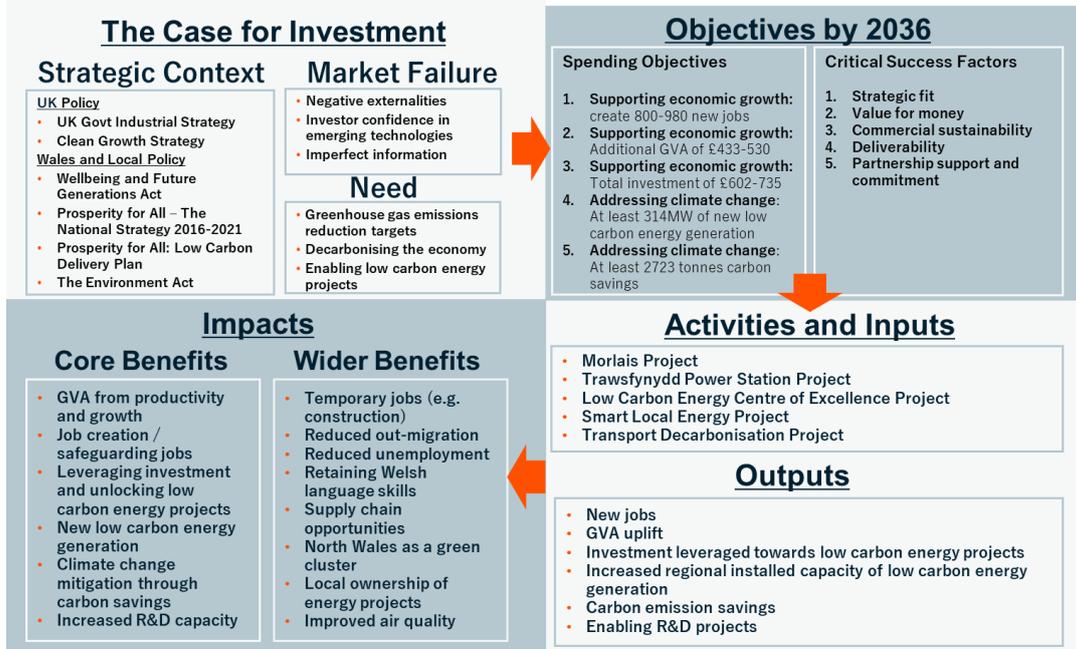
All programmes and projects within the Growth Deal will contribute to the achievement of the Growth Vision and the delivery of benefits for North Wales. The benefits from the Growth Deal will support sustainable and inclusive growth across the region – in accordance with the Growth Vision as well as the priorities of the Well-Being of Future Generations Act.

The strategic aims to address in each programme, and the types of intervention they are intended to facilitate, are summarised below:

## Low carbon energy

**Strategic aims:** Addressing climate change through support for new low carbon energy generation in North Wales, while driving increased supply chain investment and growth in low carbon energy sectors.

**Types of intervention:** Enabling works for new low carbon energy generation in North Wales, enhancing research and innovation facilities for low carbon economy sectors, and support for local energy projects.



## Innovation in high value manufacturing

**Strategic aims:** Ensuring North Wales remains competitive and recognised in the region's well-established research and innovation areas, thus helping drive innovation, competitiveness and productivity across the North Wales manufacturing sector.

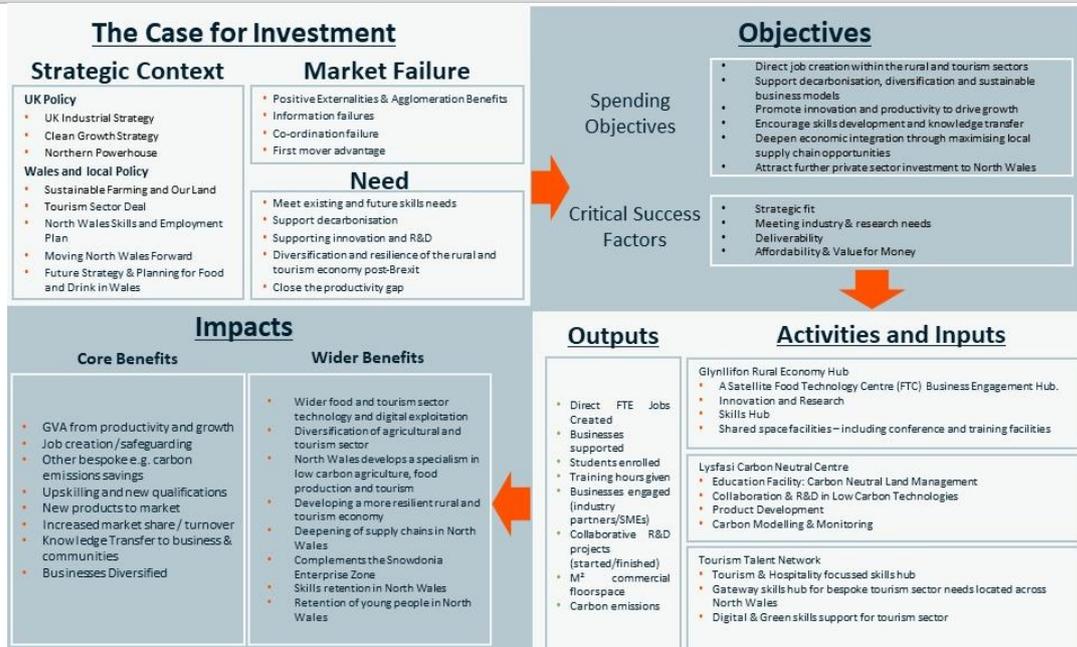
**Types of intervention:** Industry and research collaborations along with the establishment of centres of excellence to help overcome barriers and market failures in the research commercialisation process.



## Agri-food and tourism

**Strategic aims:** To diversify and improve the long-term sustainability of agriculture and tourism, ensuring that they are more productive and sustained in the long-term, whilst also supporting the low carbon agenda.

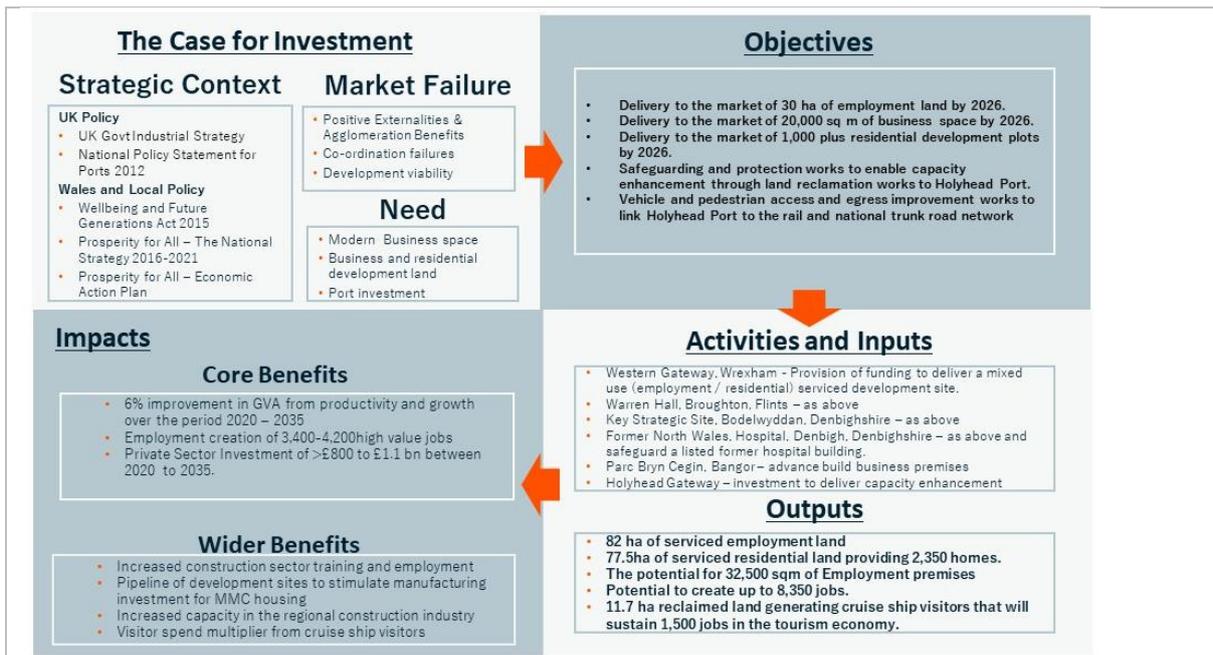
**Types of intervention:** Introducing new technologies & innovation, skills and practices to these sectors, via business support and upskilling.



## Land and property

**Strategic aims:** To address the shortage of suitable land and properties for business growth and to bring forward sites for housing development and to deliver improvements that stimulate investment in the Port of Holyhead and the wider region. These projects will play an enabling role for the other programmes by ensuring that serviced sites are available for investors and developers.

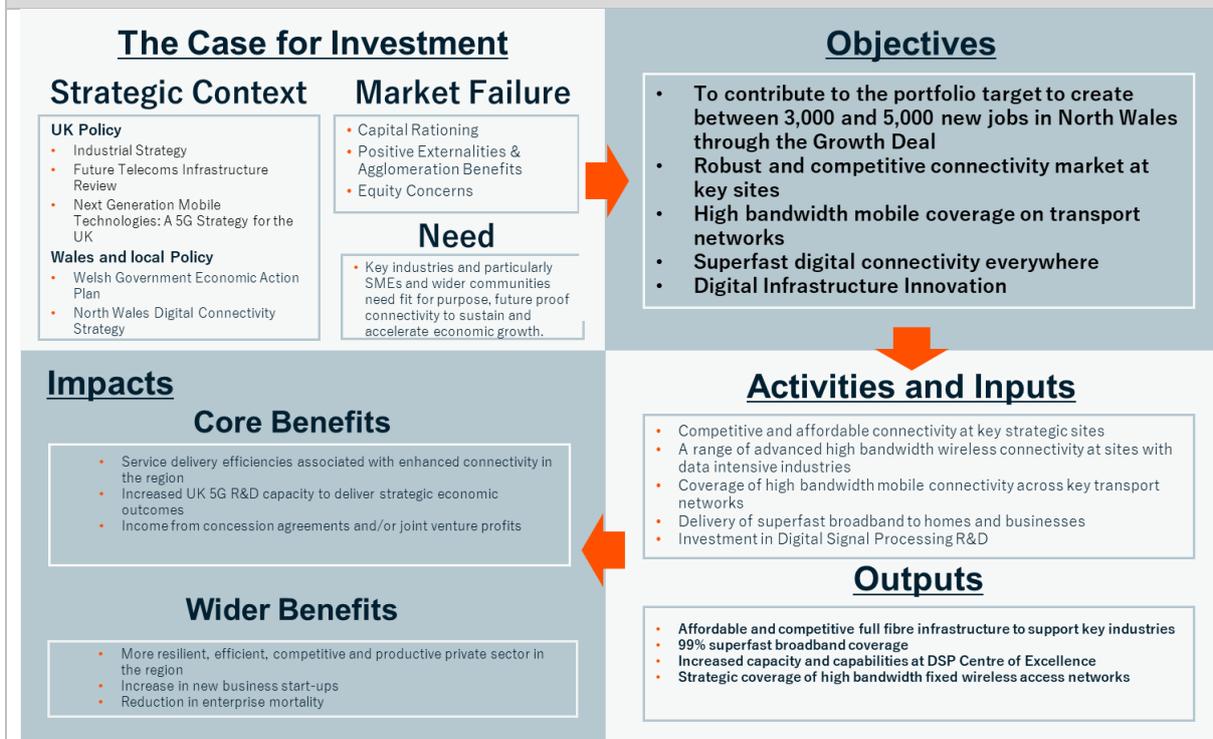
**Types of intervention:** The provision of primary services and enabling works to bring forward commercial and housing development sites, delivery of employment floor space and future proofing and capacity enhancement works to the port of Holyhead.



## Digital

**Strategic aims:** To deliver the step change in digital connectivity needed to ensure North Wales is able to satisfy user demand, maintain pace with the rest of UK, unlock the growth potential of priority sectors and sites and underpin a flourishing innovation ecosystem. Plays an enabling role for other programmes to deliver maximum benefit.

**Types of intervention:** The programme has identified a need to which balance investment in infrastructure and technology, through enhanced fixed broadband footprint at key sites in rural areas, unlocking applications through 5G access, and furthering digital innovation.



## 7. Governance Structure

The Deal's governance arrangements enable decisions to be made in an open and transparent way for the benefit of the whole of the region. This section details these arrangements and how they contribute to the management of the programme and associated risks

The Board was established by local authority partners as a joint committee in 2019 and is the decision making body for the North Wales Growth Deal. It also has a wider role to lead regional collaboration more broadly. The governance arrangements for the Board are underpinned by the partnership agreement 'Governance Agreement 2' to be adopted on completion of the Final Deal.

The Welsh and UK Governments link with the governance structure both formally and informally.

### **Governance Agreement 2**

Having Secured the Growth Deal the Partners have agreed to enter into a second Governance Agreement ("GA2") which will support the partnership into the next phase of implementation of the Growth Deal and further development of the Growth Vision.

The agreement, which is a legally binding document defines the role and function of the Board and its delegated powers. It also provides for its decision making structures and democratic accountability. Provision is made for the commitments of the Partners to the project and how these are managed and apportioned. GA2 provides assurance for the Accountable Body ("Gwynedd Council") in assuming that role. The underlying arrangements providing for legal and compliance matters within the partnership and the governance of the Programme Office are also addressed.

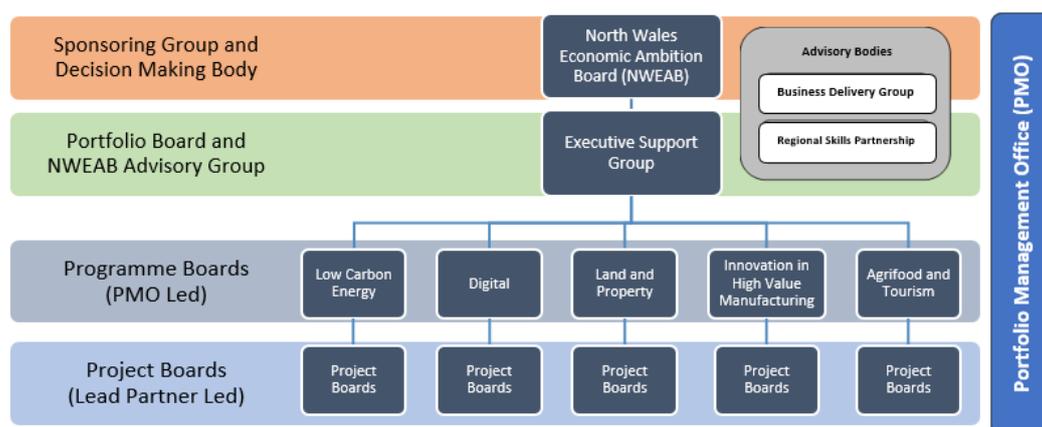
It is a key document providing a clear structure and foundation for taking the implementation of the Growth Deal forward.

### **Portfolio, Programme and Project Management Arrangements (PPM)**

The Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management as set out in 'Government Functional Standard GovS 002: Project Delivery'. Portfolio, programme and project management is an integrated way of meeting an organisation's ambitions, driving better decisions and increasing the likelihood of successful outcomes.

The diagram below sets the PPM governance delivery structure for the Growth Deal:

Figure 1.3 Growth Deal Delivery Structure



Source: North Wales Economic Ambition Board

### Strategic and Portfolio Level

**North Wales Economic Ambition Board (Sponsoring Group)** - The Board acts as the Sponsoring Group (Organisation) and the Decision-Making Body. All authority below this level is delegated to relevant parties as required through a formal Board decision. A member of the Board will take on a Lead Member role for each of the programmes and sit on the relevant Programme Board. The Board will be responsible for the consideration and approval of project business cases within the portfolio and with responsibility for delivery delegated to the relevant programme and project boards.

**Executive Support Group (Portfolio Board)** - This group is the advisory body to the Economic Ambition Board but also acts as the Portfolio Board for the Growth Deal to support and challenge the Growth Deal Portfolio Director to ensure delivery. The group is made up of senior officers from each of the Economic Ambition Board’s partner organisations. A member of the Executive Support Group will act as a Senior Responsible Owner (SRO) for each of the programmes and lead the relevant Programme Board.

**Programme Director** - The Portfolio Director is accountable to the Economic Ambition Board for the delivery of the Growth Deal portfolio.

### Programme and Project Level

**Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects. Each programme is assigned a Programme Manager from within the PMO.

**Programme Boards** - Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially)

and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director.

**Project Boards** - All projects within the Growth Deal will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. These boards will be focused on the development and delivery of the agreed business case, with a focus on the delivery of specified outputs. Projects and Project Boards will be the responsibility of the Lead Partner and clear arrangements for the delivery of projects in line with best practice will be set out in each project business case. Projects will report through to the relevant Programme Board. Terms of Reference for Project Boards will be agreed between the Lead Partner and the Portfolio Management Office to ensure the appropriate links and reporting arrangements between the project and the Programme Board are understood by both parties.

### **Standing Orders, delegated authority and terms of reference**

The Portfolio Management Office has been established by the Board to deliver the deal. They are employed by Gwynedd Council as the Accountable Body and generally operate to their standards, procedures and policies.

Governance Agreement 2 sets out the authority delegated to the Board by the Partner Organisations and what authority is delegated to the Programme Director. Terms of reference for the Board are included as part of Governance Agreement 2.

### **Resourcing**

The Portfolio Management Office has been established to deliver the North Wales Growth Deal. The Economic Ambition Board's Portfolio Management Office was established in January 2020 to oversee the delivery of the North Wales Growth Deal, its programmes and projects. Led by the Programme Director, the team includes experienced programme and project managers as well as operational staff. The team is supported specifically by legal and financial resources provided through the Accountable Body as well as a wide range of additional resources drawn from across the partnership.

### **Decision Making Process**

The North Wales Growth Deal partners are committed to putting in place robust decision-making and financial management processes to ensure that public money is spent responsibly and accounted for. The Board is a Local Authority executive joint committee and as such is subject to the requirements in relation to transparency, accountability, standards of governance, decision making and conduct which apply to such a body.

Decisions within the Economic Ambition Board's governance framework can be categorised at three levels:

- **Programme Director Matters** – decisions that the Programme Director can make
- **Joint Committee Matters** – decisions that the Board can make
- **Reserved Matters** – decisions that would require separate agreement of all partners

All decisions related to the delivery of Growth Deal as set out within this document within the agreed funding envelope for the partnership will be either Programme Director matters or Joint Committee matters.

The Board as a Joint Committee whilst having majority voting will seek to establish a consensus of all the Partners around all decisions relating to the Growth Deal.

It is recognised that the Board’s powers and duties relate to activities set out in the North Wales Growth Deal. Each constituent partner’s decision-making in relation to its own financial commitments will not be subject to Economic Ambition Board approval. The Economic Ambition Board working with the Accountable Body does however have a monitoring and assurance role with respect to the Growth Deal funding to ensure that it is spent in line with the Growth Deal objectives.

### **Project Approval Process**

The Growth Deal is agreed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, project business cases can be brought forward for the Board to consider.

Full (5 Case Model) business cases will be developed for each project within the North Wales Growth Deal in line with the ‘Better Business Case’ guidance developed by Welsh Government and HM Treasury.

Preparing a Project Business Case using the five Case model provides decision makers and stakeholders with a proven framework for structured ‘thinking’ and assurance that the project provides and strategic fit, maximise public value, is commercially viable, is affordable and is fundable over time.

Project business cases will be required to demonstrate how they deliver against the objectives and aspirations of the North Wales Growth Deal and specifically the relevant programme business case.

It is recognised that through the development and agreement of portfolio and programme business cases between the Economic Ambition Board and UK/Welsh Government that the strategic case for projects will have been established.

Each project business case will be subject to independent gateway reviews at agreed points as agreed with the Welsh Government Assurance Hub.

Project business cases will first be considered by the relevant Programme Board. Business cases will only be presented to the Economic Ambition Board following endorsement by the Portfolio Board and the Programme Board and the completion of required gateway reviews. The PMO retains the right to commission external reviews of project business cases where required.

## Change Management

Change management activities for the Growth Deal will be primarily managed via the Programme Boards and relevant Project Board within tolerances delegated by the Economic Ambition Board upon consideration of the project business case.

Significant changes outside these tolerances would need to be escalated to the Portfolio Board. Recommendations will then be presented to the Economic Ambition Board for a decision. Examples of such decisions may include changes to cost, scope, timescales and benefits. Any significant changes beyond the agreed governance framework for the Growth Deal, specifically changes that would lead to increase cost for the Board partners, would be considered a reserved matter and require the approval of all the individual partners.

Any new or replacement projects to be brought forward for consideration outside of the initial 14 projects 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 Board to decide upon.

Projects that fall outside the remit of an agreed programme business case or those that would exceed the agreed financial envelope would be considered a 'reserved matter' for the Board partners.

## Role of Members/Accountability

It is the duty of all Board members to act in the best interests of the North Wales Growth Deal region. All private and third sector members will also be required to act in the interests of the North Wales Growth Deal region, foregoing any interest (if any) their own organisation may have in the North Wales Growth Deal and any related projects.

All members are expected to comply with the code of conducts of their respective organisations, the Economic Ambition Board's Conflict of Interest Policy and the values and aspirations of the North Wales Growth Deal.

Government representatives may attend in observer/advisory capacity and are not bound by the requirements of the Board's members.

## 8. Role of the Accountable Body

For the duration of the Growth Deal, the accountable body shall be responsible for receiving and allocating funds for and on behalf of the Board. The Accountable Body shall

- act diligently and in good faith in all its dealings with the other Parties and it shall use its reasonable endeavours to discharge the Parties' obligations in relation to the implementation of the Growth Deal and delivery of the Growth Vision.

- act as the primary interface for the Economic Ambition Board with Welsh Government, and UK Government and any other body as necessary in relation to the implementation of the Growth Deal.
- hold any funds received directly from Welsh Government, and UK Government, the Economic Ambition Board partners and/or any other sources (if any) in relation to the Growth Deal and only to use and release such funds as agreed in accordance with the terms of the Growth Deal;
- hold land and/ or any other assets procured under any project on trust for the Economic Ambition Board partners pursuant to the terms of the relevant Project Business Case.
- without assuming responsibility for the delivery of any specific Growth Deal project and within the limitation of the funding provided to it (as part of the Joint Committee Costs), provide the support services required to facilitate the work of the Board.
- without assuming responsibility for the delivery of any specific Growth Deal project, provide for the Host Authority's Chief Finance Officer ("s151 Officer") and Monitoring Officer (or their nominated deputies) (the "Monitoring Officer") to act, respectively, as the s151 Officer and Monitoring Officer to the Joint Committee; and
- have responsibility for, but not limited to administering the financial affairs of the Joint Committee (and its sub committees and groups established ), including accounting for VAT, keeping financial records, ensuring that the annual accounts of the Joint Committee are prepared in accordance with the Code of Practice on Local Authority Accounting and making arrangements for the external audit of the Joint Committee.
- employ the Portfolio Management Office to deliver the Growth Deal.

## 9. Monitoring and Evaluation

Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board.

The Board has an adopted Risk Framework for the delivery of the North Wales Growth Deal. The Framework sets out how risks and issues will be managed at the appropriate level across the portfolio with clear escalation processes in place. The Strategy sets out the three levels of risk associated with the delivery of the Growth Deal – portfolio level risks, programme level risks and project level risks.

A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal. The key components of the Monitoring and Evaluation Plan are set out below:

- Monthly Highlight Reports for all programmes and projects;
- Formal Quarterly Reports to the Economic Ambition Board, UK Government and Welsh Government;

- Formal Annual Report to Economic Ambition Board, the Board's partners, UK Government and Welsh Government;
- Independent economic impact evaluation to be undertaken every 3-5 years against suite of indicators agreed with UK Government and Welsh Government.
- Wider benefits to be achieved through procurement, particularly social and community value will be monitored and evaluated to ensure maximum benefit is derived to the region from such activity.
- The Economic Ambition Board will work with the Welsh Government to ensure that evaluation against the Future Generations Act is a key component of all monitoring and evaluation activities.
- The Economic Ambition Board is committed to developing an appropriate feedback mechanism for the North Wales Growth Deal with both governments to ensure lessons learned during the delivery of the Growth Deal are captured and shared.

DRAFT

## **GA2 – SUMMARY OF KEY MATTERS**

### **1. BACKGROUND**

The Partners entered into an initial Governance Agreement 1 (GA1) in December 2018. This formally established the North Wales Economic Ambition Board (“NWEAB”) as a Joint Committee and defined the roles and responsibilities of the Partners within that relationship. It was an agreement designed to take the Partnership through the process leading up to Heads of Terms and through to final Deal Agreement. It also allowed for the creation of the capacity to take the implementation of the Growth Deal and Growth Vision forward once the Final Deal Agreement had been signed. As part of the next phase of the Growth Deal a second Governance Agreement (GA2) is proposed.

The parties to GA2 continue unchanged:

- Conwy County Borough Council
- Denbighshire County Council
- Flintshire County Council
- Gwynedd Council
- The Isle of Anglesey County Council
- Wrexham County Borough Council
- Bangor University
- Wrexham Glyndwr University
- Coleg Cambria
- Grwp Llandrillo Menai

### **2. COMMENCEMENT AND DURATION**

The agreement is intended to remain in force and effect for the period of the Growth Deal. It will come into force at the signing of the Final Deal Agreement committing the Partners to the Growth Deal. It will remain in full force and effect until such time as either all the Parties have withdrawn or all Parties agree to terminate the agreement. It also includes a so called “lock in period” which is an agreement that no party may operate the withdrawal provisions for the initial 6 years of GA2. This ensures stability for the Partnership and is based on the anticipated period of investment of the initial Growth Deal. Withdrawal after this period is possible on notice. However, any Partner who wishes to withdrawal will be required by the terms of GA2 to indemnify the remaining Partners against the financial impact of that withdrawal and in particular any existing and continuing contractual commitments.

### **3. GOVERNANCE PRINCIPLES AND FRAMEWORK**

#### **3.1 North Wales Economic Ambition Board**

GA1 established the North Wales Economic Ambition Board (“NWEAB”) as an “Executive” Joint Committee and that arrangement continues into GA2. As with GA1 the voting committee membership is made up of the Leaders of all 6 local authorities with the other parties to GA2 participating as Advisers. The key changes in GA2 are in relation to elements of the matters delegated to the NWEAB as it transitions into the delivery of both the Growth Vision and Growth Deal.

### **3.2 Executive Support Group**

The Executive Support Group was established under GA1 to co-ordinate professional advice to the NWEAB, oversee the deployment of resources and have responsibility for the performance management of the NWEAB work streams. It also acts as clearing house for reports to the NWEAB. Its membership includes senior officers from all the Partners and will also have presence from Welsh and UK as needed.

### **3.3 Portfolio Management Office**

The Portfolio Management Office was established under GA1 and provides the professional and staff resource to support and deliver the Growth Deal and Vision. It is led by the Programme Director. GA2 provides the framework for establishing employing and managing the Programme Office. It is funded by a combination of Partners Contributions and grant secured by the ESF.

### **3.4 Business Development Group**

The Heads of Terms made specific provision for the establishment of a private sector stakeholders group to advise and challenge the work of the NWEAB. The NWEAB had established the Business Delivery Group as part of its work leading up to the Final Deal Agreement and this now enshrined as a requirement in GA2.

### **3.5 Accountable Body**

From the outset in GA1 the NWEAB was established as a Joint Committee with Host Authority. This continues into GA2 with Gwynedd Council acting as Host Authority which has the core function of supporting the NWEAB by acting as a legal entity which enters into contracts, holds cash and assets and acts as employing body for the staff. It also provides support services for the NWEAB as a Joint Committee. The administrative requirements of the Growth Deal require that one Authority acts as the accountable body which enters into the formal Final Deal Agreement and accepts the Grant Offer Letter. This is a formal role which is undertaken by the Accountable Body on behalf of the Partnership but places responsibilities and obligations on IT. Ga2 provides for this arrangement and the protections and indemnities for the Accountable body in this role.

## **4. CODES OF CONDUCT AND CONFLICTS OF INTERESTS**

As with GA1 this agreement extends the provisions of the Members Code of Conduct in relation to declaration and management of Personal Interests to eth other Partners Representatives. In addition it also provides for a Conflicts of Interest Policy which is designed to ensure that Conflicts of Interests which may arise in the wider group of bodies established to support and manage the programmes are properly managed to ensure probity in the work of the NWEAB.

## **5. PARTNERS CONTRIBUTIONS**

The arrangements for Partners contributions towards the running costs of the NWEAB continues on the same basis as GA1. The Supplementary Contribution which was provided by the Councils is also incorporated in GA2 but as a Councils only matter.

	<b>Local Authority Contribution</b>	<b>HE/FE Annual Contributions</b>	<b>Total Annual Contribution</b>
<b>GA1 Annual Core Contributions*</b>	£50k per LA	£25k per partner	£400k
<b>Annual Supplementary Contribution</b>	£40k per LA	0	£240k

*\*GA2 provides that these contributions will be subject to inflation based annual increase.*

## 6. DELEGATION

The NWEAB derives its delegated authority from the Councils. This is a key aspect of GA2 and the governance of the partnership. Its delegation is also defined by reference to the financial limits on its decision making.

The specific delegations are split into 4 categories but generally there is no specific bar for onward delegation by the delegatee.

**Programme Director Matters** – Matters which are delegated to the Programme Director.

**Joint Committee Matters** – Matters which are matters which the Joint Committee can decide on.

**Matters Reserved to Partners** – Matters which require a decision of all the Partners individually.

**Matter reserved to Councils** – Matters which require a decision of all the Councils individually (these are limited to the Supplementary Contribution and voluntary establishment of a Corporate Joint Committee).

In most respects the delegation scheme remains largely unchanged in terms of substance. However, there are key aspects which have been developed in reflection of the move towards the implementation phase of the Growth Deal in particular:

- a) Portfolio and Programme management. It sets out the delegation to the NWEAB in relation to approving Project Business Cases and determining the inclusion of new Projects in the Programmes in accordance with the parameters set out in the Overarching Business Plan.
- b) That decisions which require increased or additional funding from the Partners will be Matters Reserved to the Partners.

## 7. SCRUTINY

As a local authority Executive Joint Committee the functions of the NWEAB are subject to Overview and Scrutiny. Although a Joint Scrutiny Committee could be established it is proposed that Local Scrutiny Committees retain this role. In order to facilitate this arrangement GA2 includes a Scrutiny Protocol which provides a basis for on-going updates to Scrutiny Committee in relation to the work of the NWEAB and also an agreed approach should a Call In be requested by any Scrutiny Committee.

## 8. BUSINESS PLANS

There are four categories of Business Plan within the Growth Deal which are relevant to GA2:

The **Overarching Business Plan** is adopted by the Partners and is intended to reflect the Partners strategy for the Growth Deal and how they anticipate that the NWEAB will deliver the programme on their behalf. The approval of the Overarching Business Plan is a Matter Reserved to Partners as is any material change to its contents. However, the NWEAB will be required to keep the document under regular review.

The **Portfolio and Programme Business Cases** are submitted by the NWEAB to both Governments initially as part of the Final Deal Agreement process and the management of the Growth Deal thereafter. **Project Business Cases** as the name implies are for individual Projects. They are not submitted to Governments for approval but need to accord with the overall scheme of the Portfolio and Programme Business Cases.

## 9. PARTNERS COMMITMENTS

GA2 also defines the financial commitment of the Partners to the Growth deal both in terms not only of the running costs but also in financing the cash flow implications of the way in which Growth Deal finance is drawn down from the Governments. So, the agreement sets out the ceiling of the borrowing costs which the Councils will be meeting. The NWEAB may not take any decisions in relation to Programmes or Project which would cause that limit to be exceeded without the consent of the individual Partners as a Matter Reserved.

## 10. WITHDRAWAL AND TERMINATION

Subject to the "Lock in" Period a Partner may withdraw from the GA2 on giving the requisite 12 months minimum notice. In the event that such a notice is served the Withdrawing Partner will be served with a Liability Notice which requires them to reimburse and indemnify the Partners against, in general terms, the costs and liabilities which remain or are incurred as a consequence.

## 11. GENERAL

GA2 also includes the general terms and conditions which are expected of a Welsh public joint venture agreement of this magnitude. These are transposed from GA1 and include how statutory duties and matters such as Data Protection and Freedom of Information are managed and applied.

- (1) CONWY COUNTY BOROUGH COUNCIL**
- (2) DENBIGHSHIRE COUNTY COUNCIL**
- (3) FLINTSHIRE COUNTY COUNCIL**
- (4) GWYNEDD COUNCIL**
- (5) THE ISLE OF ANGLESEY COUNTY COUNCIL**
- (6) WREXHAM COUNTY BOROUGH COUNCIL**
- (7) BANGOR UNIVERSITY**
- (8) GLYNDWR UNIVERSITY**
- (9) COLEG CAMBRIA**
- (10) GRWP LLANDRILLO MENAI**

---

**GOVERNANCE AGREEMENT 2  
IN RELATION TO THE DELIVERY OF THE  
GROWTH DEAL**

---

## CONTENTS

	<b>Page</b>
1	DEFINITIONS AND INTERPRETATION ..... 4
2	COMMENCEMENT, DURATION AND TERMINATION ..... 11
3	PRINCIPLES AND KEY OBJECTIVES ..... 12
4	GOVERNANCE ..... 14
5	DECISION MAKING ..... 15
6	THE HOST AUTHORITY ..... 15
7	DUTIES OF THE HOST AUTHORITY ..... 16
8	DUTIES OF THE OTHER PARTIES ..... 17
9	JOINT COMMITTEE ..... 17
10	EXECUTIVE SUPPORT GROUP ..... 22
11	PORTFOLIO MANAGEMENT OFFICE ..... 23
12	AUDIT AND SCRUTINY ..... 24
13	BUSINESS PLAN ..... 24
14	APPROVAL PROCESS ..... 26
15	<b>COMMITMENT OF THE PARTIES AND CONTRIBUTIONS</b> ..... 27
17	<b>MITIGATION</b> ..... 34
18	<b>LIABILITY OF THE PARTIES</b> ..... 34
18	WITHDRAWAL ..... 35
19	CONSEQUENCES OF TERMINATION ..... 36
20	INTELLECTUAL PROPERTY ..... 37
21	CONFIDENTIALITY AND ANNOUNCEMENTS ..... 38
22	CONTRACTS (THIRD PARTY RIGHTS) ..... 38
23	DISPUTE RESOLUTION ..... 38
24	DATA PROTECTION ..... 39
25	FREEDOM OF INFORMATION AND ENVIRONMENT INFORMATION ..... 41
26	NOTICES ..... 41
27	GOVERNING LAW ..... 42

28	ASSIGNMENT .....	42
29	WAIVER .....	42
30	ENTIRE AGREEMENT .....	42
31	COUNTERPARTS .....	42
32	RELATIONSHIP OF PARTIES .....	43
33	STATUTORY RESPONSIBILITIES .....	43
	SCHEDULE 1 - DELEGATIONS POLICY.....	44
	SCHEDULE 2 - TERMS OF REFERENCE.....	49
	PART 1 - JOINT COMMITTEE TERMS OF REFERENCE .....	49
	PART 2 - EXECUTIVE SUPPORT GROUP'S TERMS OF REFERENCE .....	51
	PART 3 - PORTFOLIO MANAGEMENT OFFICES TERMS OF REFERENCE.....	53
	PART 4 - SUB-COMMITTEE TERMS OF REFERENCE .....	54
	PART 5.....	56
	SCHEDULE 3 - SCRUTINY PROTOCOL.....	60
	SCHEDULE 4 - PARTIES' DETAILS .....	62
	SCHEDULE 5 - HEADS OF EXPENDITURE .....	64
	SCHEDULE 6 - ACCOUNTING PERIODS .....	65
	SCHEDULE 7 - CODE OF CONDUCT FOR NWEAB ADVISERS.....	66
	SCHEDULE 8 - LIABILITY REPORT .....	70
	SCHEDULE 9 - GROWTH VISION .....	71
	SCHEDULE 10 - OVERARCHING BUSINESS PLAN .....	72
	SCHEDULE 11 - CONFLICTS POLICY .....	73
	SCHEDULE 12 - GRANT OFFER LETTER.....	81

**BETWEEN:-**

- (1) **CONWY COUNTY BOROUGH COUNCIL** of PO Box 1, Conwy, LL30 9GN ("**Conwy Council**");
- (2) **DENBIGHSHIRE COUNTY COUNCIL** of PO Box 62, Ruthin, LL15 9AZ ("**Denbighshire Council**");
- (3) **FLINTSHIRE COUNTY COUNCIL** of County Hall, Mold, Flintshire, CH7 6NB ("**Flintshire Council**");
- (4) **GWYNEDD COUNCIL** of Gwynedd Council, Shirehall Street, Caernarfon, LL55 1SH ("**Gwynedd Council**");
- (5) **THE ISLE OF ANGLESEY COUNTY COUNCIL** of Council Offices, Llangefni, Anglesey, LL77 7TW ("**Isle of Anglesey Council**");
- (6) **WREXHAM COUNTY BOROUGH COUNCIL** of The Guildhall, Wrexham, LL11 1AY ("**Wrexham Council**");
- (7) **BANGOR UNIVERSITY** of Bangor, Gwynedd, LL57 2DG;
- (8) **GLYNDWR UNIVERSITY** of Mold Road, Wrexham, LL11 2AW;
- (9) **COLEG CAMBRIA** of Kelsterton Road, Connah's Quay, Deeside, Flintshire, CH5 4BR; and
- (10) **GRWP LLANDRILLO MENAI** of Llandudno Road, Colwyn Bay, LL28 4HZ;

(together referred to as the "**Parties**" and individually as a "**Party**").

**WHEREAS:-**

- (A) The GA1 Parties entered into the first governance agreement on 18 December 2018 ("**GA1**") to set up the Joint Committee and define their respective roles and responsibilities in relation to the Growth Deal up to the point when the Growth Deal is to be entered into by the Councils, the UK Government and the Welsh Government.
- (B) [The Growth Deal has now been signed on or about the date of this Agreement and the Parties wish to enter into this agreement, the second governance agreement (this "**Agreement**"),<sup>1</sup> to regulate their respective roles and obligations in relation to the implementation of the Growth Deal and delivery of the Growth Vision including (amongst other matters) the process and governance arrangements for the approval of investments and expenditure under the Growth Deal via Approved Projects. It is acknowledged and agreed by the Parties that, in signing this Agreement, the GA1 been brought to an end and has been superseded and replaced by this Agreement. References to this "**Agreement**" and "**GA2**" shall mean the same.
- (C) The Parties have established the Joint Committee as the entity that will ultimately be responsible for overseeing the implementation of the Growth Deal and the delivery of the Growth Vision. The Joint Committee consists of the Councils as the formal members of the Joint Committee supported by the Advisers. The Councils are each a Party to this Agreement, have voting rights and obligations to financially contribute to the Joint Committee as more particularly set out in this Agreement. The Advisers, save for the Business Delivery Board, are each a Party to this Agreement and have obligations to financially contribute to the Joint Committee. The Advisers, save for the Business Delivery Board, shall advise the Councils but will not have formal voting rights in relation to any Joint Committee Matter put before the Joint Committee but will, alongside the Councils, be required to decide upon any "Reserved Matters" as more particularly set out in this Agreement.
- (D) The Parties have agreed to appoint Gwynedd Council to act as the Host Authority for and on behalf of the Parties and to discharge the Joint Committee's obligations in relation to the implementation of

---

<sup>1</sup> PM: To be updated to reflect Final Deal Terms.

the Growth Deal and delivery of the Growth Vision pursuant to and in accordance with this Agreement.

- (F) The Business Delivery Board is an unincorporated volunteer group of business sector experts in the region that has been established as a sub-group to the Joint Committee. Consequently, the Parties wish to invite the Chair of the Business Delivery Board to be an "Adviser" to the Joint Committee but, it is acknowledged and agreed that, the Chair and/or the Business Delivery Board will not be a signatory to this Agreement, is not a Party to this Agreement, and has no voting rights in relation to any Joint Committee Matter or any Reserved Matter or any obligations to make any financial contribution to the Joint Committee. The Business Delivery Board's draft terms of reference are set out in Part 5 of Schedule 2 (Terms of Reference) of this Agreement which shall be reviewed and approved by the Joint Committee as a Joint Committee Matter.
- (G) By entering into this Agreement, the Parties also confirm and accept the change of name of the Portfolio Management Office to the Portfolio Management Office to reflect its terms of reference and remit.
- (H) The Councils wish to enter into this Agreement and deliver the Growth Deal pursuant to the powers conferred on them by sections 101, 102, 111 and 113 of the Local Government Act 1972, section 1 of the Local Authority (Goods & Services) Act 1970, section 25 of the Local Government (Wales) Act 1994, section 2, 19 and 20 of the Local Government Act 2000, section 9 of the Local Government Wales Measure 2009 and all other enabling powers now vested in the Councils.<sup>2</sup>

## 1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement and the recitals, unless, the context otherwise requires the following terms shall have the meaning given to them below:-

<b>"Accounting Period"</b>	means those periods set out in paragraph 1 of Schedule 7 (Accounting Periods) as may be amended from time to time in accordance with the terms of this Agreement
<b>"Advisers"</b>	means the representatives of the bodies and individuals listed below plus, subject to Clause 9.2.4 (Role of the Advisers), any further individuals and/or bodies whom the Joint Committee chooses to invite in that capacity from time to time:-  (a) Bangor University;  (b) Coleg Cambria;  (c) Grwp Llandrillo Menai;  (d) Glyndwr University; and  (e) Chair of the Business Delivery Board acting on behalf of the Business Delivery Board
<b>"Adviser Led Project"</b>	means Approved Project lead by a Project Sponsor who is an Adviser (and not a Council)
<b>"Advisers' Contribution"</b>	has the meaning given in Clause 15.5.1(a)(iv) (Funding)
<b>"Advisers' Individual Contribution"</b>	has the meaning given in Clause 15.5.6(b) (Advisors' Contribution)

<sup>2</sup> PM: Parties to please consider and satisfy themselves as to the powers that they have to enter into this Agreement. Please confirm or raise any queries if any concerns.

<b>"Annual Budget"</b>	means the annual budget of the Host Authority held for and on behalf of the Joint Committee as set out in Clause 15.4 (Annual Budget) which includes payment of any Joint Committee Costs in accordance with this Agreement
<b>"Annual Budget Contributions"</b>	has the meaning given in Clause 15.4.2 (Annual Budget)
<b>"Approved Projects"</b>	means any project contained within a Project Business Case approved for investment by the Joint Committee in accordance with Clause 14 (Approval Process)
<b>"Back-to-Back Agreement"</b>	has the meaning given in Clause 15.5.4(f) (Councils' Contribution and Advisors' Contribution)
<b>"Business Day"</b>	means any day other than a Saturday or Sunday or a public or bank holiday in England and/or Wales
<b>"CEDR"</b>	means the Centre for Dispute Resolution
<b>"Commencement Date"</b>	means the date of this Agreement
<b>"Confidential Information"</b>	all know-how and other information whether commercial, financial, technical or otherwise relating to the business, affairs or methods of all or any Party, which is contained in or discernible in any form whatsoever (including without limitation software, data, drawings, films, documents and computer-readable media) whether or not marked or designated as confidential or proprietary or which is disclosed orally or by demonstration and which is described at the time of disclosure as confidential or is clearly so from its content or the context of disclosure
<b>"Conflicts Policy"</b>	has the meaning given in Clause 3.5.12(a) (Conflicts Policy);
<b>"Council Matter"</b>	has the meaning given in Clause 5.2 (Council Matter);
<b>"Councils"</b>	means the following:- <ul style="list-style-type: none"> <li>(a) Conwy Council;</li> <li>(b) Denbighshire Council;</li> <li>(c) Flintshire Council;</li> <li>(d) Gwynedd Council;</li> <li>(e) Isle of Anglesey Council; and</li> <li>(f) Wrexham Council</li> </ul>
<b>"Councils' Contribution"</b>	Has the meaning given in Clause 15.5.1(a)(iii) (Funding);

<b>"Councils' Supplementary Payments"</b>	means the annual payment of £40,000 (forty thousand pounds each) provided by each Council on an ongoing basis to the Joint Committee to partly fund the Annual Budget of the Joint Committee. For the avoidance of doubt, such annual payment is in addition to any Annual Budget Contribution and the Councils' Contribution to be provided pursuant to this Agreement and is to be disregarded for the purposes of calculating each Party's liability under the definition of "Proportionate Basis" and "Population Basis".
<b>"Decision Period"</b>	means the period of twenty (20) Business Days from the date of the Liability Report or such other longer time as is unanimously agreed by all the Joint Committee
<b>"Delegations Policy"</b>	means the allocation of delegation set out in Schedule 1
<b>"Data Protection Legislation"</b>	means the Data Protection Act 2018 and General Data Protection Regulations
<b>"Defaulter Exit Date"</b>	means, where the material breach is not capable of remedy, the day after the date that the notice served pursuant to Clause 2.3 is deemed to be served or, where the material breach is capable of remedy, the day after the last day that the breach can be remedied and it has not been remedied in that period as set out in the notice;
<b>"Executive Support Group"</b>	means the team established by the Partners to support the Joint Committee and to give direction and advice to the Portfolio Management Office on the implementation of the Joint Committee's decisions as more particularly set out in Clause 10 (Executive Support Group) and Part 2 of Schedule 3 (Executive Support Group's Terms of Reference)
<b>"GA1 Parties"</b>	means all the Councils and Advisers (a), (b), (c) and (d) only
<b>"GA Code of Conduct"</b>	means the code of conduct for the Advisers set out in Schedule 7
<b>"Gateway Review"</b>	means an independent assessment of programs and projects to assess the progress and likelihood of successful delivery anticipated to be on an annual basis
<b>"Grant Offer Letter"</b>	means the letter from the Welsh Government and the UK Government to the Parties which confirms the terms and conditions of the Growth Deal and the funding to be provided and is appended to this Agreement at Schedule 12 (Grant Offer Letter)
<b>"Growth Deal" or "North Wales Growth Deal"</b>	means the agreement between the Welsh Government, the UK Government and the Parties to work together for the people and businesses of North Wales, and deliver local projects which will increase opportunity and prosperity in communities across the region as more particularly set out in the Grant Offer Letter on or about the date of this Agreement in which sets out the terms of the "North Wales Growth Deal"
<b>"Growth Deal Contribution"</b>	means the HMT Contribution and the WG Contribution

<b>"Growth Vision"</b>	means the strategy for economic growth and development within the North Wales Region agreed jointly by the Parties and appended to this Agreement at Schedule 9
<b>"Host Authority"</b>	means the Council appointed under Clause 6 (Host Authority) who shall be responsible for receiving and allocating funds for and on behalf of the Parties for Approved Projects under the Growth Deal and whose duties are set out under Clause 7 (Duties of the Host Authority) and references to Host Authority and Host Authority shall mean the same
<b>"HMT"</b>	means Her Majesty's Treasury, a ministerial department of the UK Government
<b>"HMT Contribution"</b>	means as defined in Clause <b>15.5.1(a)(i)</b> (Funding)
<b>"HMT Funding Conditions"</b>	means as defined in Clause <b>15.5.2(a)(ii)</b> (HMT Contribution)
<b>"Implementation Plan"</b>	means the implementation plan that sets out, amongst other things, the indicative process and timeline for the procurement and implementation of the Growth Deal and is attached to the [Grant Offer Letter] which is attached at Schedule 12 (Grant Offer Letter) of this Agreement. For the avoidance of doubt, this is a live document that forms part of Schedule 12 for information only to confirm the position as at the Commencement Date but will be updated from time to time by the Parties in accordance with the terms of the Grant Offer Letter
<b>"Intellectual Property"</b>	any and all patents, trademarks, trade names, copyright, moral rights, rights in design, rights in databases, know-how and all or other intellectual property rights whether or not registered or capable of registration and whether subsisting in the United Kingdom or any other part of the world together with all or any goodwill relating to them and the right to apply for registration of them
<b>"Internal Costs"</b>	means as defined in paragraph 1.1 of Schedule 5 (Heads of Expenditure)
<b>"IP Material"</b>	the Intellectual Property in the Material
<b>"Integrated Assurance and Approval Plan"</b>	means the document to be submitted to WG as part of the Joint Committee's reporting and approval process with WG in relation to the Growth Deal
<b>"JC Unresolved Matter"</b>	means as defined in Clause 9.6.5 (Joint Committee)
<b>"Joint Committee"</b>	means the joint committee established by the GA1 Parties pursuant to the terms of the GA1 and expanded under this Agreement to include the Councils and the Advisers and reference to the North Wales Economic Ambition Board, NWEAB, the Economic Ambition Board and/or EAB shall mean the same

<b>"Joint Committee Costs"</b>	means as defined in paragraph 1.2 of Schedule 5 (Heads of Expenditure) and excluding any Internal Costs (save for the Internal Costs of the Host Authority in carrying out the duties of the Host Authority which shall be accounted for as Joint Committee Costs)
<b>"Joint Committee Matter"</b>	shall have the meaning given to it in Clause 5.1.2
<b>"Joint Committee Meeting"</b>	means a meeting of the Joint Committee duly convened in accordance with Clause 9 (Joint Committee)
<b>"Liability Report"</b>	means a report prepared by the Host Authority (or such other Council nominated under Clause 19.3 (Withdrawal)) acting reasonably setting out the financial and resource commitments of the relevant Party under Clause 19 (Withdrawal) or 20 (Consequences of Termination) including the items set out in Schedule 7 (Liability Report)
<b>"Loan Funds"</b>	has the meaning given in Clause 15.5.4(a)(i)
<b>"Local Authority"</b>	a principal council (as defined in section 270 of the Local Government Act 1972) or any body of government in Wales established as a successor of a principal council
<b>"Lock In Period"</b>	means six (6) years from the date of this agreement;
<b>"Material"</b>	all data, text, graphics, images and other materials or documents created, used or supplied by a Party in connection with this Agreement unless before the first use or supply, the Party notifies the other Parties that the data, text supplied is not to be covered by this definition
<b>"Member's Code of Conduct"</b>	means, in respect of any Council, the respective code of conduct for that Council which their members are bound to comply with;
<b>"Monitoring Officer"</b>	means as defined in Clause 7.1.6 (Duties of the Host Authority)
<b>"NNDR"</b>	means the National Non Domestic Rates
<b>"Overarching Business Plan" or "OBP"</b>	means the overarching business plan approved and adopted by the Parties at the Commencement Date to regulate the implementation of the Growth Deal and the Growth Vision
<b>"Personal Data"</b>	means the personal data as defined in the Data Protection Legislation
<b>"Population Basis"</b>	means the relevant proportion for each Council ("A%") by reference to their respective fractional contribution as set out in Clause 15.5.4(g) (Council's Contribution) which applies in relation to the Council's Contribution only;

<b>"Portfolio Business Case"</b>	means a detailed business case for a portfolio of Programmes and Projects which is subject to approval by the UK and Welsh Governments and provides detail to the UK and Welsh Governments as to how the Joint Committee intends to deliver the Growth Deal
<b>"Portfolio Management Office"</b>	means the team lead by the Programme Director established by the Joint Committee to assist the Joint Committee to implement the Growth Deal and Growth Vision, to liaise with the Executive Support Group as more particularly set out in Part 2 (Portfolio Management Office) and Part 3 of Schedule 2 (Portfolio Management Office's Terms of Reference)
<b>"Programme"</b>	means the five key programmes as more particularly set out in the Growth Deal: <ul style="list-style-type: none"> <li>• innovation in high value manufacturing</li> <li>• low carbon energy</li> <li>• agrifood and tourism</li> <li>• digital connectivity</li> <li>• land and property</li> </ul>
<b>"Programme Business Case"</b>	means a detailed business case for the development and implementation of a Programme which is subject to approval by the UK and Welsh Governments
<b>"Programme Director"</b>	means the officer appointed as the programme director of the Growth Deal and Growth Vision
<b>"Programme Director Matter"</b>	shall have the meaning given to it in Clause 5.1.1
<b>"Project Business Case"</b>	means a detailed business case for the development and implementation of a Project which, once approved by the Joint Committee in accordance with Clause 14 (Approval Process), will result in that Project being an Approved Project and the Project Business Case shall regulate the investment into and delivery of that Approved Project
<b>"Project Sponsor"</b>	means an Adviser or third party or, in the case of a Regional Project, the Host Authority (or another Council) acting on behalf of the Joint Committee leading the delivery of an Approved Project
<b>"Proportionate Basis"</b>	means the relevant proportion for each Party by reference to their respective fractional contribution as set out as follows:

<b>Parties</b>	<b>Proportion of Contribution</b>
Conwy Council	1/8
Denbighshire Council	1/8
Flintshire Council	1/8
Gwynedd Council	1/8

The Isle of Anglesey Council	1/8
Wrexham Council	1/8
Bangor University	1/16
Wrexham University	1/16
Coleg Cambria	1/16
GRWP Llandrillo Menai	1/16

<b>"Quarter Period"</b>	means those periods set out in paragraph 2 of Schedule 7 (Accounting Periods) as may be amended from time to time in accordance with the terms of this Agreement
<b>"Quarterly Report"</b>	means as defined in Clause 13.5.1 (Progress Monitoring)
<b>"Regional Project"</b>	means an Approved Project led by Host Authority on behalf of the Joint Committee for the benefit of the region
<b>"Reserved Matter"</b>	shall have the meaning given to it in Clause 5.1.3
<b>"s151 Officer"</b>	means as defined in Clause 7.1.6 (Duties of the Host Authority)
<b>"Translation Costs"</b>	means translation costs incurred by the Host Authority in complying with any applicable legislation relating to its obligations under this Agreement
<b>"UKG"</b>	UK Government
<b>"WG"</b>	Welsh Government
<b>"WG Contribution"</b>	means as defined in Clause 15.5.1(a)(ii) (Funding)
<b>"WG Funding Conditions"</b>	means as defined in Clause 15.5.3 (WG Contribution)
<b>"Withdrawal Notice"</b>	means as defined in Clause 19.3

## 1.2 Interpretation

In this Agreement, except where the context otherwise requires:-

- 1.2.1 the singular includes the plural and vice versa;
- 1.2.2 a reference to any Clause, paragraph, Schedule or recital is, except where expressly stated to the contrary, a reference to such Clause, paragraph, schedule or recital of and to this Agreement;
- 1.2.3 any reference to this Agreement or to any other document shall include any permitted variation, amendment or supplement to such document;
- 1.2.4 any reference to legislation shall be construed as a reference to any legislation as amended, replaced, consolidated or re-enacted;

- 1.2.5 a reference to a public organisation (to include, for the avoidance of doubt, any Council) shall be deemed to include a reference to any successor to such public organisation or any organisation or entity which has taken over either or both functions and responsibilities of such public organisation;
- 1.2.6 a reference to a person includes firms, partnerships and corporations and their successors and permitted assignees or transferees;
- 1.2.7 the clause, paragraph and Schedule headings and captions in the body of this Agreement do not form part of this Agreement and shall not be taken into account in its construction or interpretation;
- 1.2.8 words preceding "**include**", "**includes**", "**including**" and "**included**" shall be construed without limitation by the words which follow those words;
- 1.2.9 words importing the masculine shall be construed as including the feminine or the neuter or vice versa; and
- 1.2.10 any reference to the title of an officer of any of the Councils shall include any person holding such office from time to time by the same or any title substituted thereafter or such other officer of the relevant Council as that Council may from time to time appoint to carry out the duties of the officer referred to.

### 1.3 Schedules

- 1.3.1 The Schedules to this Agreement form part of this Agreement.
- 1.3.2 In the event of any discrepancy between the Clauses and the Schedules, the Clauses shall take priority.
- 1.3.3 In the event of any discrepancy between the Schedules, Schedule 1 (Delegations Policy) shall priority over all other Schedules.

## 2. COMMENCEMENT, DURATION AND TERMINATION

### 2.1 Commencement

This Agreement shall take effect on the Commencement Date.

### 2.2 Duration of the Agreement

This Agreement shall continue in full force and effect from the Commencement Date until the earlier of:

- (a) all the Parties agree in writing to its termination and the consequences of such termination; or
- (b) there is only one remaining Council who has not withdrawn from this Agreement in accordance with Clause 19 (Withdrawal).

### 2.3 Termination

- 2.3.1 Without prejudice to any other rights or remedies, this Agreement may be terminated in relation to any Party ("**Defaulter**") by the other Parties ("**Non-Defaulting Parties**") acting unanimously in giving written notice to the Defaulter effective on receipt where the Defaulter materially breaches any of the provisions of this Agreement and in the case of a breach capable of remedy fails to remedy the same within thirty (30) Business Days (or such other period as agreed by the Non-Defaulting Parties) of being notified of each breach in writing by the Non-Defaulting Parties and being required to remedy the same. The decision to give written notice to the Defaulter shall be a Reserved Matter.

2.3.2 Subject always to the provisions set out in Clause 20 (Consequences of Termination), where notice is given under Clause 2.3.1 above and the material breach is not capable of remedy or, in the case of a breach capable of remedy, the Defaulter fails to remedy such breach within the time period set out in the notice above, Clause 20 (Consequences of Termination) of this Agreement shall apply and the Defaulter shall be deemed to have withdrawn from its role as a Council member of the Joint Committee or Adviser for the Joint Committee (as applicable) and a Party to this Agreement as at the Defaulter Exit Date.

### 3. **PRINCIPLES AND KEY OBJECTIVES**

3.1 The Parties intend this Agreement to be legally binding.

3.2 The Parties agree to work together to discharge the Parties' obligations in relation to the implementation of the Growth Deal and the Growth Vision pursuant to and in accordance with this Agreement.

3.3 The Parties agree and acknowledge that the Growth Deal and Growth Vision shall be delivered in accordance with the:-

- (a) Implementation Plan;
- (b) OBP;
- (c) any Portfolio Business Case;
- (d) any Programme Business Case; and
- (e) the Project Business Cases.

#### 3.4 **Objectives**

The Parties acknowledge and agree that the North Wales Growth Vision objectives are:-

- 3.4.1 to improve the economic, social, environmental and cultural well-being of the North Wales Region;
- 3.4.2 to support and retain young people in the communities situated in the North Wales Region;
- 3.4.3 to address worklessness and inactivity across the North Wales Region; and
- 3.4.4 to support and enable private sector investment in the North Wales Region, to boost economic productivity and to improve the economic and employment performance of the North Wales Region.

#### 3.5 **Principles**

Without prejudice to the terms of this Agreement, the Parties agree that they will conduct their relationship in accordance with the following principles:-

##### 3.5.1 **Openness and Trust**

In relation to this Agreement the Parties will be open and trusting in their dealings with each other, make information and analysis available to each other, discuss and develop ideas openly and contribute fully to all aspects of making the joint working successful. Whilst respecting the mutual need for commercial confidentiality, the Parties will willingly embrace a commitment to transparency in their dealings and in particular a need to comply with statutory access to information requirements including the Environmental Information Regulations 2004 and the Freedom of Information Act 2000 and supporting codes of practice. The Parties will be aware of the need for and respect matters of commercial confidentiality and potential sensitivity;

**3.5.2 Commitment and Drive**

The Parties will be fully committed to working jointly, will seek to fully motivate employees and will address the challenges of delivering the Growth Deal with enthusiasm and a determination to succeed;

**3.5.3 Skills and Creativity**

The Parties recognise that each brings complimentary skills and knowledge which they will apply creatively to achieving the Parties' objectives, continuity, resolution of difficulties and the development of the joint working relationship and the personnel working within it. It is recognised that this will involve the appreciation and adoption of common values;

**3.5.4 Effective Relationships**

The roles and responsibilities of each Party will be clear with relationships developed at the appropriate levels within each organisation with direct and easy access to each other's representatives;

**3.5.5 Developing and Adaptive**

The Parties recognise that they are engaged in what could be a long term business relationship which needs to develop and adapt and will use reasonable endeavours to develop and maintain an effective joint process to ensure that the relationship develops appropriately and in line with these principles and objectives;

**3.5.6 Reputation and Standing**

The Parties agree that, in relation to this Agreement and the Growth Deal generally, they shall pay the utmost regard to the standing and reputation of one another, and act with regard to each Party's own employer and member codes of conduct and shall not do or fail to do anything which may bring the standing or reputation of any other Party into disrepute or attract adverse publicity to any other Party.

**3.5.7 Act in the Public Interest**

The Parties acknowledge and agree that the Joint Committee is a public body administering and directing public resource and finance in the public interest. The Parties and each representatives of the Parties has a duty to accordingly act in accordance with that fundamental duty – to act solely in the public interest.

**3.5.8 Reasonableness of Decision Making**

The Parties agree that all decisions made in relation to this Agreement and the Growth Deal generally shall be made by them acting reasonably and in good faith;

**3.5.9 Necessary Consents**

Each Party hereby represents to the other Parties that it has obtained all necessary consents sufficient to ensure the delegation of functions and responsibilities provided for by this Agreement; and

**3.5.10 Members, Officers, Directors and Employees Commitments**

Each Party shall use its reasonable endeavours to procure that their respective members, officers, directors and employees who are involved in the Growth Deal shall at all times act in the best interests of the Growth Deal, and act with regard to each Party's own employer

and member codes of conduct, devote sufficient resources to deliver the Growth Deal and respond in a timely manner to all relevant requests from the other Parties.

#### 3.5.11 Code of Conduct

- (a) The Councils agree, in relation to this Agreement, the implementation of the Growth Deal and the delivery of Growth Vision that their members conduct will be governed by their respective Council Codes of Conduct for Members as amended from time to time when acting as a Member of the Joint Committee.
- (b) The Advisers agree, in relation to this Agreement, the implementation of the Growth Deal and the delivery of the Growth Vision that they shall act in accordance with the GA Code of Conduct when acting as an Adviser of the Joint Committee.
- (c) In all other respects, any representatives in any other group or sub-group including but not limited to the Executive Support Group and the Portfolio Management Group shall follow the Conflicts Policy only.

#### 3.5.12 Conflicts Policy

- (a) The Parties agree and shall comply with the conflicts of interest policy ("**Conflicts Policy**") of NWEAB which is attached at Schedule 11 (Conflicts Policy) which sets out the guidelines and procedures for identifying, monitoring and managing actual and potential conflicts of interest.
- (b) The Conflicts Policy is intended to complement, and work alongside, the Codes of Conduct. However, please report any discrepancy immediately to the NWEAB's Monitoring Officer in accordance with Schedule 11 (Conflicts Policy).
- (c) It is acknowledged and agreed that:
  - (i) in the event of any discrepancy between the relevant Council Code of Conduct and the Conflicts Policy, the relevant Council Code of Conduct shall take precedence; and
  - (ii) in the event of any discrepancy between the GA Code of Conduct and the Conflicts Policy, the Conflicts Policy shall take precedence.

## 4. GOVERNANCE

4.1 The Parties acknowledge and agree that this Agreement contains the key governance provisions to be followed by the Parties in relation to implementation of the Growth Deal and the delivery of the Growth Vision to include (but not limited to) the following key principles:

- 4.1.1 the Parties have formed the Joint Committee as more particularly detailed in Clause 9 (Joint Committee) and appointed the Host Authority as set out in Clause 6 and 7 of this Agreement;
- 4.1.2 the Joint Committee and the Host Authority are supported by the Executive Support Group (Clause 10) and the Portfolio Management Office (Clause 11), the Transport Sub-Committee and any other sub-committees or sub-groups established by the Joint Committee pursuant to Clause 9.9.1 (Sub-Committees and Sub-Groups) and the Programme Director is responsible for the management of the Portfolio Management Office and reports directly to the Joint Committee; and
- 4.1.3 Clause 5 (Decision Making) details the key decision making powers of the Joint Committee and Clause 12 (Scrutiny) contains key scrutiny provisions.

## 5. **DECISION MAKING**

5.1 In terms of the need for decisions and other actions to be taken and carried out during the term of this Agreement, the Parties have identified the following three categories together with the means by which they will be taken:-

5.1.1 **"Programme Director Matter"** - being a matter which it is expected that the Programme Director will be able to make a decision upon and have the power to bind the Parties and the Joint Committee in doing so;

5.1.2 **"Joint Committee Matter"** – being a matter which it is expected that the Council representative (or appropriate deputy) of each Council appointed pursuant to this Agreement (but not the Adviser representatives) upon which it will be able to make a decision upon and have the power to bind the Parties and the Joint Committee in doing so; and

5.1.3 **"Reserved Matter"** – being a matter which, subject to Clause 5.2 (Council Matter), will have to be referred to each Party for a decision and, for the avoidance of doubt, that matter requiring a decision will not be dealt with by the Joint Committee until the decision shall have been agreed unanimously by all of the Parties and such decision (once reached) shall bind the Parties and the Joint Committee in doing so,

and in each case, such matters are identified in Schedule 1 (Delegations Policy).

### 5.2 **Council Matter**

5.2.1 Notwithstanding the provisions set out in Clause 5.1 (Decision Making) and elsewhere in this Agreement, it is acknowledged and agreed that any decision in relation to a Council Matter will be a matter for the Councils only (and not the Advisers) and, for the avoidance of doubt, a Council Matter shall not be dealt with by the Joint Committee until the decision shall have been agreed unanimously by all of the Councils and such decision (once reached) shall bind the Parties and the Joint Committee in doing so.

5.2.2 A **"Council Matter"** means:

- (a) any change to the Councils' Supplementary Payments; and/or
- (b) a decision pursuant to Clause 9.1.3 (Corporate Joint Committee).

## 6. **THE HOST AUTHORITY**

6.1 The Parties (acting severally) have agreed, with effect from the Commencement Date, that Gwynedd Council will act as the Host Authority responsible for discharging the Parties' obligations in relation to the Growth Deal and otherwise supporting the Joint Committee pursuant to and in accordance with this Agreement for and on behalf of the Parties and Gwynedd Council agrees to act in that capacity subject to and in accordance with the terms and conditions of this Agreement.

6.2 Gwynedd Council may in its absolute discretion elect to withdraw from its role as Host Authority to the Joint Committee (but remain as a Council member of the Joint Committee and a Party to this Agreement) by giving written notice of such intent to each Party that it wishes to withdraw from its role as Host Authority commencing three months from the date the notice is deemed to be served.

6.3 Where the Host Authority defaults and the Agreement is terminated in respect of it pursuant to Clause 2.3 (Termination) or the Host Authority withdraws pursuant to Clause 6.2 (The Host Authority) above or withdraws from the Agreement pursuant to Clause 19 (Withdrawal), then the replacement Host Authority will be appointed by the Joint Committee and the withdrawing or, as applicable, defaulting Host Authority will not have the right to vote in regard to any such appointment.

6.4 Where a replacement Host Authority is appointed pursuant to Clause 6.3 above, any reference to Gwynedd Council (in its capacity as the initial Host Authority) shall be read with reference to the

replacement Host Authority and Gwynedd Council shall use its reasonable endeavours to ensure the smooth hand over of all key information and documentation relating to the Growth Deal to the replacement Host Authority including (but not limited to) facilitating the novation/assignment of the Grant Offer Letter to the new replacement Host Authority where required by the Joint Committee.

6.5 The Host Authority shall act as the Host Authority and shall receive:-

6.5.1 any Growth Deal Contribution received for and on behalf of the Parties;

6.5.2 the Councils' Contribution;

6.5.3 the Advisers' Contributions;

6.5.4 the Annual Budget Contributions;

6.5.5 the Councils' Supplementary Contributions; and

6.5.6 any other funding that may be received from time to time in relation to the Growth Deal,

and shall hold and manage such funds in accordance with the terms of this Agreement.

## 7. DUTIES OF THE HOST AUTHORITY

7.1 For the duration of this Agreement, the Host Authority shall:-

7.1.1 act diligently and in good faith in all its dealings with the other Parties and it shall use its reasonable endeavours to discharge the Parties' obligations in relation to the implementation of the Growth Deal and delivery of the Growth Vision pursuant to and in accordance with this Agreement and all applicable legislation including but not limited to:-

(a) the Well-being of Future Generations (Wales) Act 2015;

(b) Welsh Language (Wales) Measure 2011;

(c) any compliance notice issued under the Welsh Language (Wales) Measure 2011 in respect of the Joint Committee (if applicable); and

(d) the Local Authorities (Executive Arrangements) (Decisions, Documents and Meetings) (Wales) Regulations 2001 (as amended);

7.1.2 act as the Host Authority and primary interface (on behalf of itself and the other Parties) with the WG, the UKG and the European Regional Development Fund and any other body necessary to discharge the Parties' obligations in relation to the implementation of the Growth Deal and delivery of the Growth Vision;

7.1.3 act as the Host Authority to hold any funds received directly from WG, UKG, the European Regional Development Fund (if any), the Parties and/or any other sources (if any) in relation to the Growth Deal and only to use and release such funds as agreed in accordance with the terms of such funding and this Agreement;

7.1.4 act as the Host Authority to hold land and/ or any other assets procured under any Approved Project on trust for the Parties pursuant to the terms of the relevant Project Business Case and such Project Business Case shall detail the purchase, leasing or otherwise of any assets as well as the disposal of the same.

7.1.5 without assuming responsibility for the delivery of any specific Growth Deal project and within the limitation of the funding provided to it (as part of the Joint Committee Costs), provide the support services required to facilitate the work of the Joint Committee (and its sub committees and groups established pursuant to Clauses 9.7.4 and 9.8), including, but not limited to, financial, human resources, legal, ICT, estates, information management,

internal audit and procurement services. For the avoidance of doubt, the provisions of this Clause 7.1.5 shall not serve to fetter the ability of the Host Authority to enter into arrangements with any of the other Parties to provide the aforementioned services on its behalf.

- 7.1.6 without assuming responsibility for the delivery of any specific Growth Deal project, provide for the Host Authority's Chief Finance Officer ("**s151 Officer**") and Monitoring Officer (or their nominated deputies) (the "**Monitoring Officer**") to act, respectively, as the s151 Officer and Monitoring Officer to the Joint Committee; and
- 7.1.7 without limitation to its roles under the preceding provision of this Clause 7.1.7, have responsibility for, but not limited to administering the financial affairs of the Joint Committee (and its sub committees and groups established pursuant to 9.7.4 and 9.8), including accounting for VAT, keeping financial records, ensuring that the annual accounts of the Joint Committee are prepared in accordance with the Code of Practice on Local Authority Accounting and making arrangements for the external audit of the Joint Committee.
- 7.1.8 employ the Portfolio Management Office as set out in Clause 11 (Portfolio Management Office).

## 8. DUTIES OF THE OTHER PARTIES

- 8.1 For the duration of this Agreement, the other Parties shall act diligently and in good faith in all their dealings with the Host Authority and shall use their respective reasonable endeavours to assist the Host Authority to discharge the Parties' obligations in relation to the implementation of the Growth Deal and delivery of the Growth Vision pursuant to and in accordance with this Agreement and all applicable legislation including but not limited to:-
  - 8.1.1 the Well-being of Future Generations (Wales) Act 2015;
  - 8.1.2 Welsh Language (Wales) Measure 2011;
  - 8.1.3 any compliance notice issued under the Welsh Language (Wales) Measure 2011 to any individual Party; and
  - 8.1.4 the Local Authorities (Executive Arrangements) (Decisions, Documents and Meetings) (Wales) Regulations 2001 (as amended);
- 8.2 It is acknowledged and agreed that the obligations and liabilities of each Party shall bind any successor entity in the event of any Council or Adviser re-organisation.

## 9. JOINT COMMITTEE

### 9.1 Establishment of the Joint Committee

- 9.1.1 The Councils have established the Joint Committee in accordance with this Agreement for the purposes of:-
  - (a) co-ordinating the planning and delivery of the Growth Deal and the Growth Vision;
  - (b) providing direction for key strategies in support of paragraph (a) uwchben, in particular transport, skills and employment, economic development and land use planning;
  - (c) uniting the Parties, other public sector bodies, charities and businesses around common purpose in support of (a) uwchben;
  - (d) providing direction to any sub-committees or sub-groups that the Joint Committee chooses to appoint including the commissioning of specific tasks or projects;

- (e) proposing new projects to be considered by NWEAB as part of the Growth Deal to be developed by way of a Project Business Case in accordance with the Overarching Business Plan and this Agreement;
- (f) deliberating on such projects to assess whether further due diligence is warranted and reaching agreement on the costs that should be incurred undertaking further appraisal work;
- (g) finalising and approving any Project Business Cases pursuant to Clause 13;
- (h) reviewing the OBP (and updating if required) in accordance with Clause 13 (Business Case);
- (i) taking all necessary decisions to pursue the aims and objectives of the Growth Vision; and
- (j) carrying out the functions set out in Part 1 of Schedule 2 (Joint Committee Terms of Reference).

9.1.2 The Joint Committee shall not have power to approve any Reserved Matter.

9.1.3 The Parties acknowledge the inclusion of a corporate joint committee in the Local Government and Elections Bill introduced on the 18<sup>th</sup> of November 2019 and that the Parties may, where not mandated by legislation chose to undertake or procure the undertaking of a detailed review to establish the full consequences of such corporate joint committee for the Joint Committee including (but not limited to) the obligations and liabilities of the Joint Committee and/or the Councils and/or the Advisers under this Agreement, the Growth Vision, the Growth Deal and any other relevant documentation. Any decision to change to a corporate joint committee shall be a "Council Matter".

## 9.2 **Role of the Advisers**

9.2.1 The Councils have invited the Advisers to support the Joint Committee to plan and deliver the Growth Deal and the Growth Vision and discharge all related obligations and liabilities as more particularly set out in this Agreement.

9.2.2 It is acknowledged and agreed that the Advisers, save for the Business Delivery Board and such other Adviser appointed by the Joint Committee in accordance with this Agreement:

- (a) are each a Party to this Agreement;
- (b) are an Adviser to (but not a formal executive member) of the Joint Committee;
- (c) have the right to attend and speak at meetings of the Joint Committee but will not have formal voting rights in relation to any Joint Committee Matter put before the Joint Committee;
- (d) will, alongside the Councils, be required to decide upon any "Reserved Matters"; and
- (e) have agreed to financially contribute to the Joint Committee,

each as more particularly set out in this Agreement.

9.2.3 It is acknowledged and agreed that only Clauses 9.2.2(b) and 9.2.2(c) apply to the non-signatory Advisers

9.2.4 The Joint Committee may invite, subject to any reasonable requirements, (and later remove) further bodies or organisations to become non signatory Advisers (but not a Party to the Agreement) Any decision to appoint or later remove further bodies or organisations

as a signatory Adviser who is or will be a Party to the Agreement to provide financial support to the Joint Committee shall be a Reserved Matter.

### 9.3 **Appointment of the Programme Director**

- 9.3.1 The Programme Director has been appointed by the Joint Committee to, amongst other matters:
- (a) support the Joint Committee to fulfil its obligations and liabilities under this Agreement;
  - (b) Lead the Portfolio Management Office;
  - (c) support the Executive Support Group;
  - (d) attend meetings of the Joint Committee and Executive Support Group;
  - (e) make Programme Director Matter decisions as set out in Schedule 1 (Decision Matrix); and
  - (f) report directly to the Joint Committee.
- 9.3.2 The Programme Director shall be employed by the Host Authority on behalf of the Joint Committee and any cost or liability of such employment shall be accounted for as Joint Committee Costs and recoverable by the Host Authority from the Joint Committee.

### 9.4 **Appointment of Representatives to the Joint Committee**

- 9.4.1 Each Party shall appoint one (1) representative to the Joint Committee. The Councils shall be represented by the Leader for the time being of each Council, and the Advisers shall be represented by the Chief Executive or equivalent of each Adviser, or such other person of sufficient status and authority as the Adviser shall notify to the Host Authority.
- 9.4.2 Each Party shall be entitled from time to time to appoint a named deputy for its representative and shall inform the Host Authority Monitoring Officer within one (1) calendar month of the Commencement Date of the details of its deputy. Any deputies may attend meetings of the Joint Committee but, in the case of a Council deputy, shall only be entitled to speak and vote at such meetings in the absence of his or her corresponding principal and, in the case of an Adviser deputy, shall only be entitled to speak at such meetings in the absence of his or her corresponding principal. Deputies must be of sufficient status and authority to undertake the role.
- 9.4.3 The Parties may, at their discretion, replace their representatives (and their respective deputies) provided that such replacement shall be on the same basis as the original appointed and provided further that no representative shall be removed or replaced by any Party without that Party giving prior written notice as soon as reasonably practicable .
- 9.4.4 The chairperson of the Joint Committee shall be a representative of a Council appointed to the Joint Committee and shall be appointed on an annual basis from a Council member by the Joint Committee at the Annual General Meeting. The chairperson shall not have a casting vote.
- 9.4.5 The vice chairperson of the Joint Committee shall be a representative of a Council appointed to the Joint Committee and shall be appointed on an annual basis from a council member by the Joint Committee at the Annual General Meeting. The vice chairperson shall not have a casting vote and his/her role shall be to perform the role of the chairperson when the chairperson is not in attendance.
- 9.4.6 Each Party may, at their discretion, replace their representative (and their respective deputies) appointed to the Joint Committee, provided that:-

- (a) at all times, they have a representative appointed to the Joint Committee in accordance with the roles identified in Part 1 of Schedule 2 (Joint Committee Terms of Reference);
- (b) any such replacement shall have no lesser status or authority than that set out in Part 1 of Schedule 2 (Joint Committee Terms of Reference) unless otherwise agreed by the Parties; and
- (c) the details of any such representative shall be notified to the other Parties in writing, to replace the relevant details set out in 9.4.1 and 9.4.4 above

## 9.5 Joint Committee Meetings

- 9.5.1 Unless the Joint Committee decides otherwise (e.g. if a meeting is deemed not to be required), the Joint Committee shall meet either on a bi-monthly basis or as and when required in accordance with the timetable for the delivery of the Growth Deal or the Growth Vision. Ordinary Meetings shall be convened in accordance with a "Calendar of Meetings" to be approved by the Joint Committee and upon giving the requisite statutory notice (to be issued through the Host Authority) to deliberate on the Joint Committee Matters referred to in Schedule 1 (Delegations Policy) and the Head of Democratic Services of the Host Authority shall be the "Proper Officer" for convening the meetings.
- 9.5.2 The expectation is that all of the Councils and Advisers attend all meetings of the Joint Committee where possible.
- 9.5.3 Any Council and/or Adviser may by written request made to the Host Authority no later than 15 (fifteen) clear working days prior to the date of the meeting to the Host Authority request that a matter be considered at the next meeting of the Joint Committee. Such request shall include a summary of the matter and the decision, if any sought.
- 9.5.4 The Host Authority shall ensure that all agendas and relevant information and reports in relation to a Joint Committee meeting are circulated in a timely manner and in any event in accordance with legislative requirements.
- 9.5.5 Any representative may, where he or she views that a matter requires urgent consideration, request to the Chairperson at the start of a Joint Committee meeting that such urgent item is added to the agenda, but its inclusion will be a matter for the Chairperson to decide in accordance with legislative requirements

## 9.6 Joint Committee Decisions

- 9.6.1 The quorum necessary for a Joint Committee meeting shall be a representative or deputy from at least 4 (four) Councils.
- 9.6.2 At meetings of the Joint Committee each representative or appropriate deputy (in the absence of the relevant representative) from each Council only shall have 1 (one) vote.
- 9.6.3 At meetings of the Joint Committee, each representative or appropriate deputy (in the absence of the relevant representative) from each Adviser shall have the right to advise the Joint Committee on decisions and their views shall be recorded by the Joint Committee. Whilst it is not intended that the Advisers shall have formal voting rights, the Joint Committee shall give consideration to any views or representations made by the Advisers and where Advisers do not agree with a proposed decision the Joint Committee shall consider (acting in good faith) declaring a matter a JC Unresolved Matter (as more particularly set out in Clause 9.6.5 below).
- 9.6.4 Decisions at a meeting of the Joint Committee require a simple majority vote of the representatives (or deputies as applicable) from the Councils in attendance, provided that if:-

- (a) the votes are tied (ie a deadlock); or
  - (b) two or more of the Councils and/or Advisers make such a request at the meeting,
- that decision shall be declared a JC Unresolved Matter to be dealt with in accordance with Clause 9.6.5.

9.6.5 If, at a meeting of the Joint Committee, a matter is not determined, that matter ("**JC Unresolved Matter**") shall be deferred for consideration at the next ordinary meeting of the Joint Committee meeting or such sooner time as shall be agreed. If at the reconvened Joint Committee meeting any decisions relating to a JC Unresolved Matter shall require a simply majority vote of the representatives (or deputies as applicable) from the Councils only in attendance, provided that if the votes are tied (ie a deadlock) the JC Unresolved Matter shall not be agreed and shall not be implemented by the Joint Committee. For the avoidance of doubt, the Advisers shall have no right to declare that a JC Unresolved Matter remains a JC Unresolved Matter at the reconvened Joint Committee meeting.

9.6.6 The Host Authority will publish a notice of the decisions of the Joint Committee and its sub-committees in accordance with the requirements of the Local Authorities (Executive Arrangements) (Decisions, Documents and Meetings) (Wales) (Amendment) Regulations 2002/1385/ and shall serve a copy of the said notice on the Head of Democratic Services of each of the Council and the Advisers to the Joint Committee within the time table set out in its standing orders,

## 9.7 **Joint Committee Procedures**

9.7.1 Each Party shall provide all information reasonably required upon request by the Joint Committee to the Programme Director and shall comply with any decisions of the Joint Committee to request such information.

9.7.2 Each Party shall consult with the other Parties to ensure the diligent progress of the day to day matters relating to the discharge of the Parties' obligations in relation to the delivery of the Growth Deal.

9.7.3 Where a Party wishes to provide any information and/or serve a notice or demand on the Joint Committee, this should be served on the Programme Director in accordance with Clause 27 (Notices) and Schedule 3 (Parties' Details). The Programme Director shall keep a record of all information, notices and demands received and shall update each representative promptly.

9.7.4 The Parties acknowledge and agree that the Joint Committee shall save as varied by this Agreement adopt (as applicable) the Host Authority's prevailing Executive standing orders, contract standing orders, financial procedure rules, and such other applicable policies and procedures for and behalf of the Parties in the discharge of its obligations under this Agreement and that the Host Authority's s151 Officer and Monitoring Officer (or their nominated deputies) shall, respectively, act as the s151 officer and Monitoring Officer to the Joint Committee.

9.7.5 The Advisers acknowledge and agree that their representative or deputy shall comply with the terms of the GA Code of Conduct and the Councils acknowledge and agree that their representative or deputy shall comply with the respective Members Code of Conduct of the Council that they represent.

## 9.8 **Joint Committee may Delegate**

9.8.1 The Joint Committee may delegate any of the powers which are conferred on them under this Agreement as "Joint Committee Matters" or forming part of their terms of reference pursuant to Part 1 (Joint Committee Terms of Reference):-

- (a) to a sub-committee or an officer of one of the councils; and/or

(b) to the Programme Director;

to such an extent, in relation to such matters referred to in this Clause 9.8.1 and on such terms and conditions as they think fit from time to time (subject to any restrictions that may be imposed upon such delegation by the Joint Committee).

9.8.2 The Joint Committee may allow that such delegation shall automatically authorise further delegation of the Joint Committee's powers by any person to whom they are delegated provided that the Joint Committee specifically states this within such delegation authority.

9.8.3 The Joint Committee may revoke any delegation in whole or part, or alter its terms and conditions at any time.

## 9.9 Sub-Committees and Sub-Groups

9.9.1 The Joint Committee may create sub-committees, sub-groups, project management bodies or special purpose vehicles (subject to the need to obtain approval for a local authority trading company established under the Local Government Act 2003 as a Reserved Matter) as it sees fit from time to time in order to support and deliver its Terms of Reference contained within Part 1 of Schedule 2 (Terms of Reference).

9.9.2 Sub-committees to which the Joint Committee delegates any of its powers must follow procedures which are based as far as they are applicable on those provisions of this Agreement which govern the taking of decisions by the Joint Committee.

9.9.3 The Joint Committee shall establish the membership, rules of procedure or terms of reference for all or any such sub-committees or sub-groups or project management bodies to, amongst other matters, clarify their respective role and scope of any delegation which shall be approved by the Joint Committee

9.9.4 Pursuant to and in accordance with the GA1, the Joint Committee established a Transport Sub-Committee and the terms of reference for the Transport Sub-Committee, subject to the Joint Committee powers to vary and or revoke such delegation in accordance with Clause 9.8 uwchben, are set out in Part 4 of Schedule 2.

9.9.5 It is acknowledged and agreed by the Parties that the sub-committees or groups referred to in this Agreement:

(a) shall undertake a number of functions including but not limited to programme and project management, scrutiny, challenge and/or consultation services pursuant to their terms of reference; and

(b) shall not have any delegated decision making powers (unless otherwise expressly granted by the Joint Committee).

## 10. EXECUTIVE SUPPORT GROUP

### 10.1 Establishment of the Executive Support Group

10.1.1 Pursuant to and in accordance with the GA1, the Parties established the Executive Support Group to support the Joint Committee and to give direction and advice to the Portfolio Management Office on the implementation of the Joint Committee's decisions as more particularly set out in Part 2 of Schedule 2 (Executive Support Group's Terms of Reference).

10.1.2 The Programme Director has been appointed by the Joint Committee and is responsible for advising the Executive Support Group and leading the Portfolio Management Office to support the Joint Committee to fulfil its obligations and liabilities under this Agreement. The Programme Director shall report directly to the Joint Committee.

## 10.2 **Appointment of Representatives to the Executive Support Group**

- 10.2.1 In accordance with the Executive Support Group's terms of reference each Party shall appoint one senior officer representative to the Executive Support Group. The chairperson shall be such representative as the Joint Committee may determine from time to time who will be responsible for leading the Executive Support Group. The chairperson shall be re-appointed every two years.
- 10.2.2 Each Party shall be entitled from time to time to appoint a deputy for its senior officer and such deputy (in each case) shall be entitled to attend meetings of the Executive Support Group in place of its senior officer.
- 10.2.3 The Parties shall, at their discretion, replace their representatives (and their respective deputies) appointed to the Executive Support Group provided that such replacement shall be on the same basis as the original appointed and provided further that no senior officer of the Executive Support Group shall be removed or replaced by any Party without that Party giving prior written notice as soon as reasonably practicable and in any event within ten (10) Business Days of its intention to remove or replace that representative.
- 10.2.4 For the avoidance of any doubt, the Internal Costs incurred by the Councils and the Advisers providing such representatives shall be accounted for as follows:
- (a) in relation to the Programme Director, Clause 9.3.2 (Appointment of the Programme Director) shall apply;
  - (b) each senior office representative (and deputy) shall be employed by their own Council or Adviser (as appropriate), in all other cases, Clause 15.2 (Internal Costs) shall apply.
  - (c) in relation to the s151 Officer and Monitoring Officer, the Internal Costs shall be accounted for as Joint Committee Costs and recoverable by the Host Authority from the Joint Committee; and
  - (d) in relation to the other representatives, it is anticipated that these shall be accounted for by the entities themselves unless the cost of these are agreed with and charged to the Host Authority and/or the Joint Committee and, in such circumstances, shall be accounted for as Joint Committee Costs.

## 10.3 **Executive Support Group Meetings**

- 10.3.1 The Executive Support Group shall meet as and when required in accordance with the timetable for the Growth Deal and the Growth Vision and the requirements of the Joint Committee meeting cycle, Executive Support Group Decisions
- 10.3.2 The Executive Support Group shall not have any decision making powers pursuant to this Agreement.

## 11. **PORTFOLIO MANAGEMENT OFFICE**

### 11.1 **Establishment of the Portfolio Management Office**

- 11.1.1 Pursuant to and in accordance with the GA1, the Joint Committee established the Portfolio Management Office to assist the Joint Committee to implement the Growth Deal and Growth Vision, to liaise and take direction from the Executive Support Group and to undertake the day-to-day management of the Joint Committee's functions as more particularly set out in Part 3 of Schedule 2 (Portfolio Management Office's Terms of Reference). By entering into this Agreement, the Parties also confirm and accept the change of name of the Portfolio Management Office to the Portfolio Management Office to reflect its terms of reference and remit.

11.1.2 The Programme Director has been appointed by the Joint Committee and is responsible for leading the Portfolio Management Office to support the Joint Committee to fulfil its obligations and liabilities under this Agreement. The Programme Director shall report directly to the Joint Committee.

## 11.2 **Appointment of individuals to the Portfolio Management Office**

11.2.1 The Portfolio Management Office shall consist of the Programme Director and such other posts as the Joint Committee may approve from time to time

11.2.2 The Host Authority, acting on the instructions of the Joint Committee or the Programme Director (following any decision made by the Joint Committee about the same), shall employ each of the officers and any other individuals agreed pursuant to Clause 11.2 (Portfolio Management Office) making up the Portfolio Management Office and any cost or liability of such employment shall be accounted for as Joint Committee Costs and recoverable by the Host Authority from the Joint Committee.

11.2.3 All Staff employed in the Portfolio Management Office shall be appointed on the terms and conditions of employment including, for the avoidance of doubt the pay and grading of the Host Authority.

## 11.3 **Programme Director and Portfolio Management Office Decision Making**

11.3.1 The Programme Director shall decide the Programme Director Matters as set out in Schedule 1 but may, where appropriate delegate such decisions to staff where that is appropriate having regard to their role and seniority.

## 12. **AUDIT AND SCRUTINY**

12.1 The Host Authority shall be responsible for providing internal audit services to the Joint Committee and audit reports in relation to the Joint Committee shall be considered by its audit committee in accordance with its usual rules and practices. It will make its recommendations to the Joint Committee or Programme Director as it deems appropriate. The Programme Director shall be notified in writing of an intention to report anything the Audit Committee. For the avoidance of doubt an annual internal audit report shall be submitted by the Host Authority Audit Manager to the Joint Committee.

12.2 The Joint Committee and its Sub-Committee shall be subject to over view and by any of the Councils relevant scrutiny committees only which shall take place in accordance with the Scrutiny Protocol set out in Schedule 3 (Scrutiny Protocol).

12.3 If a decision is called in by one or more of the Councils, it is acknowledged and agreed that the implementation of such a decision shall, save in the case of matters determined to be Urgent Matters in accordance with the Scrutiny Protocol, be suspended by the Joint Committee until the outcome of the call in has been communicated to the Joint Committee and considered by it in accordance with the Scrutiny Protocol.

## 13. **BUSINESS PLAN**

### 13.1 **OBP**

13.1.1 The decision to approve and adopt the OBP is a "Reserved Matter".

13.1.2 The Parties have prepared and adopted on the date of this Agreement a 5 (five) year overarching business plan (the "**OBP**") which, amongst other matters, sets out the Parties' objectives and priorities for the delivery of the Growth Deal and is attached at Schedule 10 (OBP) to this Agreement.

## 13.2 Updated OBP

- 13.2.1 The OBP may be reviewed at any time by the Joint Committee if required pursuant to Clause 13.4 (Project Business Case) or shall be reviewed, as a minimum, on an annual basis (and updated only if necessary) no earlier than three (3) months and no later than one (1) month before the end of the relevant Accounting Period pursuant to this Clause.
- 13.2.2 Following such review and only where amendments are required, the Portfolio Management Office shall, in conjunction with the Executive Support Group, prepare, finalise, agree (acting in the best interests of the Joint Committee) and recommend for adoption to the Joint Committee a draft updated OBP for the proceeding five years to incorporate any proposed amendments provided always that the OBP shall remain consistent with the Portfolio, Programme or any Project Business Cases of any of the Approved Projects.
- 13.2.3 The decision to approve and adopt any updated OBP shall be a "Joint Committee Matter" save to the extent that any such update amounts to a material change to the prevailing OBP which may include (but is not limited to) a material impact on the parties or a material change in the content of the Portfolio, Programme or any Project Business Cases of any of the Approved Projects and, in which case, the decision to approve and adopt such updated OBP shall be a "Reserved Matter".
- 13.2.4 The Joint Committee (or, where any update amounts to a material change, each of the Party's (as applicable)) shall use its reasonable endeavours to seek to agree such draft OBP and to adopt it as the formal OBP within 60 (sixty) Business Days of the date it is first circulated to the Joint Committee or such other date as agreed by the Joint Committee.
- 13.2.5 The updated OBP agreed pursuant to Clause 13.2.4 (with such amendments thereto as may be agreed by the Joint Committee or as a "Reserved Matter" (as applicable)) shall replace the then current OBP as the formal OBP upon the later of:
- (a) the expiry of the then current OBP; and
  - (b) the date of the Joint Committee's approval to it in accordance with Clause 9 (Joint Committee) or, as applicable, the date the updated OBP is approved by the Parties as a "Reserved Matter".
- 13.2.6 Until such time as it is replaced in accordance with Clause 13.2.4, the OBP that has most recently been adopted as the formal OBP shall continue to be the formal binding OBP.
- 13.2.7 Where the draft OBP circulated under Clause 13.2.2 has not been approved by the Joint Committee or, where any update amounts to a material change, each of the Party's (as applicable), by the date six (6) calendar months following the date it is first circulated to the Joint Committee, the matter shall be deemed to be a JC Unresolved Matter and Clause 9.6.5 (Joint Committee) shall apply or where such approval is to be granted as a "Reserved Matter", the OBP shall be deemed not to have been approved following such six (6) calendar month period.

## 13.3 Portfolio and Programme Business Cases Programme Business Cases

- 13.3.1 The Joint Committee anticipates discharging the obligations of the Parties in relation to the Growth Deal through five Programmes which will each contain a number of Projects. The Programmes will each have a Programme Business Case and the Projects will each have a Project Business Case.
- 13.3.2 The Portfolio Business Case covers the whole of the Growth Deal and is supported by each of the five (5) Programme Business Cases which are all subject to approval by the UK and Welsh Governments and the Joint Committee and provide detail to the UK and Welsh Governments as to how the Joint Committee intends to deliver the Growth Deal.

- 13.3.3 A Programme Business Case shall, amongst other matters, address the following:
- (a) how the Programme contributes to the overall portfolio spending objectives and the OBP;
  - (b) how the Programme aligns to the Growth Vision and other relevant regional, Welsh Government and UK Government strategies;
  - (c) specific details regarding the economic impact of the Programme; and
  - (d) specific details regarding the financial implications of the Programme.
- 13.3.4 The OBP and the Project Business Plans are developed and approved by the Joint Committee pursuant to this Agreement. The OBP being the overarching plan for the NWEAB (taking into account the Portfolio and Programme Business Cases) and the Project Business Plans drilling down into the detail of each proposed Project to be developed and approved pursuant to this Agreement.

#### 13.4 **Project Business Cases**

- 13.4.1 The Project Business Case shall align itself with the OBP and the relevant Programme Business Case and remain consistent with the Growth Deal and Growth Vision and the terms of this Agreement.
- 13.4.2 It is acknowledged and agreed that draft Project Business Cases have been commenced for a number of Projects and these shall continue to be developed by the Portfolio Management Office in conjunction with the Executive Support Group for approval by the Joint Committee by the deadlines to be set by the Joint Committee.
- 13.4.3 The approval of a Project Business Case is a Joint Committee Matter pursuant to Clause 14 (Approval Process). Once a Project's Project Business Case is approved by the Joint Committee pursuant to Clause 14 (Approval Process), the Project will be an "Approved Project".
- 13.4.4 The Project Business Case shall include, amongst other matters, the items contained within Clause 15.5.4(f) (Councils' Contribution and Advisers' Contribution)

#### 13.5 **Progress Monitoring**

- 13.5.1 The Portfolio Management Office, in conjunction with the Executive Support Group, shall prepare (or procure the preparation of) a short form quarterly report which shall review progress made in the preceding Quarter as against the OBP and any Project Business Case (the "**Quarterly Report**") and shall be circulated to the Joint Committee and each Party within 1 (one) calendar month following the end of the preceding Quarter.
- 13.5.2 The Quarterly Report shall be regularly reviewed at the Joint Committee Meetings.
- 13.5.3 If, at any Joint Committee Meeting, any of the Councils and/or the Advisers believe that there has been a material failure of the Councils and/or the Advisers and/or the Joint Committee to comply with the OBP and/or a Project Business Case, the Joint Committee shall discuss appropriate action to immediately rectify the relevant failure and/or mitigate the effects of such failure as far as possible.

#### 14. **APPROVAL PROCESS**

- 14.1 The Joint Committee will be responsible for managing the list of Projects (current and new) to be considered and developed to deliver the Growth Deal as more particularly set out in the OBP and following evaluation shall give initial approval to the Project Sponsor to undertake further due diligence and commence the development of a Project Business Case for the Project.

- 14.2 Following such initial approval, there is a three stage process to be followed for a Project to become an "Approved Project" and receive Growth Deal Contributions as set out below:
- 14.2.1 the Project Business Case of a potential Project will be developed by the Project Sponsor for that Project following the Five Case Business Model in line with the Green Book Guidance developed by WG and HMT working in conjunction with the Portfolio Management Office and with advice from external advisers (where required);
  - 14.2.2 the Project Business Case will be subject to external gateway review(s) at agreed points during its development in line with the Integrated Assurance and Approval Plan; and
  - 14.2.3 the Project Business Case will be assessed and approved by the Joint Committee as a Joint Committee Matter as more particularly set out in Clause 13.4 (Project Business Cases) and following such approval will be an "Approved Project";
- 14.3 It is acknowledged and agreed that, as part of the development and approval of a Project Business Case, a Back-to-Back Agreement (and any other related documentation as requested by the Joint Committee to form part of the Project Business Case for a particular Project) shall be in agreed form prior to approval as a Joint Committee Matter.
- 14.4 Following such approval, the Project Sponsor shall then be responsible for delivering the Approved Project pursuant to the terms of the Project Business Case and the Back-to-Back Agreement (or any other related documentation).

## 15. **COMMITMENT OF THE PARTIES AND CONTRIBUTIONS**

### 15.1 **General**

Subject to 19.11.3 (Withdrawal), the Parties agree and undertake to commit to the Growth Deal in accordance with the terms of this Agreement and not to commission and/or undertake any procurement and/or project that seeks or would procure the delivery of all or any part of the Growth Deal or Growth Vision outside the terms of this Agreement.

### 15.2 **Internal Costs**

- 15.2.1 Subject to Clause 15.2.2, the Internal Costs incurred by each Party (including the Host Authority) shall be borne by the Party providing that internal resource.
- 15.2.2 The Parties hereby agree that if one of the Parties believes it is likely to incur disproportionate Internal Costs that matter shall be referred to the Joint Committee for a decision as to whether such costs will be disproportionate and whether any contributions should be made to this cost by the other Parties.

### 15.3 **Joint Committee Costs**

- 15.3.1 Any Joint Committee Costs incurred by the Joint Committee shall be shared on a Proportionate Basis between the Parties pursuant to this Agreement. They will form part of the Annual Budget referred to in Clause 15.4 below.
- 15.3.2 Each Party shall be required to prepare accounts including details of any approved Internal Costs or Joint Committee Costs incurred pursuant to Schedule 5 (Heads of Expenditure) (the "**Accounts**") in respect of each Accounting Period and for such further and/or other accounting periods as the Joint Committee shall determine and which shall be incorporated into Schedule 6 (Accounting Periods). For the avoidance of doubt, such Accounts shall not include any revenue costs or capital investment requirements in relation to the development of any business case by a Project Sponsor of any Adviser Led Project or the implementation of any proposed project by a Project Sponsor of any Adviser Led Project and shall solely relate to the operational and management costs of the Joint Committee.

15.3.3 Each Party shall:-

- (a) in the Accounts make true and complete entries of all relevant payments made by it during the previous Accounting Period;
- (b) within one (1) month of the end of each Accounting Period, each Party shall provide to the Host Authority unaudited Accounts for such Accounting Period together with certification that such Accounts comply with this Clause 15 (Commitment of the Parties and Contributions);
- (c) nominate an individual to be responsible for ensuring that Party's own compliance with this Clause 15 (Commitment of the Parties and Contributions) and the name, address and telephone number of each individual nominated pursuant to this Clause 15 (Commitment of the Parties and Contributions) shall be notified to the other Parties in accordance with Clause 27 (Notices); and
- (d) if an individual nominated by a Party pursuant to Clause 15 (Commitment of the Parties and Contributions) changes, that Party shall notify the other Parties forthwith of the replacement nominees.

15.3.4 The Host Authority shall:-

- (a) within ten (10) Business Days of receipt of the Accounts submitted by the other Parties in accordance with Clause 15.3.3(b) prepare a reconciliation statement identifying the payments made by each Party and the balance due from or owing to each; and
- (b) within twenty (20) Business Days of the preparation of the reconciliation statement send out a copy of the reconciliation statement together with either a balancing invoice or, subject to Clause 15.3.4(b) credit payments to each Party.

15.3.5 The Host Authority shall not be obliged to make any payments due under this Agreement until the Host Authority is in receipt of funds from the Parties pursuant to this Clause 15.3.

15.3.6 A Party receiving an invoice for payment shall pay it in full within twenty (20) Business Days. Any error in a balancing invoice must be notified to the Host Authority within five (5) Business Days of such balancing invoice being sent out. An amended balancing invoice will be issued by the Host Authority and the Party receiving such an invoice shall pay it in full within twenty (20) Business Days.

15.3.7 The Parties hereby agree that if one of the Parties carries out any work or incurs any cost or expenses to carry out any work or to incur any cost or expense that is not within the budget or scope of work set out in this Agreement or agreed in advance by the Joint Committee, that matter shall be referred by the Executive Support Group to the Joint Committee for a decision as to whether such work, cost or expense is part of the Growth Deal or whether such work, cost or expense should be the entire responsibility of the Party so carrying it out or requesting it (as the case may be).

**15.4 Annual Budget**

15.4.1 The Annual Budget shall consist of the following:

- (a) the Annual Budget Contributions;
- (b) the Councils' Supplementary Contributions; and
- (c) any additional costs secured through the wider investment fund or other sources (if any); and
- (d) any accumulated reserves.

- 15.4.2 The annual budget contributions are as follows:
- (a) £50,000 per Accounting Period from each Council; and
  - (b) £25,000 per Accounting Period from each Adviser (save for the Chair of the Business Delivery Board who makes no Annual Budget Contribution),
- together the "**Annual Budget Contributions**" and which are subject to indexation at the start of each Accounting Period in accordance with Clause 15.4.3.
- 15.4.3 It is acknowledged and agreed that the Annual Budget Contributions will be subject to the following variations at the start of each Accounting Period to reflect the actual increase in costs over the Annual Budget for the immediately preceding Accounting Period as a consequence of increases in the following:
- (a) increases in salaries occasioned by the local government national awarding bodies; and
  - (b) increases in Employers Contribution to the local Government Pension Scheme and National Insurance Contributions.<sup>3</sup>
- 15.4.4 The Parties shall provide their share of the Annual Budget Contributions to the Host Authority, in relation to the initial Accounting Period, within 10 (ten) Business Days of the Commencement Date and, in all other cases, within 10 (ten) Business Days of the commencement of the relevant Accounting Period.
- 15.4.5 The Councils' Supplementary Payment will continue to be paid at the start of each Accounting Period on receipt of an invoice from the Host Authority.
- 15.4.6 The Host Authority shall hold and account for the Annual Budget on behalf of the Joint Committee and the Parties.
- 15.4.7 Where the actual aggregate Joint Committee Costs are likely to exceed the Annual Budget at any time,
- (a) any increase to the Annual Budget Contributions shall be a Reserved Matter for the Parties; and
  - (b) any changes to the Councils' Supplementary Contribution shall be a Council Matter for the Councils only.

## 15.5 Funding

### 15.5.1 Total funding

- (a) It is acknowledged and agreed by the Parties that the following confirmed funds are available to facilitate the implementation of the Growth Deal:
  - (i) £120,000,000 (one hundred and twenty million pounds) from UKG (the "**HMT Contribution**"); and
  - (ii) £120,000,000 (one hundred and twenty million pounds) from WG (the "**WG Contribution**"),

the HMT Contribution and the WG Contribution together being the "**Growth Deal Contributions**"; and

<sup>3</sup> PM: I have included the indexation as required - for finance team to please be comfortable that this is clear and not subject to any later debate as to what indexes/changes these relate to.

- (iii) £9,960,300 (nine million, nine hundred and sixty thousand and three hundred pounds) in aggregate from the Councils (the "**Councils' Contribution**");
- (iv) between £3,180,000 (three million one hundred and eighty thousand pounds) and to £4,530,000 (four million five hundred and thirty thousand pounds) in aggregate from the Advisors (the "**Advisors' Contribution**"); and
- (v) each Parties' contribution towards the Annual Budget pursuant to Clause 15.4.

#### 15.5.2 HMT Contribution

- (a) It is acknowledged and agreed by the Parties that:
  - (i) HMT's contribution shall be provided to the Host Authority for and on behalf of the Joint Committee as a fixed flat rate of £8,000,000 (eight million pounds) per Accounting Period commencing [on 1 April 2021]<sup>4</sup> for a period of 15 (fifteen) years; and
  - (ii) HMT Contribution is subject to the following funding conditions:-
    - (1) [x]<sup>5</sup>
 together the "**HMT Funding Conditions**".
- (b) Each Party acknowledges and agrees that it accepts the HMT Funding Conditions and that it shall be bound by those conditions and shall not through any act or omission place any other Party including, but not limited to, the Host Authority in breach of any of those conditions.

#### 15.5.3 WG Contribution

- (a) It is acknowledged and agreed by the Parties that:
  - (i) WG's contribution shall be provided to the Host Authority for and on behalf of the Joint Committee as a fixed flat rate of £8,000,000 (eight million pounds) per Accounting Period commencing [on 1 April 2021] for a period of 15 (fifteen) years; and
  - (ii) HMT Contribution is subject to the following funding conditions:-
    - (1) [x]
 together the "**WG Funding Conditions**".
- (b) Each Party acknowledges and agrees that it accepts the WG Funding Conditions and that it shall be bound by those conditions and shall not through any act or omission place any other Party including, but not limited to, the Host Authority in breach of any of those conditions.

#### 15.5.4 Councils' Contribution and Advisors' Contribution

- (a) It is acknowledged and agreed that:

<sup>4</sup> PM: The aspiration is to obtain the first drawdown in March 2021 but this remains subject to further WG/UKG approval.

<sup>5</sup> PM: Funding conditions to be completed once draft letter from WG/UKG received.

- (i) in order to facilitate cash-flow for project expenditure against an estimated 6 (six) year delivery profile compared to a 15 (fifteen) year funding profile in relation to the Growth Deal Contributions; and
  - (ii) subject to Clauses 15.5.4(b) and 15.5.4(c), the Host Authority shall use reasonable endeavours, on behalf of the Joint Committee, to provide additional funding for Approved Projects as set out in each Project Base Case which may be obtained from the Public Works Loan Board, other funders or self-borrowed or otherwise (the "Loan Funds"<sup>6</sup>).
- (b) The Parties shall be responsible for the repayment of any and all capital (if any)<sup>7</sup>, interest, any changes in interest rates (or in the case of a self-borrowed scenario any foregone interest) (with interest rates to be set and managed by the Host Authority) and any other costs or liabilities incurred by the Host Authority in providing the Loan Funds by way of the Council's Contribution and the Advisors' Contribution as more particularly set out in Clauses 15.5.5 (Councils' Contribution) and 15.5.6 (Advisors' Contribution) below and each relevant Project Base Case;
- (c) Due diligence will assess all assumptions and liability including whether NNDR funding is available or whether additional funding is required as a result of state aid implications or otherwise and this will need to be recognised within the Project Base Case subject always to the maximum aggregate amounts contained within Clause 15.5.1 (Total Funding) and any increase shall be a Reserved Matter.
- (d) Where any capital is to be repaid, the Project Sponsor shall be responsible for procuring repayment of such capital from its third party contractors and to repay that the Host Authority in accordance with the Project Base Case. For the avoidance of doubt, any such capital repayment shall not count towards the Project Sponsor's maximum contribution to be made by way of the Councils' Contribution or Advisors' Contribution (as applicable).
- (e) The proportion of Growth Deal Contributions, Loan Funds and Councils' Contribution or Advisors' Contribution (as relevant) will be agreed as part of the Project Base Case for a particular Project to be approved by the Joint Committee in accordance with this Agreement subject always to the maximum aggregate amounts contained within Clause 15.5.1 (Total Funding).
- (f) Subject to Clause 15.5.4(g), a back-to-back agreement will be entered into between the Host Authority (acting on behalf of the Joint Committee) and the Project Sponsor of an Approved Project to confirm, amongst other things,
- (i) the payment of any Growth Deal Contributions and Loan Funds to the Project Sponsor;
  - (ii) the repayment obligations of the Project Sponsor;
  - (iii) transfer of responsibility to the Project Sponsor to deliver the Project;
  - (iv) clawback provision to clawback the Growth Deal Contributions and the Loan Sums from the Project Sponsor in the event of a default; and
  - (v) approval of any related party documentation to be entered into by the Project Sponsor and any third parties to deliver the Approved Project.

the "**Back-to-Back Agreement**"

---

<sup>7</sup> PM: Approach to £17m funding gap to be confirmed – presumably the capital and interest will be repayable?

- (g) The Back-to-Back Agreement (and any other related documentation) shall also be agreed and form part of the Project Base Case for a Project to be approved by the Joint Committee provided that in the case of the Back-to-Back Agreement (and any other related documentation) this shall first be agreed by the Project Sponsor before it is put before Joint Committee as a Joint Committee Decision.

#### 15.5.5 Councils' Contribution

- (a) The Councils' Contribution shall be used to finance the Regional Projects only unless otherwise agreed by the Joint Committee such provisions shall be reflected within the terms of the OBP and/or the relevant Business Cases to include, amongst other matters, the estimated annual spend profile for each Council.
- (b) Subject always to the maximum aggregate amounts contained within Clause 15.5.1(a)(iii) (Total Funding) and the obligation to contribute to the Annual Budget pursuant to Clause 15.4 (Annual Budget), each Council shall contribute to the aggregate Councils' Contribution required on each Regional Project on a population basis pursuant to the following formula:

$$A \% = B \times 100$$

with A% being a Councils' "Population Basis"

- (c) This is calculated as follows:

B	$B = \frac{\text{Current Population}}{\text{Total Population}}$
Current Population	<p>Current Population = means for each Accounting Period the mid-year estimated population figure for a particular Council taken from StatsWales for the preceding Accounting Period.</p> <p>StatsWales is the Welsh Government's official body responsible for publishing official statistics) at the following link:  <a href="https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/Local-Authority/populationestimates-by-localauthority-year">https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/Local-Authority/populationestimates-by-localauthority-year</a></p> <p>Where the Current Population is no longer available from StatsWales at any point, the last mid-year figures shall be used save where otherwise agreed by the Councils as a Joint Committee Decision.</p>
Total Population	Total Population = means for each Accounting Period the aggregate mid-year estimated population figure of the six Councils taken from StatsWales for the preceding Accounting Period.

- (d)
- (e) Subsubject to
- (f) Each Council's Population Basis shall be re-calculated on an annual basis at the beginning of each Accounting Period pursuant to this Clause 15.5.5 (Councils' Contribution).

### 15.5.6 Advisors' Contribution

- (a) Subject to Clause 15.5.6(b) (Advisors' Contribution), the Advisors' Contribution shall be used to finance Adviser Led Projects only unless otherwise agreed by the Parties as a Reserved Matter and such provisions shall be reflected within the terms of the OBP and/or the relevant Project Business Case to include, amongst other matters, the estimated annual spend profile for each Adviser.
- (b) Subject always to the obligation to contribute to the Annual Budget pursuant to Clause 15.4 (Annual Budget), each Adviser shall only be required to provide an Adviser Contribution for an Approved Project(s) in which that Adviser is acting as the Project Sponsor up to a maximum aggregate contribution below (each maximum aggregate contributions being an "**Advisors' Individual Contribution**" for that Adviser respectively):

Advisor	Minimum aggregate contribution	Maximum aggregate contribution
Bangor University	£1,399,950 (one million three hundred and ninety nine thousand, nine hundred and fifty pounds)	£1,990,050 (one million ninety nine thousand and fifty pounds)
Glyndwr University	£510,000 (five hundred and ten thousand pounds)	£730,050 (seven hundred and thirty thousand and fifty pounds)
Coleg Cambria	£520,050 (five hundred and twenty thousand and fifty pounds)	£739,950 (seven hundred and thirty nine thousand, nine hundred and fifty pounds)
GRWP Llandrillo Menai	£750,000 (seven hundred and fifty thousand pounds)	£1,069,950 (one million, sixty nine thousand, nine hundred and fifty pounds)

- (c) Subject to Clause 15.5.6(d), the Advisor's Individual Contributions shall be as set out in table above in the column entitled the "Maximum aggregate contribution" (column 3).
- (d) It is acknowledged and agreed that there is an aspiration to receive the first tranche of Growth Deal Contributions in March 2021 equating to £[x] and where this is received, the Advisor's Individual Contributions shall be decreased to the the "Minimum aggregate contribution" as set out in the table above (column 2).
- (e) The contribution relates to the overall sums received by a Project Sponsor on a Project (Growth Funds and Loan Funds).<sup>8</sup>

### 15.5.7 Audit

Each Party shall permit all records referred to in this Agreement to be examined and copied from time to time by the Host Authority, or any representatives of the Host Authority or any other representatives who reasonably require access to the same in order to undertake any audit of the funds received and spent pursuant to this Agreement.

<sup>8</sup> Can the finance team please expand this and explain how this is calculated and presumably whether it needs to be replicated in relation to the Councils' Contribution.

#### 15.5.8 Retention of Records

The accounts referred to in this Clause 15.5.8 (Commitment of the Parties and Contributions) shall be retained for a period of at least ten (10) years after delivery of the Growth Deal pursuant to this Agreement.

#### 16. NOT USED

#### 17. MITIGATION

Each Party shall at all time take all reasonable steps to minimise and mitigate any loss for which the relevant Party is entitled to bring a claim against the other Party(ies) pursuant to this Agreement.

#### 18. LIABILITY OF THE PARTIES

18.1 The Host Authority shall indemnify and keep indemnified each of the other Parties to this Agreement against any reasonable losses, claims, expenses, actions, demands, costs and liability suffered by that Party to the extent arising directly from any wilful default or wilful breach by the Host Authority of its obligations under this Agreement (and wilful in this context shall, for the avoidance of doubt, not include matters which are outside the reasonable control of the Host Authority or matters arising from any negligent act or omission in relation to such obligations).

18.2 No claim shall be made against the Host Authority to recover any loss or damage which may be incurred by reason of or arising out of the carrying out by the Host Authority of its obligations under this Agreement unless and to the extent such loss or damage arises from a wilful default or wilful breach by the Host Authority under Clause 18 (Liability of Parties).

18.3 Each of the other Parties (acting severally) shall indemnify and keep indemnified the Host Authority against any reasonable losses, claims, expenses, actions, demands, costs and liabilities which the Host Authority may incur by reason of or arising directly out of the carrying out by the Host Authority of its obligations under this Agreement for that Party or arising directly from any wilful default or wilful breach by a Party of its obligations under this Agreement (and wilful in this context shall, for the avoidance of doubt, not include matters which are outside the reasonable control of that Party or matters arising from any negligent act or omission in relation to such obligations) unless and to the extent that the same result from any wilful breach by the Host Authority of any such obligations.

18.4 The Parties agree and acknowledge that the amount to be paid to the Host Authority by any of the other Parties under Clause 18 (Liability of Parties) shall be borne by each of the Parties to the extent of its responsibility, however in the event that the responsibility is a shared one between the Parties (so that it is not reasonably practicable to ascertain the exact responsibility between the Parties) then the amount to be paid shall be divided between the Parties on a Proportionate Basis.

18.5 In the event of a claim under this Clause 18 (Liability of Parties) in which it is not reasonably practicable to determine the extent of responsibility as between the Parties (including the Host Authority), then the amount shall be divided amongst the Councils (including the Host Authority) on a Proportionate Basis. For the avoidance of doubt, any claim arising otherwise than through the wilful default or wilful breach by the Host Authority or the other Parties shall be divided amongst the Parties (including the Host Authority) on a Proportionate Basis.

18.6 A Party who receives a claim for losses, expenses, actions, demands, costs and liabilities shall notify and provide details of such claim as soon as is reasonably practicable to the other Parties .

18.7 No Party shall be indemnified in accordance with this Clause 18 (Liability of Parties) unless it has given notice in accordance with Clause 18.6 (Liability of Parties) to the other Party against whom it will be enforcing its right to an indemnity under this Agreement.

18.8 Each Party ("**Indemnifier**") shall not be responsible or be obliged to indemnify the other Parties (including the Host Authority) ("**Beneficiary**") to the extent that any insurances maintained by the Beneficiary at the relevant time provide an indemnity against the loss giving rise to such claim and to the extent that the Beneficiary recovers under such policy of insurance (save that the Indemnifier

shall be responsible for the deductible under any such policy of insurance and any amount over the maximum amount insured under such policy of insurance).

## 19. WITHDRAWAL

- 19.1 Subject to Clause 19.2 (Withdrawal), any Party (including the Host Authority) may at any time during this Agreement, withdraw from this Agreement in accordance with this Clause 19 (Withdrawal).<sup>9</sup>
- 19.2 No Party may withdraw from this Agreement during the Lock In Period and, following such Lock In Period, the provisions of this Clause 19 shall apply.
- 19.3 Save where Clause 19.6 applies, if a Party wishes to withdraw from the Growth Deal and this Agreement, it shall provide at least twelve (12) months written notice of its intention to withdraw to all the other Parties ("**Withdrawal Notice**").
- 19.4 No sooner than nine (9) months after the date of the Withdrawal Notice and no later than ten (10) months after the date of the Withdrawal Notice, the Host Authority (or such other Council as nominated by the Joint Committee in the event that the Host Authority issues the Withdrawal Notice) shall provide to all the Parties a Liability Report which shall be discussed by the Joint Committee at its next meeting or a specially convened meeting if the next meeting falls more than two (2) weeks after the issue of the Liability Report. For the avoidance of doubt, no formal decision is required by the Joint Committee in relation to the Liability Report.
- 19.5 It is acknowledged and agreed that:
- 19.5.1 the Liability Report shall contain, as a minimum, the withdrawing Party's committed costs and liabilities up to and including the expiry date of the Growth Deal anticipated to be 15 years and the withdrawing Party's committed costs and liabilities on all current projects which shall include any Council or Adviser Contributions that the withdrawing Party has committed to but not yet provided (whether that occurs before or after the Party formally withdraws from the Growth Deal and this Agreement pursuant to this Clause 19 (Withdrawal)); and
- 19.5.2 in relation to row 1 of the Liability Report in Schedule 8 (Liability Report), the withdrawing Party shall be liable to pay its committed contribution and liabilities;
- (a) up to the expiry date of the Growth Deal anticipated to be 15 years; and
- (b) on all current projects.
- 19.6 Within the Decision Period each Party which has issued a Withdrawal Notice to the Programme Director shall indicate either:-
- 19.6.1 that it withdraws from the Growth Deal and this Agreement; or
- 19.6.2 that it wishes to continue as a party to the Growth Deal and this Agreement.
- 19.7 Where further Parties (in addition to the Party issuing the Withdrawal Notice) indicate their wish to withdraw from the Growth Deal and this Agreement, then the provisions of Clause 19.3 (Withdrawal) shall apply to such Parties and a new Liability Report shall be prepared in respect of each of these Parties that have indicated their intention to withdraw and the provisions of Clause 19.6 (Withdrawal) shall apply.
- 19.8 Where a Party does not indicate its intentions as required by Clause 19.6 (Withdrawal) then it shall at the expiry of the Decision Period be taken to have indicated that they wish to continue as a Party to the Growth Deal and this Agreement.

---

<sup>9</sup> PM: To be considered whether any additional rights to withdraw are required here.

- 19.9 Any Party serving a Withdrawal Notice pursuant to Clause 19.3 or indicates that it withdraws from the Growth Deal and this Agreement pursuant to Clause 19.6 shall have the right to retract such Withdrawal Notice or indication that it withdraws at any point prior to the date of its withdrawal.
- 19.10 Where a Party indicates that it wishes to withdraw from the Growth Deal and this Agreement, then:-
- 19.10.1 the Party who shall have indicated its wish to withdraw shall pay all amounts due to be paid by it in accordance with the Liability Report and comply with its obligations under this Agreement up to the date of its withdrawal including making any payments of any expenditure referred to in Schedule 5 (Heads of Expenditure) as at that date;
  - 19.10.2 the Party who shall have indicated its wish to withdraw shall be responsible for a proportion of any third party costs (which have been substantiated by the Joint Committee); and
  - 19.10.3 if in the event of such a withdrawal the discharge of the Party's obligations in relation to the Growth Deal is delayed then the Party who shall have indicated its wish to withdraw may be responsible for a proportion of the costs of delay to the other Parties or any costs or fines which may directly result. Such proportion will be decided by the Joint Committee and the withdrawing Party shall not be entitled to vote in this decision.
- 19.11 Where a Party withdraws from the Growth Deal and this Agreement in accordance with this Clause 19 (Withdrawal):
- 19.11.1 any capital asset acquired and/or secured and/or owned and provided by such withdrawing Party for the purposes of the Growth Deal will remain in the ownership of the withdrawing Party and the withdrawing Party will reimburse the remaining Parties their respective contributions (if any) together with any reasonable costs incurred as a result of the withdrawal or default;
  - 19.11.2 the other Parties may elect to continue or discontinue with any procurement and/or project forming part of the Growth Deal in the administrative area of the withdrawing Party;
  - 19.11.3 subject to approval of the Joint Committee, the withdrawing Party may elect to independently pursue the procurement of any project within its administrative area or project in which it is acting as Project Sponsor and which was identified as part of the Growth Deal provided that it does so at its own cost without any access to any of the funding provided for pursuant to this Agreement including (but not limited to the Growth Deal Contribution);
  - 19.11.4 unless agreed otherwise by the remaining Parties, the Party who shall have indicated its wish to withdraw from the Growth Deal shall not remove its appointees to the Joint Committee for a period of not less than three (3) months commencing on the date of such Party's withdrawal, provided that the costs associated with those appointees to the Joint Committee shall be borne by the remaining Parties on a Proportionate Basis; and
  - 19.11.5 save for the obligations set out in Clause 15 (Commitments of the Parties and Contributions), Clause 18 (Liability of the Parties), this Clause 19 (Withdrawal) and Clause 22 (Confidentiality and Announcements), the withdrawing Party shall be released from its respective obligations described in this Agreement from the date of withdrawal;
  - 19.11.6 where the withdrawing Party or Parties is/are a Council, the remaining Parties agree that the quorum necessary for any subsequent Joint Committee meetings pursuant to Clause 9.6.1 (Joint Committee Decisions) of this Agreement shall be permanently reduced by the number of Party/ Parties that is/are a Council that has/have withdrawn.

20. **CONSEQUENCES OF TERMINATION**

- 20.1 If the Agreement is terminated in accordance with Clause 2.3 (Termination), save for the obligations set out in Clause 15 (Commitment of the Parties and Contributions), Clause 18 (Liability of the Parties), Clause 19 (Withdrawal), this Clause 20 (Consequences of Termination) and Clause 22

(Confidentiality and Announcements), the Parties shall be released from their respective obligations described in this Agreement.

20.2 Where this Agreement is terminated in respect of that Party in accordance with Clause 2.3 (Termination):

20.2.1 any capital asset acquired and/or secured and/or owned and provided by such Defaulter for the purposes of the Growth Deal will remain in the ownership of the Defaulter and the Defaulter will reimburse the remaining Parties their respective contributions (if any) together with any reasonable costs incurred as a result of the withdrawal or default;

20.2.2 the other Parties may elect to continue or discontinue with any procurement and/or project forming part of the Growth Deal;

20.2.3 subject to the approval of the Joint Committee, the withdrawing Party may elect to independently pursue the procurement of any project within its administrative area or project in which it is acting as Project Sponsor and which was identified as part of the Growth Deal provided that it does so at its own cost without any access to any of the funding provided for pursuant to this Agreement including (but not limited to the Growth Deal Contribution); and

20.2.4 where this Agreement is terminated and the terminated Party/Parties is/are a Council, the remaining Parties agree that the quorum necessary for any subsequent Joint Committee meetings pursuant to Clause 9.6.1 (Joint Committee Decisions) of this Agreement shall be permanently reduced by the number of Party/ Parties that is is/are a Council and whose involvement in this Agreement has been terminated..

20.3 The Parties acknowledge and agree that:-

20.3.1 the Growth Deal has been modelled on the basis of participation by all the Parties and that there are considerable economic benefits to be achieved as a result of such joint working; and

20.3.2 accordingly, in the event that this Agreement is terminated in relation to any Party pursuant to Clause 2.3 (Termination) such Defaulter shall be liable to the Non-Defaulting Party or Parties for their reasonable and properly incurred costs in relation to the Growth Deal as set out in Clause 19.5 (Withdrawal) and Schedule 8 (Liability Report).

## 21. **INTELLECTUAL PROPERTY**

21.1 Each Party will retain all Intellectual Property in its Material.

21.2 Each Party will grant all of the other Parties a non-exclusive, perpetual, non-transferable and royalty free licence to use, modify, amend and develop its IP Material for the discharge of the Parties' obligations in relation to the Growth Deal and any other purpose resulting from the Growth Deal whether or not the party granting the licence remains a party to this Agreement.

21.3 Without prejudice to Clause 21.1 (Intellectual Property), if more than one Party owns or has a legal or beneficial right or interest in any aspect of the IP Material for any reason (including without limitation that no one Party can demonstrate that it independently supplied or created the relevant IP Material without the help of one or more of the other Parties), each of the Parties who contributed to the relevant IP Material will grant to all other Parties to this Agreement a non-exclusive, perpetual, non-transferable and royalty free licence to use and exploit such IP Material as if all the other Parties were the sole owner under the Copyright Design and Patents Act 1988 or any other relevant statute or rule of law.

21.4 For the avoidance of doubt, any entity or person who is at the date of this Agreement a Party to this Agreement and who has licensed any Intellectual Property under this Agreement will have a non-exclusive, perpetual right to continue to use the licensed Intellectual Property in respect of the Growth Deal.

21.5 Each Party warrants that it has or will have the necessary rights to grant the licences set out in Clause 21.2 (Intellectual Property) and 21.3 (Intellectual Property) in respect of the IP Material to be licensed.

21.6 Each Party agrees to execute such further documents and take such actions or do such things as may be reasonably requested by any other Parties (and at the expense of the Party(ies) making the request) to give full effect to the terms of this Agreement.

## 22. **CONFIDENTIALITY AND ANNOUNCEMENTS**

22.1 Each Party ("**Covenanter**") shall, both during the currency of this Agreement and at all times following its termination or expiry, keep private and confidential and shall not use or disclose (whether for its own benefit or that of any third party) any Confidential Information about the business of and/or belonging to any other Party or third party which has come to its attention as a result of or in connection with this Agreement.

22.2 The obligation set out in Clause 22 (Confidentiality and Announcements) shall not relate to information which:-

22.2.1 comes into the public domain or is subsequently disclosed to the public (other than through default on the part of the Covenanter or any other person to whom the Covenanter is permitted to disclose such information under this Agreement);

22.2.2 is required to be disclosed by law;

22.2.3 was already in the possession of the Covenanter (without restrictions as to its use) on the date of receipt;

22.2.4 is required or recommended by the rules of any governmental or regulatory authority including any guidance from time to time as to openness and disclosure of information by public bodies; or

22.2.5 is necessary to be disclosed to provide relevant information to any insurer or insurance broker in connection with obtaining any insurance required by this Agreement.

22.3 Where disclosure is permitted under Clause 22.2.3 (Confidentiality and Announcements) or 22.2.4 (Confidentiality and Announcements), the recipient of the information shall be subject to a similar obligation of confidentiality as that contained in this Clause 22 (Confidentiality and Announcements) and the disclosing Party shall make this known to the recipient of the information.

22.4 No Party shall make any public statement or issue any press release or publish any other public document relating, connected with or arising out of this Agreement or any other agreement relating to the Growth Deal without the prior written consent of the other Parties.

## 23. **CONTRACTS (THIRD PARTY RIGHTS)**

The Parties as parties to this Agreement do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

## 24. **DISPUTE RESOLUTION**

24.1 Any dispute arising in relation to any aspect of this Agreement shall be resolved in accordance with this Clause 24 (Dispute Resolution). The Parties undertake and agree to pursue a positive approach towards dispute resolution which seeks (in the context of this joint working) to identify a solution which avoids legal proceedings and maintains a strong working relationship between the Parties.

24.2 In the event of any dispute or difference between the Parties relating to this Agreement (whether this may be a matter of contractual interpretation or otherwise) then save in relation to disputes or disagreements relating to a Reserved Matter, the matter shall be dealt with by referral in the first

instance to the Joint Committee who shall consider any such dispute or disagreement at the next scheduled meeting of the Joint Committee and attempt to resolve the disputed matter in good faith.

- 24.3 In relation to a dispute or disagreement relating to a Reserved Matter, or if the Joint Committee fails to resolve a dispute or disagreement within five (5) Business Days of meeting pursuant to Clause 24.2 (Dispute Resolution), then the Parties in dispute or the Joint Committee (as the case may be) may refer the matter for resolution to:-
- 24.3.1 the Chief Executive, Managing Director, Council Leader (or other relevant head of organisation) of the relevant Parties;
  - 24.3.2 mediation by such party as the relevant Parties may agree; or
  - 24.3.3 the exclusive jurisdiction of the Courts of England and Wales.
- 24.4 Any dispute and/or disagreement to be determined by the relevant heads of organisations, mediation or the Courts of England and Wales (as the case may be) under this Agreement shall be promptly referred for determination to them.
- 24.5 The Parties shall on request promptly supply to the relevant heads of organisations or mediator or the Courts of England and Wales (as the case may be) all such assistance, documents and information as may be required for the purpose of determination.
- 24.6 If a mediator is appointed to determine a dispute pursuant to Clause 24.3 (Dispute Resolution), then the mediator shall be deemed to act as an expert and not as an arbitrator and his determination shall (in the absence of manifest error) be conclusive and binding upon the Parties.
- 24.7 The costs of the resolution of any dispute and/or disagreement between the Parties under this Agreement shall be borne by the relevant Parties on a Proportionate Basis to the dispute in question save as may be otherwise directed by the relevant heads of organisations, the mediator or the Courts of England and Wales (as the case may be).

## 25. **DATA PROTECTION**

- 25.1 In relation to all Personal Data, each Party shall at all times comply with the GDPR, (as a data controller if necessary) which includes (but is not limited to) maintaining a valid and up to date registration or notification under the GDPR covering the data processing activities to be performed in connection with the Growth Deal.
- 25.2 Each Party:-
- 25.2.1 shall process Personal Data belonging to any other Party only on the instructions of that Party (subject to compliance with applicable law);
  - 25.2.2 shall only undertake processing of Personal Data reasonably required in connection with the Growth Deal and shall not transfer any Personal Data to any country or territory outside the European Economic Area; and
  - 25.2.3 shall use its reasonable endeavours to procure that all relevant sub-contractors and third parties comply with this Clause 25.2 (Data Protection). For the avoidance of doubt a relevant sub-contractor is one which processes Personal Data belonging to the one or any of the Parties.
- 25.3 The Parties shall not disclose Personal Data to any third parties other than:-
- 25.3.1 to employees and sub-contractors and third parties to whom such disclosure is reasonably necessary in order for the Parties to discharge the Parties' obligations in relation to the Growth Deal; or

- 25.3.2 to the extent required under a court order or to comply with any applicable laws including (but not limited to) any statute, bye law, European Directive or regulation,
- provided that any disclosure to any sub-contractor or any third parties under Clause 25.3.1 (Data Protection) shall be made subject to written terms substantially the same as, and no less stringent than, the terms contained in this Clause 25 (Data Protection) and that the Parties shall give notice in writing to all other Parties of any disclosure of Personal Data belonging to them which they or a sub-contractor or third parties are required to make under Clause 25.3.2 (Data Protection) immediately they are aware of such a requirement;
- 25.3.3 the Parties shall bring into effect and maintain and shall use its reasonable endeavours to ensure that all relevant sub-contractors and any third parties have in effect and maintain all reasonable technical and organisational measures necessary to prevent unauthorised or unlawful processing of Personal Data and accidental loss or destruction of, or damage to, Personal Data including but not limited to taking reasonable steps to ensure the reliability and probity of any employee or agent of a relevant sub contractor or any third parties having access to the Personal Data; or
- 25.3.4 any Party may, at reasonable intervals, request a written description of the technical and organisational methods employed by any other Party and the relevant sub-contractors referred to in Clause 25.2.3 (Data Protection) Within five (5) Business Days of such a request, the Party requested to do so shall supply written particulars of all such measures as it is maintaining detailed to a reasonable level such that the requesting Party can determine whether or not, in connection with the Personal Data, it is compliant with the DPA. All Parties shall use its reasonable endeavours to ensure that the sub-contractors and any third parties also comply with such request from any other Party.
- 25.4 All Parties shall ensure that any Personal Data they obtain and provide to any other Party has been lawfully obtained and complies with the DPA and that the use thereof in accordance with this Agreement shall not breach any of the provisions of the DPA.
- 25.5 If:-
- 25.5.1 under the DPA any Party is required to provide information to a data subject (as defined in the DPA) in relation to Personal Data when such data is in the possession or under control of any other Party; and
- 25.5.2 the required Party informs the controlling Party in writing that this is the case,
- then the controlling Party shall guarantee reasonable and prompt co-operation to the required Party in meeting its obligations under the DPA including making copies of the relevant Personal Data to the extent the same are in its possession.
- 25.6 Each Party shall provide the other as soon as reasonably practicable, with such information in relation to Personal Data and their processing as the other Party may reasonably request in writing and the party asked to provide the relevant data may reasonably be able to provide in order for the other Party to:-
- 25.6.1 comply with its obligations under this Clause and the DPA; and
- 25.6.2 assess whether the processing of the relevant Personal Data in connection with this Agreement is breaching or may breach the DPA in a manner which is material and not effectively sanctioned by any guidance statement issued by the Information Commissioner.
- 25.7 The Parties shall each take reasonable precautions (having regard to the nature of their respective obligations under this Agreement) to preserve the integrity of any Personal Data.
- 25.8 The Parties shall work together to create and agree an information sharing protocol specifically in relation to their joint working on the Growth Deal and shall continually review any existing information sharing protocols being used in relation to the Growth Deal to ensure they remain relevant to the

Growth Deal and to identify which Personal Data needs to be processed and on what basis to ensure compliance with this Clause 25 (Data Protection).

## 26. **FREEDOM OF INFORMATION AND ENVIRONMENT INFORMATION**

26.1 Each Party acknowledges that the Parties are subject to the requirements of the Freedom of Information Act 2000 ("**FOIA**") and the Environmental Information Regulations 2004 ("**EIR**") and the Parties shall comply with the Host Authority's policy on FOIA in respect of these information disclosure obligations to the extent they relate to the Growth Deal.

26.2 Where a Party (the "**Receiving Party**") receives a request for information under either the FOIA or the EIR in relation to information which it is holding on behalf of any of the other Parties in relation to the Growth Deal, it shall:-

26.2.1 transfer the request for information to the Host Authority as soon as practicable after receipt and in any event within two (2) Business Days of receiving a request for information;

26.2.2 provide the Host Authority with a copy of all information in its possession or power in the form the Host Authority reasonably requires within ten (10) Business Days (or such longer period as the Host Authority may specify) of the Host Authority requesting that information; and

26.2.3 provide all necessary assistance as reasonably requested by the Host Authority to enable the Host Authority to respond to a request for information within the time for compliance set out in the FOIA or the EIR.

26.3 The Parties acknowledge and agree that the Host Authority shall be responsible for co-ordinating any response on behalf of the relevant Parties to the extent they relate to the Growth Deal and all costs incurred shall be accounted for as Joint Committee Costs.

26.4 The Host Authority shall be responsible for determining in their absolute discretion whether any information requested under the FOIA or the EIR:-

26.4.1 is exempt from disclosure under the FOIA or the EIR; and

26.4.2 is to be disclosed in response to a request for information.

26.5 Each Party acknowledges that the Host Authority may be obliged under the FOIA or the EIR to require the Receiving Party to disclose and, acting upon the instructions of the Host Authority, the Receiving Party shall disclose information:-

26.5.1 without consulting with the other Parties where it has not been practicable to achieve such consultation; or

26.5.2 following consultation with the other Parties and having taken their views into account.

## 27. **NOTICES**

27.1 Any notice or demand in connection with this Agreement to any Party shall be in writing and may be delivered by hand, prepaid first class post, special delivery post or email, addressed to the recipient at the address as the case may be set out in Schedule 3 (Parties' Details) or such other recipient address as may be notified in writing from time to time by any of the Parties to all the other Parties.

27.2 Any notice or demand in connection with this Agreement to the Joint Committee shall be in writing and may be delivered by hand, prepaid first class post, special delivery post or email, addressed to the Programme Director with copies sent to the Chief Executive of Gwynedd Council, Iwan Evans and Hedd Vaughan-Evans.

27.3 Iwan Evans, the Monitoring Officer and Hedd Vaughan-Evans (Operations Manager) are at the same address as the Chief Executive which is the address as the case may be as set out in Schedule 3

(Parties' Details) or such other recipient address as may be notified in writing from time to time by the Host Authority to all the Parties and their email addresses are [iwangdevans@gwynedd.llyw.cymru](mailto:iwangdevans@gwynedd.llyw.cymru) and [HeddVaughanEvans@buegogleddcymru.co.uk](mailto:HeddVaughanEvans@buegogleddcymru.co.uk) respectively.

27.4 The notice or demand shall be deemed to have been duly served:-

27.4.1 if delivered by hand, when left at the proper address for service;

27.4.2 if given or made by prepaid first class post or special delivery post, forty-eight (48) hours after being posted (excluding days other than Business Days); or

27.4.3 if given or made by email, at the time of transmission,

provided that, where in the case of delivery by hand or email such delivery or transmission occurs either after 4.00pm on a Business Day or on a day other than a Business Day service shall be deemed to occur at 9.00am on the next following Business Day.

27.5 For the avoidance of doubt, where proceedings to which the Civil Procedure Rules apply have been issued, the provisions of the Civil Procedure Rules must be complied with in respect of the service of documents in connection with those proceedings.

## 28. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in all respects in accordance with the laws of England and Wales. Subject to Clause 24 (Dispute Resolution), the English and Welsh Courts shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

## 29. **ASSIGNMENT**

The rights and obligations of the Parties under this Agreement shall not be assigned, novated or otherwise transferred without the consent of the other Parties.

## 30. **WAIVER**

30.1 No failure or delay by any Party to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same or some other right, power or remedy unless a waiver is given in writing by that Party.

30.2 Each Party shall pay their own costs incurred in connection with the preparation, execution, completion and implementation of this Agreement.

## 31. **ENTIRE AGREEMENT**

This Agreement contains all the terms which the parties have agreed in relation to the subject of this Agreement and supersedes any prior written or oral agreements, representations or understandings between the Parties relating to such subject matter. No Party has been induced to enter into this Agreement or any of these documents by statement or promise which they do not contain, save that this Clause shall not exclude any liability which one Party would otherwise have to the other in respect of any statements made fraudulently by that Party.

## 32. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts each of which so executed shall be an original but together shall constitute one and the same instrument. A complete signed copy of this Agreement delivered by e-mail in a pdf format from each Party shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement. Each Party shall hold its signed copy to order of the Host Authority and the Agreement shall be dated on the date that the Host Authority dates its copy of the Agreement.

33. **RELATIONSHIP OF PARTIES**

Each Party is an independent body and nothing contained in this Agreement shall be construed to imply that there is any relationship between the Parties of partnership or (except as expressly provided in this Agreement) of principal/agent or of employer/employee. No Party shall have the right to act on behalf of another nor to bind the other by contract or otherwise except to the extent expressly permitted by the terms of this Agreement. In particular for the avoidance of doubt, none of the provisions relating to the principles of working in partnership shall be taken to establish any partnership as defined by The Partnership Act 1890.

34. **STATUTORY RESPONSIBILITIES**

Notwithstanding anything apparently to the contrary in this Agreement, in carrying out their statutory duties, the discretion of any Party shall not be fettered or otherwise affected by the terms of this Agreement.

**SCHEDULE 1**  
**DELEGATIONS POLICY**

DECISION	PROGRAMME DIRECTOR MATTER	JOINT COMMITTEE MATTER	RESERVED MATTER
<b>KEY THEMES</b>			
1. Approval and adoption of OBP			<b>Yes</b>
2. Approval and adoption of any updated OBP save to the extent any such update amounts to a material change to the prevailing OBP or a material change in the content of the Portfolio Programme or any Project Business Case of any of the Approved Projects (in which case the decision to approve and adopt such updated OBP shall be a Reserved Matter)  For the avoidance of doubt, a material change is a change which (includes but is not limited to) any change already captured as a "Reserved Matter" in this Agreement.		Yes	
3. Approval and adoption of Programme and Portfolio Business Cases including any updates in accordance with Clause 13 (Business Plan)		Yes	
4. Approval and adoption of the Project Business Cases in accordance with Clause 13 (Business Plan)		Yes	

DECISION	PROGRAMME DIRECTOR MATTER	JOINT COMMITTEE MATTER	RESERVED MATTER
5. Subject to 2 above, varying the Programmes to be delivered.		Yes	
<b>FUNDING AND EXPENDITURE</b>			
6. Agreeing any increase in the Councils' Contribution or the Advisers' Contribution or any Adviser's Individual Contribution			<b>Yes</b>
7. Approval of any disproportionate Internal Costs pursuant to Clause <b>15.2.2</b> (Commitment of the Parties and Contributions)		Yes	
8. Approval of expenditure within the approved Annual Budget of the Host Authority held on behalf of the Joint Committee set out in Clause <b>15.4</b> (Annual Budget)	Yes		
9. Save where provided for in Clause <b>15.4.3</b> where increases subject to index rate shall not require any formal approval (Annual Budget Annual Increases), approval of any further increase to the Annual Budget Contributions shall be a Reserved Matter for the Parties			<b>Yes</b>
10. any changes to the Councils' Supplementary Contribution shall be a <b>Council Matter</b> for the Councils only			<b>Yes – Council Matter only</b>
11. a decision pursuant to Clause 9.1.3 (Corporate Joint Committee) shall be			<b>Yes – Council Matter only</b>

DECISION	PROGRAMME DIRECTOR MATTER	JOINT COMMITTEE MATTER	RESERVED MATTER
a <b>Council Matter</b> for the Councils only			
12. Transfer of funds allocated from one Project to another		Yes	
13. The Host Authority entering into (or agreeing to enter into) any borrowing arrangement on behalf of the Joint Committee and/or giving any security in respect of any such borrowing		Yes	
14. Accepting terms and conditions in relation to any third party funding for the Growth Deal or Growth Vision		Yes	
15. Agreeing the form of the Gateway Reviews	Yes		
16. Agreeing any Welsh Government or UK Government Funding Conditions		Yes	
<b>GENERAL</b>			
17. Approval of the draft Business Delivery Board's terms of reference which are attached at Part 5 of Schedule 2		Yes	
18. Replacement of the Host Authority pursuant to Clause 6.3 (The Host Authority)		Yes	
19. Issue of written notice to a Defaulter to remedy a breach or be treated as			<b>Yes<sup>10</sup></b>

<sup>10</sup> NWEAB TO CONFIRM

DECISION	PROGRAMME DIRECTOR MATTER	JOINT COMMITTEE MATTER	RESERVED MATTER
having withdrawn from the Joint Committee pursuant to Clause 2.3 (Termination)			
20. Any decision to appoint or later remove further bodies or organisations as a signatory Adviser who is or will be a Party to the Agreement to provide financial support to the Joint Committee shall be a Reserved Matter.			<b>Yes</b>
21. Establishment of a sub-committee, sub-group or project management body pursuant to this Agreement and determining their terms of reference and scope of delegation.		Yes	
22. Making any variations to or waiving any rights to or terminating any contracts signed by Parties / the Host Authority (other than this Agreement) which are material to the Growth Deal.		Yes	
23. Amendments to the terms of this Agreement			<b>Yes</b>
24. Approval of the Staffing Structure of the Portfolio Management Office		Yes	
25. The engagement and dismissal (and setting terms engagement of) of members of staff of the Portfolio Management Office other than the Programme Director	Yes		
26. The engagement and dismissal (and setting		Yes	

DECISION	PROGRAMME DIRECTOR MATTER	JOINT COMMITTEE MATTER	RESERVED MATTER
terms engagement of) of the Programme Director.			
27. Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against the Joint Committee or individual Party in relation to the Growth Deal, except in relation to debt collection in the ordinary course of business.		Yes	
28. Making any announcements or releases of whatever nature in relation to the Joint Committee and the Growth Deal	Yes		
29. Approval of the Business Case for creation of a local authority trading company under Local Government Act 2003			Yes
30. Any decision to convert to a Corporate Joint Committee			Yes
31. Subject to the terms of this Agreement, any other matters not covered in Schedule 1 (Delegations Policy) which facilitate, or are conducive or incidental to, the discharge of the Joint Committees Terms of Reference		Yes	

## SCHEDULE 2

### TERMS OF REFERENCE

#### PART 1

#### JOINT COMMITTEE TERMS OF REFERENCE

##### 1. AIMS/PURPOSE

- 1.1 The Joint Committee will be the key body to oversee the Growth Deal and to represent the interests of the Parties and its stakeholders and, subject to this Agreement will take all necessary decisions to facilitate and implement its delivery. The Joint Committee will also be responsible for monitoring programme progress and managing the political dimensions of the Growth Deal.
- 1.2 The Joint Committee will also oversee the Growth Vision and, subject to this agreement will take all necessary decisions to facilitate and implement its delivery.
- 1.3 The Joint Committee will carry out the following functions:-
  - 1.3.1 determine the form of and number of fund(s) to deliver the Growth Deal;
  - 1.3.2 approve Project Business Cases to deliver the Growth Deal in accordance with the OBP;
  - 1.3.3 provide strategic direction to the Executive Support Group (to include approval of remit for the Executive Support Group and approval of any resourcing issues);
  - 1.3.4 act as a representative for each of the Parties to ensure consistency with individual objectives and visions;
  - 1.3.5 monitor performance, management and working arrangements (to include the necessary audit and assurance checks);
  - 1.3.6 ensure that sufficient resources are committed to the Growth Deal;
  - 1.3.7 arbitrate on any conflicts within the programme or negotiate a solution to any problems between the programme and external bodies;
  - 1.3.8 communicate and provide progress on strategic issues within the Growth Deal;
  - 1.3.9 promote partnership working between the Parties;
  - 1.3.10 publish annual governance statement and Annual Accounts;
  - 1.3.11 liaise with other Growth Deal or City Deal partners across the United Kingdom to share best practice and ensure a co-ordinated strategic approach;
  - 1.3.12 provide the Parties with annual progress reports; and
  - 1.3.13 update the Delegations Policy from time to time.

##### 2. TERMS

- 2.1 At the start of the Growth Deal, to:-
  - 2.1.1 finalise any Business Cases pursuant to Clause 13; and
  - 2.1.2 agree the detail of the decision-making process and assessments prior to the Joint Committee considering individual projects.

- 2.2 During the planning and development stages, to:-
- 2.2.1 review project status against the approved plans;
  - 2.2.2 monitor the management of project budget, risks and quality;
  - 2.2.3 promote and support the project among relevant stakeholders and where appropriate obtain their consent;
  - 2.2.4 seek to resolve disputes where these cannot be resolved satisfactorily through other means; and
  - 2.2.5 ensure that the proposals are affordable and deliver maximum value for money for the public sector.

## PART 2

### EXECUTIVE SUPPORT GROUP'S TERMS OF REFERENCE

#### 1. STATUS

- 1.1 The Group is a professional executive which supports and advises, and enacts the decisions of, the North Wales Economic Ambition Board.
- 1.2 The Group does not have any formal decision-making powers and will advise those officers of the Board, who have delegated powers, in the exercise of their powers.

#### 2. PURPOSE OF GROUP

- 2.1 To (a) co-ordinate professional advice to the North Wales Economic Ambition Board (hereafter referred to as 'the Board'); (b) to enact the decisions of the Board; (c) to oversee the deployment and management of the resources of the Board and (d) to be responsible for the performance management of the work-streams, programmes and projects of the Board.
- 2.2 The Group has the following specific roles and responsibilities:-

##### **Strategic**

- 2.2.1 to provide strategic advice on the development of the Growth Vision;
- 2.2.2 to provide professional advice to the Board in the specific fields of transport, skills and employment, economic development, housing, land use planning, and digital;
- 2.2.3 to provide advice on the development of a regional strategy for place regeneration.

##### **Programme and Project Management**

Act as the Portfolio Board to oversee the development, co-ordination and delivery of the Programmes and projects within the Growth Deal and to oversee the development, co-ordination and delivery of other projects commissioned by the Board to deliver the Growth Vision.

##### **Performance Management**

- 2.2.4 to oversee the management and reporting of performance for the programmes and projects of the Board; and
- 2.2.5 to maintain and manage performance management and risk management reporting systems.

##### **Administration and Communications**

- 2.2.6 to support the governance structure and ensure its efficient operation;
- 2.2.7 to oversee a communications strategy; and
- 2.2.8 to act as a "clearing house" for reports to the Board.

#### 3. MEMBERSHIP

- 3.1 The chairperson of the Joint Committee or appropriate deputy
- 3.2 Programme Director
- 3.3 The s.151 and Monitoring Officers from the Host Authority

3.4 A senior officer from the following:-

- 3.4.1 Gwynedd Council;
- 3.4.2 Anglesey Council;
- 3.4.3 Conwy Council;
- 3.4.4 Denbighshire Council;
- 3.4.5 Flintshire Council;
- 3.4.6 Wrexham Council;
- 3.4.7 Bangor University;
- 3.4.8 Glyndwr University;
- 3.4.9 Coleg Cambria;
- 3.4.10 Grwp Llandrillo-Menai;
- 3.4.11 Business Delivery Board.

4. **MEETING SCHEDULES**

- 4.1 Meetings will be held on the second Friday of every month or as otherwise agreed by the Executive Group in order to facilitate its functions.
- 4.2 However, extraordinary meetings will be convened where deemed necessary.

5. **SECRETARIAT**

Secretariat for the Group will be provided by the Portfolio Management Office.

### PART 3

#### PORTFOLIO MANAGEMENT OFFICES TERMS OF REFERENCE

1. To provide a professional support team lead by the programme director for the successful delivery of the agreed economic ambition board programme for achieving economic growth and unlocking government funding
2. To provide professional advice and direction to the economic ambition board on key strategies in support of the above, in particular transport, skills and employment, economic development and sector growth, digital infrastructure, and land use planning;
3. To support the development and delivery of north wales growth vision, providing advice and direction for the board to maximise the potential to deliver sustainable and inclusive economic growth in north wales;
4. To co-ordinate the development and delivery of the growth deal for north wales and the
5. To work closely with the business sectors in the region in order to identify opportunities to secure economic growth;
6. To work in collaboration and in partnership with key officers from the uk government and the welsh government to deliver the priorities of the economic ambition board;
7. To lead the procurement of goods, works and services subject to approval by the Joint Committee as more particularly set out in paragraph 3 of part 1 of this Schedule.
8. To be responsible for resource management to include (but not limited to):
  - (a) to maintain an annual budget for the Board;
  - (b) to oversee deployment of the budget;
  - (c) to ensure value for money in the use of the budget; and
  - (d) to make appointments and enter into contracts with the approval of the Board and within the approved budget, and in accordance with the policies of the Host Authority

## PART 4

### SUB-COMMITTEE TERMS OF REFERENCE

#### TERMS OF REFERENCE

#### TRANSPORT DELIVERY SUB-BOARD

The North Wales Economic Ambition Board (“EAB”) appoints a Transport Delivery Board to discharge the functions set out below.

The Sub-Board will be a Sub-Committee appointed under Section 102 of the Local Government Act 1972 and Section 20 of The Local Government Act 2000 and Regulation made thereunder

The Sub- Board shall comprise of 6 Councillors, one from each Partner Council who will be Executive Members.

Observers may be invited to attend based on their knowledge and potential contribution to the areas of responsibility.

#### ROLE:

- The to plan and co-ordinate a joined-up and integrated strategic transportation service in North Wales;
- to plan, co-ordinate and advise on regional responses to the Welsh Government Improving Public Transport proposals.
- to plan and co-ordinate the delivery of strategic transportation interventions, including Growth Bid and transport decarbonisation projects;
- to report to the NWEAB on progress, performance, outcomes and funding issues. Delivery Sub-Board will be a Sub-Committee of the North Wales Economic Ambition Board.

#### PURPOSE:

To respond to and implement the briefs and commissions as instructed and agreed by the Economic Ambition Board.

The Sub-Board have the following generic roles and responsibilities within their Role:

##### **Strategic**

- to co-ordinate Local Authority and other partner activity so that a strategic regional approach takes place in the relevant policy area;
  - to provide relevant strategic advice to the Board;
  - to support the Board to influence national policies and funding programmes;
- to enact the decisions of the Economic Ambition Board. The Economic Ambition Board will provide direction and commission the Delivery Sub-Boards to undertake key tasks.

##### **Programme & Project Management**

- to co-ordinate the planning, development and delivery of relevant Programme(s) commissioned by the Economic Ambition Board;
- to co-ordinate the planning, development and delivery of relevant Projects commissioned by the Economic Ambition Board, specifically the Projects included in the Growth Deal “Bid”. This will include the development of individual Outline Business Case and 5 Case Business Models for each Project;
- to monitor and review progress and impact of relevant Programme(s) and related Projects, and to put forward any recommendations to the Board.

### **Resource Management**

- To oversee the deployment of the relevant budget and to ensure value for money in the use of the budget.
- To report to the EAB on the budget and to seek approval from the EAB for any variations in the budget.

### **Performance Management**

- To co-ordinate the reporting of performance of the relevant Programme(s) and Projects to the Board;
- To maintain and manage performance and risk management reporting system.

### **Sub-Committee Powers**

None delegated.

## **RELATIONSHIP WITH EAB**

- The Chair of each Delivery Sub-Board will be invited to some meetings of the Economic Ambition Board to report on progress, performance and outcomes.
- The Economic Ambition Board will create a Portfolio Lead for each of the Delivery Sub-Board themes. They will be Observers in meeting of the Sub-Board, and will ensure a direct link with the Economic Ambition Board.

## **PROCEDURE AND GOVERNANCE**

- A Lead Officer for each of the Delivery Sub-Board will be appointed.
- Decisions will normally be reached by achieving consensus and then a formal vote amongst the 6 local authority members requiring a simple majority.
- In the event that a vote is deadlocked the issue will be referred to the EAB for decision.
- In all other respects the Sub-Board will apply the rules and procedures which apply to the EAB as set out in GA1 or any subsequent superseding agreement.

## SCHEDULE 2

### PART 5

#### Business Delivery Board's Terms of Reference

### **BUSINESS DELIVERY BOARD**

---

#### **1. Role and Remit**

- 1.1. The Business Delivery Board will act as the voice of the business and employers in the region, working closely with organisations such as the North Wales & Mersey Dee Business Council (the umbrella body for Business representative organisations). It will focus on the delivery of the Growth Vision for the region.
- 1.2. It will have a key role in challenging and advising the North Wales Economic Ambition Board on matters relating to the Growth Vision and Growth Deal.
- 1.3. The Board will highlight the barriers to growth, as well as bring forward ideas and proposals. It will be expected that the North Wales Economic Ambition Board will consider ways in which such proposals can be delivered.
- 1.4. The Board is a key part of the Growth Deal governance apparatus and performs an important two-fold role:
  - To ensure the voice and wishes of business shape and influence the Growth Vision for North Wales and the Growth Deal package and delivery;
  - To ensure that opportunities galvanised and catalysed by the development of the Growth Deal can be accessed and led by businesses.
- 1.5. The Board is committed to optimising the opportunities within the Growth Deal, and promoting investment leverage from companies, enterprises and businesses.
- 1.6. The Board will consist of a Chair and between 9-12 members. Its membership will include representatives and sector experts from key businesses from the growth and foundation economic sectors across the region. There is an expectation that the Board Members will include senior decision makers from representative organisations.
- 1.7. Its programme of work (which will be set out in an annual business plan) will demonstrate clearly the private sector opportunities stemming from the delivery of the Growth Vision and Growth Deal. The annual business plan and proposals brought forward by the Board will be formally considered by the North Wales Economic Ambition Board for incorporation within its work programme.
- 1.8. It will strengthen the profile of the business voice and input into the Growth Deal, in order that whilst it is politically-led, it is business and industry driven and delivered.
- 1.9. The Board will ensure that investment in growth is informed and shaped by business for business.
- 1.10. The Chair of the Board will be an Adviser of the North Wales Economic Ambition Board and, in partnership with the North Wales Economic Ambition Board will play a key role in providing

leadership and key relations with Welsh Government and the UK Government. The post of Chair will be advertised and publicly appointed.

1.11. The constitution and role of the Board within the governance of the Growth Deal and its inter-relationship with the Joint Committee will be encapsulated in Governance Agreement 2. The Board must be flexible to change their constitution and role as they fit in order to be as independent as possible. The constitution and role of the Board and any amendments will be agreed with the North Wales Economic Ambition Board.

1.12. The North Wales Economic Ambition Board will fully consider and take into account any advice or challenge from the Business Delivery Board. Any formal recommendations made by the Business Delivery Board to the North Wales Economic Ambition Board will be presented in a written report to them which will be considered at a meeting of the Board and the response and reasons will be recorded and communicated.

## **2. Key Responsibilities**

2.1. The Business Delivery Board will be responsible for:

- Reviewing and shaping the Growth Vision for North Wales;
- Provide review and challenge to the portfolio of projects proposed within the Growth Deal, and consider and challenge the Full Business Cases for individual projects maximising the impact of the Growth Deal for the region, securing additional direct and indirect private sector investment for the Deal.;
- Focus on the delivery of projects commissioned by the North Wales Economic Ambition Board, and ensure that opportunities catalysed by the Growth Deal can be accessed and led by businesses;
- Provide an advocacy role, promoting the region as a prime investor and visitor location and working with partners to increase the value and quality for inward investment;
- Provide advice on proposed intervention from other key stakeholders, including Welsh Government.

2.2. It will work closely and in partnership with the North Wales Economic Ambition Board.

## **3. The Chair of the Board**

3.1. The Chair will be appointed on a two-year fixed term basis, with the maximum number of terms limited to two.

3.2. The time commitment, whilst flexible, is assumed to be an average of 1 day a week, though the level of commitment will fluctuate across the term.

3.3. The role will be remunerated at a level which reflects the significance of the role.

3.4. The Chair will be responsible for:

- Leading the Board, ensuring it fulfils its responsibilities;
- Chair meetings of the Board, collecting views expressed by each stakeholder group and where necessary arriving at a consensus;
- Communicating and representing the recommendations of the Board on the North Wales Economic Ambition Board;

- Being a “business” figurehead and champion of the region both nationally and internationally.

The Chair should have the following background and experience:

- Be a member of the private sector business community;
- Have extensive senior leadership experience;
- Have a wide network of public, private and government contacts which extends beyond the region.

3.5. Strategic, research, policy and media support will be provided to the Chair and the Business Delivery Board by the Portfolio Management Office (once fully established).

3.6. Both the UK Government and Welsh Government will need to approve the appointment of the Chair. The process will be overseen by the North Wales Economic Ambition Board. Subject to the approval of both the UK and Welsh Governments the Chair will be appointed by the North Wales Economic Ambition Board.

3.7. The Chair will be appointed in accordance with the acknowledged standards for public appointments, including an open advert.

#### **4. Selecting the Business Delivery Board Members**

4.1. The selection process must be open and transparent, accompanied by the selection criteria listed below.

4.2. The Appointment Panel will consist of the Chair and Vice-Chair of the North Wales Economic Ambition Board and the Chair of the Business Delivery Board. The Panel will put forward recommendations to the Economic Ambition Board for approval of the most suitable candidates to appoint.

4.3. The Board Membership role will be advertised publicly to encourage a diverse range of applications. The collective set of skills and experience of the Board will be a key consideration. There will be an application process which will allow for proposed members to be nominated.

4.4. Collectively, the Board should have the following knowledge and skills:

- Understanding of the economy of North Wales and an appreciation of opportunities in the growth and foundation economic sectors across the region;
- A wide network of contacts across the UK and internationally;
- Experience of analysing and assessing commercial, technical and financial information in order to provide quality advice to decision makers;
- Experience of providing impartial advice on projects and initiatives, particularly in relation to their viability and impact on economy and employment issues.

4.5. The process will be undertaken in consultation with both Governments.

4.6. In appointing members consideration will be given to establishing a membership which as far as possible is balanced overall so that it reflects and represents the whole of the geographical area of North Wales its business sectors and communities and this will need to be taken into account during the appointment process.

**5. Conflict of Interest**

- 5.1. To allow the Business Delivery Board to undertake all its function, a clear distinction will be drawn between those involved in specific project development and those preparing recommendations on those projects to the North Wales Economic Ambition Board. A robust system of declaration of conflict of interest will be put in place. In addition, Advisors to the Economic Ambition Board are governed by a GA Code of Conduct and the Conflicts Policy in relation to personal interests. Members appointed to the Business Delivery Board will be expected to comply with the same provisions.

**6. GA2**

- 6.1 As part of each party's appointment to the Business Delivery Board they will each acknowledge and accept the terms of the GA2 and will be expected to comply with the same to include (but not limited to) Clause 22 (Confidentiality and Announcements).

**SCHEDULE 3**  
**SCRUTINY PROTOCOL**

**1. Communication and Awareness Raising**

- 1.1 The Portfolio Management Office will prepare a quarterly report on the work of the Economic Ambition Board which shall include:
- Progress on implementation of the OBP including individual Programmes and Projects.
  - The Financial Performance of the Board
  - Forthcoming developments.
- 1.2 The report shall be sent to each Partner Organisation and shall be in a format which will facilitate its submission into the Partners Scrutiny or other governance arrangements as the Partners determine.
- 1.3 An Officer of the Portfolio Management Office will be available to attend at a relevant meeting provided, in the absence of special circumstances or call in of a decision no single Partner may require an officer to attend more than two of their meetings per annum.

**2. Call in**

- 2.1 All decisions of the EAB or its Sub-Boards ("Decision Body") will be recorded and published on a statement of decisions prepared in compliance with Local Authorities (Executive Arrangements) (Decisions, Documents and Meetings) (Wales) Regulations 2001 That notice will also be sent to the head of Democratic Services of the Councils to be dealt with in accordance with the governance arrangements of their respective Councils in relation to Scrutiny.
- 2.2 Notwithstanding any provision in the Constitution of any Council no decision of a Decision Body may be called by any Council at the expiry of 5 clear working days (which shall be taken to expire at 17:00 on the final day) following the date of publication of the statement of decision.
- 2.3 In the event that a request for call in of a decision is served in compliance with that Councils Constitution a copy of that notice or notices shall be sent to the following as soon as reasonably practicable thereafter:
1. Monitoring Officer of each of the Other Councils
  2. Programme Director
  3. Board representative of the other Partners
- 2.4 The Council will arrange for the matter to be considered at a meeting of the relevant Scrutiny Committee to be held no later than 15 clear working days from the date of the notice of Call in being accepted by that Council.
- 2.5 No decision of a Decision Body may be called in more than once by any Council and re-consideration of a decision shall not be subject to Call In by any Council.
- 2.6 Representatives of the Joint Committee and of the Portfolio Management Office shall be invited to attend and speak at the meeting of a Scrutiny Committee which considers the request for call in.
- 2.7 If, having considered the decision, the Scrutiny Committee is still concerned about it, then it may refer it back to the decision making body for reconsideration, setting out in writing the nature of its concerns to the decision maker they shall then reconsider within a further 15 clear working days, amending the decision or not, before adopting a final decision.

- 2.8 Notice of the recommendations of the meeting shall be served in writing on the Programme Director, Monitoring Officer and Chief Finance Officer of the Joint Committee no later than 5 clear working days after the date of the meeting.
- 2.9 The call-in procedure set out above shall not apply where the decision being taken is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would, for example, seriously prejudice the work of a Decision Body or other public interests. The decision of whether a matter is urgent will be taken by resolution of the Decision Body setting out the grounds for the decision. The record of the decision, and notice by which it is made public, shall state whether in the opinion of the decision making body, the decision is an urgent one, and therefore not subject to call-in and the grounds for that decision.

## SCHEDULE 4

### PARTIES' DETAILS

Recipient's name	Address	Email
Conwy Council:- [Chief Executive]	PO Box 1, Conwy, LL30 9GN	Iwan.davies@conwy.gov.uk
Denbighshire Council:- [Chief Executive]	PO Box 62, Ruthin, LL15 9AZ	Judith.greenhalgh@denbighshire.gov.uk
Flintshire Council:- [Chief Executive]	County Hall, Mold CH7 6NB	Chief.executive@flintshire.gov.uk
Gwynedd Council:- [Chief Executive]	Gwynedd Council Shirehall Street Caernarfon LL55 1SH	dilwynowenwilliams@gwynedd.llyw.cymru
Isle of Anglesey Council:- [Chief Executive]	Council Offices Llangefni Anglesey LL77 7TW	AnnwenMorgan2@ynysmon.gov.uk
Wrexham Council: [Chief Executive]	The Guildhall Wrexham LL11 1AY	Ian.bancroft@wrexham.gov.uk
Bangor University:- [Vice Chancellor]	College Road, Bangor, Gwynedd LL57 2DG	vc@bangor.ac.uk
Glyndwr University:- [Vice Chancellor]	Glyndŵr University Mold Road Wrexham LL11 2AW	Maria.Hinfelaar@glyndwr.ac.uk
Coleg Cambria:- [Chief Executive]	Kelsterton Road Connah's Quay Deeside Flintshire CH5 4BR	Yana.williams@cambria.ac.uk

<b>Recipient's name</b>	<b>Address</b>	<b>Email</b>
GRWP Llandrillo Menai:- [Chief Executive]	Llandudno Road, Colwyn Bay, LL28 4HZ	dafydd.evans@gllm.ac.uk
Business Delivery Board	Conwy Business Centre Llandudno Junction Conwy  LL31 9XX	AlwenWilliams@buegogleddcymru.co.uk – to be updated when Chair of the Business Delivery Board is appointed
Programme Director	Conwy Business Centre Llandudno Junction Conwy  LL31 9XX	AlwenWilliams@buegogleddcymru.co.uk

## SCHEDULE 5

### HEADS OF EXPENDITURE

1. The following is a non-exhaustive list of the heads of expenditure that may be incurred by the Parties in the Growth Deal:-
  - 1.1 "**Internal Costs**" means the costs associated with each Party providing internal resources in relation to the Growth Deal which includes but is not limited to:-
    - 1.1.1 staffing costs and associated overheads;
    - 1.1.2 project management / technical & admin support;
    - 1.1.3 communications; and
    - 1.1.4 (where applicable) costs incurred in respect of managing FOIA requests pursuant to Clause 26 (Freedom of Information and Environmental Information).
  - 1.2 "**Joint Committee Costs**" means the operational and management costs of the Joint Committee, (and its sub committees and groups created pursuant to Clauses 9.8 and 9.9) which includes but is not limited to:-
    - 1.2.1 staffing costs and associated overheads including but not limited to the costs and liabilities of the appointment and any termination of appointment of the Programme Director and each individual within the Portfolio Management Office;
    - 1.2.2 project management / technical & admin support;
    - 1.2.3 communications;
    - 1.2.4 Translation costs;
    - 1.2.5 the costs incurred by the Host Authority in carrying out the duties of the Host Authority pursuant to Clauses 6 and 7;
    - 1.2.6 the costs incurred by the Joint Committee and/or the Host Authority in developing the Portfolio Business Cases and the Project Business Cases for the Regional Project including but not limited to external professional advice; and
    - 1.2.7 without double counting, any other external professional advice.
  - 1.3 For the avoidance of doubt, Internal Costs and Joint Committee Costs do not include any revenue costs or capital investment relating to the implementation of any project pursuant to the Growth Deal.

## **SCHEDULE 6**

### **ACCOUNTING PERIODS**

1. The initial Accounting Period shall be the date of this Agreement until 31 March and thereafter shall be:-

1 April to 31 March

2. Each Quarter shall be shall be the date of this Agreement until 31 March and thereafter shall be:-

- 1 April to 30 June;
- 1 July to 30 September;
- 1 October 31 December; and
- 1 January to 31 March.

## SCHEDULE 7

### CODE OF CONDUCT FOR NWEAB ADVISERS

1. You must in all matters consider whether you have a personal interest and whether this code of conduct requires you to disclose that interest.
2. You must regard yourself as having a personal interest in any business of the North Wales Economic Ambition Board if:-
  - 2.1 it is likely to affect the well-being or financial position of such persons below to a greater extent than other tax payers in North Wales:-
    - 2.1.1 you;
    - 2.1.2 anyone with whom you live; or
    - 2.1.3 anyone with whom you have close personal association;
  - 2.2 it relates to or is likely to affect any of the following:-
    - 2.2.1 any employment or business of such a person;
    - 2.2.2 any person who employs or has appointed such a person, any firm in which such a person is a partner or any company for which such a person is a remunerated director;
    - 2.2.3 any corporate body which has a place of business or land in North Wales, and in which any such persons has a beneficial interest in a class of securities of that body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital of that body;
    - 2.2.4 any contract for goods, services or works made between the NWEAB:-
      - (a) any such person;
      - (b) a firm in which such a person is a partner;
      - (c) a company of which such a person is a remunerated director; or
      - (d) a body of the description specified in sub-paragraph (iii) above;
    - 2.2.5 any land in North Wales:-
      - (a) in which such a person has a beneficial interest; or
      - (b) which such a person has a licence (alone or jointly with others) to occupy for 28 days or more;
    - 2.2.6 any land where the landlord is the NWEAB and the tenant is:
      - (a) a firm in which such a person is a partner;
      - (b) a company of which such a person is a remunerated director; or
      - (c) a body of the description specified in sub-paragraph 2.2.3 uwchben;
    - 2.2.7 any of the following bodies in which such a person is a member or holds a position of general control or management:-
      - (a) a public authority or body exercising functions of a public nature;

- (b) a company, industrial and provident society, charity, or body directed to charitable purposes;
- (c) a body whose principal purposes include the influence of public opinion or policy;
- (d) a trade union or professional association; or
- (e) a private club, society or association operating within North Wales.

### **Declaration of Personal Interests**

3. Where you have a personal interest in any business of the NWEAB and you attend a meeting at which that business is considered, you must declare the existence and nature of that interest before or at the commencement of that item, or when the interest becomes apparent.
4. Where you have a personal interest in any business of NWEAB and you write or speak to an officer or member of the NWEAB then you must:-
  - 4.1 include details of that interest in the written communication; or
  - 4.2 declare the interest at the commencement, or when it becomes apparent to you that you have such an interest.
5. You must, in respect of a personal interest not previously declared, before or immediately after the close of a meeting where the declaration is made, give written notification to the NWEAB's monitoring officer on the prescribed form, containing:-
  - 5.1 details of the personal interest;
  - 5.2 details of the business to which the personal interest relates; and
  - 5.3 your signature.
6. A personal interest is also a prejudicial interest if it is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest except as set out in paragraph 7 islaw.
7. You will not be regarded as having a prejudicial interest in any business where:
  - 7.1 that business is not the determination of any approval, consent, licence, permission or registration; or
  - 7.2 that business relates to:-
    - 7.2.1 another public authority or body exercising functions of a public nature in which you hold a position of general control or management;
    - 7.2.2 a body to which you have been elected, appointed or nominated by the NWEAB;
    - 7.2.3 your role as a school governor (where you are not appointed or nominated by an authority which is a member of NWEAB) unless it relates particularly to the school of which you are a governor;
    - 7.2.4 your role as a member of a Local Health Board where you have not been appointed or nominated by an authority which is a member of the NWEAB; or
    - 7.2.5 save that an interest shall not be considered as being personal and prejudicial where it relates to or is likely to affect the Party which has appointed the Adviser to the Joint Committee;

- 7.3 that business relates to:-
- 7.3.1 the housing functions of an authority which is a member of the NWEAB where you hold a tenancy or lease with that authority, provided that you do not have arrears of rent of more than two months, and provided that those functions do not relate particularly to your tenancy or lease; or
  - 7.3.2 the functions of an authority which is a member of the NWEAB in respect of school meals, transport and travelling expenses, where you are a guardian, parent, grandparent or have parental responsibility (as defined in section 3 of the Children Act 1989) of a child in full time education, unless it relates particularly to the school which that child attends.
- 7.4 It relates to or is likely to affect an Adviser which has appointed you as its representative to the Joint Committee.

### **Overview and Scrutiny Committees**

8. You also have a prejudicial interest in any business before an overview and scrutiny committee of the NWEAB (or of a sub-committee of such a committee) where:-
- 8.1 that business relates to a decision made (whether implemented or not) or action taken by the NWEAB or another of its committees, sub-committees, joint committees or joint sub-committees; and
  - 8.2 at the time the decision was made or action was taken, you were an adviser to the NWEAB, committee, sub-committee, joint-committee or joint sub-committee AND you were present when that decision was made or action was taken.

### **Participation in Relation to Disclosed Interests**

9. Where you have a prejudicial interest in any business of the NWEAB, unless you have obtained a dispensation from the Host Authority's Standards Committee, you must:-
- 9.1 withdraw from the room, chamber or place where a meeting considering the business is being held:-
    - 9.1.1 where 9.1.2 below applies, immediately after the period for making representations, answering questions or giving evidence relating to the business has ended and in any event before further consideration of the business begins, whether or not the public are allowed to remain in attendance for such consideration; or
    - 9.1.2 in any other case, whenever it becomes apparent that that business is being considered at that meeting;
  - 9.2 not exercise NWEAB functions in relation to that business;
  - 9.3 not seek to influence a decision about that business;
  - 9.4 not make any written representations (whether by letter, facsimile or some other form of electronic communication) in relation to that business unless the public has a right to do so; and
  - 9.5 not make any oral representations (whether in person or some form of electronic communication) in respect of that business or immediately cease to make such oral representations when the prejudicial interest becomes apparent unless the public has a right to do so.
10. Where you have a prejudicial interest in any business of NWEAB you may attend a meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

11. Paragraph 12 does not prevent you attending and participating in a meeting if:-
  - 11.1 you are required to attend a meeting of an overview or scrutiny committee, by such committee exercising its statutory powers;
  - 11.2 you are attending only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise; or
  - 11.3 you have the benefit of a dispensation provided that you:-
    - 11.3.1 state at the meeting that you are relying on the dispensation; and
    - 11.3.2 before or immediately after the close of the meeting give written notification to your authority containing:-
      - (a) details of the prejudicial interest;
      - (b) details of the business to which the prejudicial interest relates;
      - (c) details of, and the date on which, the dispensation was granted; and
      - (d) your signature.
12. Where you have a prejudicial interest and are making written or oral representations to the NWEAB in reliance upon a dispensation, you must provide details of the dispensation within any such written or oral representation and, in the latter case, provide written notification to the NWEAB within 14 days of making the representation.

**SCHEDULE 8**

**LIABILITY REPORT**

The Liability Report shall include (but shall not be limited to) irrecoverable expenditure incurred and committed in relation to the following:

	<b><u>Amount</u> (all figures in round pounds)</b>
Any committed costs including but not limited to those set out in Clause 19.5 (Withdrawal)	
Procurement Costs	
Costs associated with delays and having to revisit any procurements (including but not limited to the cost of legal, financial and technical advice)	
Land costs – costs associated with identifying and procuring land	
Staff costs (and associated overheads) in progressing the scheme:-  a) Consultancy / Advisers fees  b) Internal Project Management and monitoring  c) Internal Professional advice	
All other reasonable and properly incurred costs and losses (to include the cost of preparing the Liability Report)	
Any costs, claims and damages arising from any third parties in respect of any costs relating to any delay or arising from the termination	

Certified Correct \_\_\_\_\_  
 (Signed)

\_\_\_\_\_  
 (Date)

**SCHEDULE 9**  
**GROWTH VISION**

**SCHEDULE 10**  
**OVERARCHING BUSINESS PLAN**

**SCHEDULE 11**  
**CONFLICTS POLICY**

**CONFLICTS POLICY**

**DATED**

-----

**NORTH WALES ECONOMIC AMBITION BOARD**

**CONFLICTS OF INTEREST POLICY**

## 1. Introduction

- 1.1 This is the conflicts of interest policy ("**Conflicts Policy**") of the North Wales Economic Ambition Board ("**NWEAB**") which sets out the guidelines and procedures for identifying, monitoring and managing actual and potential conflicts of interest.
- 1.2 The Conflicts Policy seeks to highlight both:
  - (a) Personal Interests (defined in paragraph 3); and
  - (b) Organisational Interests which relates to specific conflicts arising as a result of a person's duty to act in the best interests of both the NWEAB and its employer/organising body (defined in paragraph 4);together "**Interests**".
- 1.3 The Conflicts Policy applies to the members and advisers of the **NWEAB Bodies** as listed in Schedule 1 of this Conflicts Policy each individually a "**Person**".
- 1.4 The Conflicts Policy:
  - (a) forms part of the conditions of appointment of each Person to an NWEAB Body (both present and future appointments);
  - (b) is deemed to be accepted by each and everyone acting in each role;
  - (c) is in force as at the date on the front page of this Conflicts Policy or, if earlier, the Commencement Date of the GA2; and
- 1.5 It is intended that the Conflicts Policy will be attached as a Schedule to the second Governance Agreement ("**GA2**") to be put in place between the Parties.

## 2. The purpose of this policy

- 2.1 The NWEAB is a Local Authority Joint Committee formed as part of a partnership between the North Wales Local Authorities (the Councils) and other bodies (the Advisers) listed in Schedule 1 of this Conflicts Policy.
- 2.2 It's governance principles and arrangements are set out in the first Governance Agreement ("**GA1**") which will be updated and superseded by the GA2 around the time the Growth Deal is signed which is schedule to be at end of 2020.
- 2.3 It is a public body administering and directing public resource and finance in the public interest. It adopts and promotes the highest standards of probity and accountability in its activities. The Councillors are governed by their Local Code of Conduct for Members of Local Authorities which includes, amongst other things, the management of Personal Interests and, in the case of Advisers to the Joint Committee acting in that role, a voluntary Code of Conduct relating to Personal Interests incorporated into GA1 and will be incorporated into GA2. Local Authority Officers are governed by their Code of Conduct which will generally apply to their conduct. The Conflicts Policy regulates each Person's role within NWEAB Bodies and is

intended to complement, and work alongside, these Codes of Conduct. In the event of any discrepancy, please report this immediately to the NWEAB's Monitoring Officer.

- 2.4 Conflicts of interest can inhibit open discussions and may result in a Person taking irrelevant considerations into account or making decisions that are not in the public's best interests. They can also damage the reputation of the NWEAB if it appears that a Person is influenced by personal interests or loyalties and in some circumstance create a risk of legal challenge to a decision. All Persons must therefore be alert to the possibility that they, or any member of a NEWAB body could be affected by a conflict of interest.
- 2.5 The NWEAB has recognised that the partnering and joint working approach to working with various sectors of the North Wales Economy mean that there will be occasions where members or participants in meetings, consultations and advisory capacities will have their own commercial or business Interests in the matter under consideration. This may mean that their ability to act in the public interest or the perception of their ability to act in the public interest will be undermined to the detriment of the NWEAB.
- 2.6 The procedures in this policy will enable the identification and management of conflicts of Interest.
- 2.7 This Conflicts Policy:-
- (a) aims to assist you in identifying and recognising conflicts of interest that may arise due to your role on an NWEAB body; and
  - (b) sets out the NWEAB'S expectations and requirements as to how such conflicts should be managed, in order to ensure that that conflicts do not prevent them from making decisions in the public interest and protect both the NWEAB and the NWEAB Team from any appearance of impropriety in cases where conflicts of interest arise.
- 2.8 It is your responsibility to ensure that you have read, understand and are able to comply with this Conflicts Policy.

### **3. Identifying a Personal Interest**

You must regard yourself as having an Personal Interest in any business of the North Wales Economic Ambition Board in which you are participating as a member of a NWEAB Body or advising that Body if:-

- 3.1 it does or is likely to directly or indirectly affect the well-being or financial position of such individuals below to a greater extent than other tax payers in North Wales:-
- (a) you;
  - (b) anyone with whom you live; or
  - (c) anyone with whom you have a "close personal association";
- 3.2 directly or indirectly relates to or is likely to directly or indirectly affect any of the following:-
- (a) any employment or business of such an individual;

- (b) anyone who employs or has appointed such an individual, any firm in which such an individual is a partner or any company for which such an individual is a remunerated director;
- (c) any corporate body which has a place of business or land in North Wales, and in which any such persons has a beneficial Interest in a class of securities of that body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital of that body;
- (d) any contract for goods, services or works made between the NWEAB:-
  - (i) any such person;
  - (ii) a firm in which such an individual is a partner;
  - (iii) a company of which such an individual is a remunerated director; or
  - (iv) a body of the description specified in sub-paragraph 2.2.3 above;
- (e) any land in North Wales:-
  - (i) in which such an individual has a beneficial interest; or
  - (ii) which such an individual has a licence (alone or jointly with others) to occupy for 28 days or more;
- (f) any land where the landlord is the NWEAB and the tenant is:
  - (i) a firm in which such an individual is a partner;
  - (ii) a company of which such an individual is a remunerated director; or
  - (iii) a body of the description specified in sub-paragraph 2.2.3 above;
- (g) any of the following bodies in which such an individual is a member or holds a position of general control or management:-
  - (i) a company, industrial and provident society, charity, or body directed to charitable purposes;
  - (ii) a body whose principal purposes include the influence of public opinion or policy;
  - (iii) a trade union or professional association; or
  - (iv) a private club, society or association operating within North Wales,
 each one being a "**Personal Interest**".

"Close Personal Association" shall be interpreted in accordance with the provision of the Local Authorities (Model Code of Conduct) (Wales) Order 2008. If in doubt whether an individual is connected, each person should seek advice from the NWEAB's Monitoring Officer.

#### 4. Identifying an Organisational Interest

- 4.1 It is envisaged that, in carrying out your roles for the NWEAB and your employer or organisation that situations may arise where your duty to act in accordance with the General

Principles of NEWAB as set out in GA2 and the public interest does or is likely to come directly or indirectly into conflict with your duty to act in the best interests of your organisation.

4.2 Such conflict matters can arise in a wide range of circumstances including but not limited to where decisions are made around, reporting, contractual discussion and investment requests.

4.3 Examples of such a conflict are set out below:-

*Example 1*

(a) *You will have an Organisational Interest in any business before a Programme Board of which you are a member or advising where that business involves the review or scrutiny of the performance of your organisation specifically in delivering a project or an aspect of a project which it has either by grant or contract committed to provide.*

(b) *You will have an Organisational Interest in any business before any EAB body where your organisation is a bidder for a contract whose bid is being evaluated or awarded by that body*

4.4 Whilst the above is a fairly obvious example of a conflict of interest there may be situations where the conflict is less 'clear cut'. It is your responsibility for identifying where such Interests have arisen or may potentially arise.

4.5 Should you feel that you are unable to determine whether a matter in question involves a Personal or Organisational Interest you should refer the matter to the NWEAB's Monitoring Officer.

## 5. Procedure for assessing whether an Interest is a Conflict of Interest

In order to determine whether an Interest is a "**Conflict of Interest**", the following steps shall be followed:

### 5.1 Step One – Exclusions

Do any of the Exclusions apply? It is acknowledged and agreed that where you have a Personal or Organisational Interest in any business of the North Wales Economic Ambition Board, this is not a Conflict of Interest where that business:

(a) involves your attending or making submissions to any body or meeting where you are not the decision maker or adviser but are attending by invitation to represent your organisation or making submissions or otherwise participating in any process on behalf of your organisation; and/or

(b) where the nature of the Conflict of Interest is such that it is common to the majority of the business or other sector representatives of which you are part, each one an "**Exclusion**".

## 5.2 Step Two - Objective Test

- (a) If none of the Exclusions above apply, you should consider whether the Interest in question is one which is likely to significantly impair your decision making. To do so you should consider the following "Objective Test":-

*'Would an ordinary member of the public, with knowledge of the relevant facts, reasonably conclude that the Interest is so significant that it is likely to prejudice your discussion or decision making?'*

- (b) If the answer to the above is yes, you must promptly declare such Conflict of Interest to the Monitoring Officer and, in addition, declare such Conflict of Interest at each board meeting that such matter is discussed. Please see paragraph 7 in relation to the additional implications of having a Conflict of Interest.
- (c) Where you have a Personal or Organisational Interest but the Objective Test has not been satisfied or you are not certain that the Objective Test has been satisfied, you must promptly declare such Conflict of Interest to the Monitoring Officer and, in addition, declare such Conflict of Interest at each meeting that such matter is discussed. You shall provide reasons as why they consider that the Objective Test has not been satisfied. The Monitoring Officer shall be responsible for determining whether or not such interest is one which may materially prejudice the person's input into the matter.

## 5.3 Step Three - Monitor

Should any additional grounds arise that change the nature or extent of the conflict, you shall endeavour to either withdraw from the discussions relating to the conflict matter entirely and/or make a further disclosure to the board in line with step three above (as appropriate).

## 6. Process for declaring conflicts

- 6.1 The first item on the agenda of each meeting will be a standing item requiring all Persons attending the meeting to declare any Interests and whether or not such they consider such Interest to be an actual or potential Conflict of Interest.
- 6.2 If a Person considers that they have an actual or potential Conflict of Interest, they must inform the chair as soon as possible and always before any discussion of the relevant matter. The declaration must specify the nature and extent of any Interest that gives rise to a Conflict of Interest.
- 6.3 If a Party is uncertain whether or not they are conflicted, they must err on the side of caution and transparency and declare the Interest and paragraph 5 above shall apply.
- 6.4 All Conflicts of Interest that have been declared must be recorded in the minutes of the meeting in which they were declared or, if not declared in a meeting, in the minutes of the next meeting.

6.5 If a Person has an Interest in a transaction or arrangement that has already been entered into by the NWEAB but has not declared that Interest, they must declare the nature and extent of that Interest as soon as is reasonably practicable.

## **7. Implications of a conflict**

7.1 If you decide you have a Conflict of Interest and it meets the Objective Test you must:

- (a) not make any written or oral representations (whether in person or via any form of electronic communication or otherwise) in respect of that business;
- (b) ensure that you do not participate in, or influence in any way, any discussions relating to the relevant conflict matter;
- (c) excuse yourself from the part of the meeting in which the conflict matter is discussed and again during any vote of such matter; and
- (d) your will not count towards the quorum for such vote and will not be entitled to vote on such matter.

7.2 The minutes of the relevant meeting must include a record of the nature and extent of the conflict, an outline of the discussion and the actions taken to manage the conflict.

7.3 In all instances the advice of the Monitoring Officer must be sought.

## **8. Declaration and Register of Interests by prospective Parties**

8.1 Each Person within the NWEAB Team has a personal responsibility to declare any Interest that might reasonably be regarded as potentially giving rise to a conflict.

8.2 Before a prospective Party is appointed to the NWEAB Team they may be asked to identify potential Conflicts of Interests.

8.3 If the Parties consider it likely that the prospective Party will be subject to serious or frequent Conflicts of Interest, the Parties should consider whether it is appropriate to proceed with the appointment.

8.4 If a Person joins the NWEAB Team it must confirm that it is accepts and will comply with (and ensure that its representatives shall) shall comply with this Conflicts Policy.

8.5 The Monitoring Officer of the NWEAB will be responsible for maintaining the register of Interests, and will record in the register all conflicts, Interests, gifts and hospitality declared by each Person; and

## **9. Monitoring, enforcing and reviewing this Conflicts Policy**

Any Person who becomes aware of a breach of this Conflicts Policy must report it to the Monitoring Officer as soon as possible who will determine what steps are required in response.

## SCHEDULE 1

### LIST OF THE COUNCILS AND ADVISERS OF THE NWEAB

#### "Councils"

means the following:-

- (a) Conwy Council;
- (b) Denbighshire Council;
- (c) Flintshire Council;
- (d) Gwynedd Council;
- (e) Isle of Anglesey Council; and
- (f) Wrexham Council

#### "Advisers"

means the bodies and individuals listed below plus any further individuals and/or bodies whom the Joint Committee chooses to invite in that capacity from time to time:-

- (a) Bangor University;
- (b) Coleg Cambria;
- (c) Grwp Llandrillo Menai;
- (d) Wrexham Glyndwr University; and
- (e) Business Delivery Board.

#### "NWEAB Bodies"

means the bodies and individuals listed below plus any further bodies whom the Joint Committee determines the Policy should apply to :-

- (a) Executive Support Group
- (b) Programme Board
- (c) Project Board;

**SCHEDULE 12**  
**GRANT OFFER LETTER**

**FEL Y TYSTIWYD**, mae'r Cytundeb hwn wedi'i gyflawni fel Gweithred ar y dyddiad a ysgrifennwyd ar ddechrau'r Cytundeb hwn yng ngŵydd y rheini sydd wedi'u nodi.

**AS WITNESSED** this Agreement has been executed as a Deed on the date written at the beginning of this Agreement in the presence of those stated.

Gosodwyd Sêl Gyffredin **CYNGOR** )  
**BWRDEISTREF SIROL CONWY** )  
at hynny yng ngŵydd: - )  
The Common Seal of **CONWY COUNTY** )  
**BOROUGH COUNCIL** was )  
hereunto affixed in the presence of: - )

Gosodwyd Sêl Gyffredin )  
**CYNGOR SIR DDINBYCH** )  
at hynny yng ngŵydd:- )  
The Common Seal of **DENBIGHSHIRE** )  
**COUNTY COUNCIL** was )  
hereunto affixed in the presence of:- )

Gosodwyd Sêl Gyffredin )  
**CYNGOR SIR Y FFLINT** )  
at hynny yng ngŵydd:- )  
The Common Seal of **FLINTSHIRE** )  
**COUNTY COUNCIL** was )  
hereunto affixed in the presence of:- )

Gosodwyd Sêl Gyffredin )  
**CYNGOR GWYNEDD** )  
at hynny yng ngŵydd:- )  
The Common Seal of **GWYNEDD** )  
**COUNCIL** was )  
hereunto affixed in the presence of:- )

Gosodwyd Sêl Gyffredin )  
**CYNGOR SIR YNYS MÔN** )  
at hynny yng ngŵydd:- )  
The Common Seal of **THE ISLE OF** )  
**ANGLESEY COUNTY COUNCIL** was )  
hereunto affixed in the presence of:- )

Gosodwyd Sêl Gyffredin **CYNGOR** )  
**BWRDEISTREF SIROL WRECSAM** )  
at hynny yng ngŵydd:- )  
The Common Seal of **WREXHAM** )  
**COUNTY BOROUGH COUNCIL** was )  
hereunto affixed in the presence of:- )

Gosodwyd Sêl Gyffredin

**PRIFYSGOL BANGOR** drwy hyn yn unol â'i (1).....  
Herthyglau  
cwmni:- (AELOD O'R CYNGOR/MEMBER OF  
COUNCIL)

The Common Seal of the **BANGOR  
UNIVERSITY**

was hereby affixed in accordance with its .....  
Articles of (PRINTIWCH ENW/PRINT NAME)

Association

(2).....  
(AELOD O'R CYNGOR/MEMBER OF  
COUNCIL)

.....  
(PRINTIWCH ENW/PRINT NAME)

(3).....  
(COFRESTRYDD/ YSGRIFENNYDD)  
(REGISTRAR/SECRETARY)

.....  
(PRINTIWCH ENW/PRINT NAME)

ym mhresenoldeb  
In the presence of .....)  
Enw Tyst  
Witness name .....)  
Llofnod Tyst  
Witness signature .....)  
Cyferiad Tyst

Arwyddwyd fel gweithred ar ran )  
**PRIFYSGOL GLYNDWR** )  
at hynny yng ngŵydd:- )  
The Common Seal of )  
**GLYNDWR UNIVERSITY** was )  
hereunto affixed in the presence of:- )

Arwyddwyd fel gweithred ar ran )  
**COLEG CAMBRIA** )  
Signed as a deed on behalf of )  
**COLEG CAMBRIA** by:- )  
In the presence of )  
Witness name )  
Witness signature )  
Witness address )

Arwyddwyd fel gweithred ar ran )  
**GRWP LLANMDRILLO MENAI** )  
Signed as a deed on behalf of **GRWP** )  
**LLANDRILLO MENAI** by:- )  
In the presence of )  
Witness name )  
Witness signature )  
Witness address )

# Equality Impact Assessment

Protected Characteristics – Please detail the evidence you have / impact if any / mitigation			
Characteristic	Evidence and information	Details of the impact	What actions have/will be taken to mitigate any negative impact or to improve positive impact?
Race	<ul style="list-style-type: none"> <li>According to the Annual Population Survey (June 2019) 97.8% of the population was classified as being 'white', 0.5% Mixed / multiple ethnic groups, 1% Asian, and 0.5% from other ethnic groups.</li> </ul>	<ul style="list-style-type: none"> <li>The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> <li>These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age.</li> </ul>	<ul style="list-style-type: none"> <li>We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>Ensure that communications messages and mechanisms are inclusive.</li> </ul>

<p><b>Gender</b></p> <p style="text-align: center;">Page 350</p>	<ul style="list-style-type: none"> <li>At the 2011 Census, 49.2% of North Wales's population was male and 50.9% was female, similar to the Wales average.</li> </ul>	<ul style="list-style-type: none"> <li>The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> <li>These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age.</li> </ul>	<ul style="list-style-type: none"> <li>We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>Ensure that communications messages and mechanisms are inclusive.</li> </ul>
<p><b>Sexual orientation</b></p>	<ul style="list-style-type: none"> <li>TONS data for 2016 indicated that 95.2% of people in Wales identified themselves as heterosexual/straight, 1.7% as gay/lesbian/bisexual and 0.4% as other (the remainder either did not respond to the survey or didn't know).</li> </ul>	<ul style="list-style-type: none"> <li>The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> </ul>	<ul style="list-style-type: none"> <li>We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>Ensure that communications messages and mechanisms are inclusive.</li> </ul>

		<ul style="list-style-type: none"> <li>• These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>• Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age.</li> </ul>	
<p style="text-align: center;">Page 351</p> <p><b>Marriage or Civil Partnership</b></p>	<ul style="list-style-type: none"> <li>• According to the Annual Population Data (February 2019), 50% of the population of North Wales are married, 32% single, 21 Divorced / Separated / Dissolved Civil Partnership, and 14% Widowed / Surviving Civil Partnership.</li> </ul>	<ul style="list-style-type: none"> <li>• The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>• The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> <li>• These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>• Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age.</li> </ul>	<ul style="list-style-type: none"> <li>• We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>• All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>• On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>• Ensure that communications messages and mechanisms are inclusive.</li> </ul>

<p><b>Gender reassignment</b></p> <p style="text-align: center;">Page 352</p>	<ul style="list-style-type: none"> <li>No data for North Wales available at this point.</li> </ul>	<ul style="list-style-type: none"> <li>The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> <li>These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age.</li> </ul>	<ul style="list-style-type: none"> <li>We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>Ensure that communications messages and mechanisms are inclusive.</li> </ul>
<p><b>Pregnancy and Maternity</b></p>	<ul style="list-style-type: none"> <li>According to Maternity and Birth Statistics, Wales there were 6,740 live births in the Betsi Cadwaladr University Health Board area in 2018.</li> </ul>	<ul style="list-style-type: none"> <li>The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> </ul>	<ul style="list-style-type: none"> <li>We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>Ensure that communications messages and mechanisms are inclusive.</li> </ul>

		<ul style="list-style-type: none"> <li>• These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>• Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age. It is important that this group has easy access to services and facilities within the communities and not to feel isolated.</li> </ul>	
<p style="text-align: center;">Page 353</p> <p>Religion or belief</p>	<ul style="list-style-type: none"> <li>• According to the Annual Population Data (June 2019), the proportion of North Wales residents who are Cristian is 60%, 1 % Muslim, 4% other religion and 37% reported no religion.</li> </ul>	<ul style="list-style-type: none"> <li>• The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>• The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> <li>• These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>• Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those</li> </ul>	<ul style="list-style-type: none"> <li>• We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>• All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>• On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>• Ensure that communications messages and mechanisms are inclusive. Where appropriate we will protect cultural resources and the services.</li> </ul>

		<p>disadvantaged by gender, disability, ethnicity or age.</p>	
	<ul style="list-style-type: none"> <li>• According to the Annual Population Data (June 2019), a total of 77,000 of working age people in North Wales were classified as disabled equivalent to 18.7% of the working age population.</li> </ul>	<ul style="list-style-type: none"> <li>• The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>• The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> <li>• These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>• Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age. Digital connectivity can enable home working, in particular in rural areas that are less accessible. This could enable home working for people with mobility issues.</li> <li>• The Land &amp; Property projects will facilitate improved access to transport, employment, training and access to goods / services to benefit all protected groups.</li> </ul>	<ul style="list-style-type: none"> <li>• We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>• All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>• On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>• Ensure that communications messages and mechanisms are inclusive. We will consider accessibility in infrastructure developments with consideration to accessible locations. This could include transport accessibility, community facilities and services etc. Where appropriate we will seek to enhance provision and accessibility for disabled people.</li> <li>• Promote good accessibility, inclusive design in new developments including internal accessibility suitable for disabled people; external accessibility by transport.</li> </ul>

<p>Age</p> <p>Page 355</p>	<ul style="list-style-type: none"> <li>• North Wales has an ageing population.</li> <li>• Between 1998 and 2018, the proportion of the population aged 65 and over has increased from 18.5 per cent to 23.0 per cent, while the proportion of the population aged 15 and under has fallen from 19.8 per cent to 17.8 percent.</li> </ul>	<ul style="list-style-type: none"> <li>• The North Wales Growth Deal aims to build a more vibrant, sustainable and resilient economy and seeks to have a positive impact on all on all protected groups.</li> <li>• The Growth Deal aims to create several thousand new jobs in a region. Building a more skilled workforce within the region through supporting skills and training initiatives provides opportunities for all.</li> <li>• These opportunities will support improvements in standards of living across the region for all protected groups.</li> <li>• Programmes and projects are being co-produced through partnerships involving the public and private sector, research bodies and the regional skills partnership, including a focus on engagement of those and those disadvantaged by gender, disability, ethnicity or age. Opportunities through employment to attract and retain young people to North Wales.</li> <li>• Opportunities for older people living in rural areas but not restricted to could include improved access to services.</li> </ul>	<ul style="list-style-type: none"> <li>• We will adopt a positive approach to social inclusion in order to promote sustainable, prosperous and equal communities.</li> <li>• All project business cases will develop Equality Impact Assessments to identify and assess barriers.</li> <li>• On-going work to build understanding and ownership of the Growth Deal at the community level across the region, ensuring an inclusive approach that engages all protected groups.</li> <li>• Ensure that communications messages and mechanisms are inclusive. Target opportunities and engage with existing mechanisms to support specific groups such as young people or those in areas of deprivation to engage in education and learning/development.</li> <li>• Consider accessibility for the elderly. Ensure development does not have an impact on community facilities and that are suitable for all ages.</li> </ul>
<p>Welsh language</p>	<p>Please see separate Welsh Language Impact Assessment completed for the North Wales Growth Deal</p>		

# Welsh Language Impact Assessment

## Does the proposal align with Welsh Government strategy for the Welsh language - Cymraeg 2050: A million Welsh Speakers

The Cymraeg 2050 strategy provides a focus for the Welsh Language and sets out the Welsh Government's vision to achieve a million Welsh Speakers by 2050. A thriving Welsh language is also one of the 7 main goals of the Well-being of Future Generations (Wales) Act 2015.

The ambitious target in the strategy requires action and intervention from across all sectors. The strategy includes a specific theme to create 'favourable conditions – infrastructure and context', this includes community and economy, culture and media, and digital technology; all of which the Growth Deal will contribute towards. The NWEAB have adopted a vision to develop "a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland." This Vision was founded on three key principles for a smart, connected and resilient North Wales.

The Welsh language strengthens our communities, culture and heritage here in North Wales. The Growth Deal will promote the relevance and value of bilingualism to our economy to support the Welsh language within our communities and within workplaces.

## Describe the impact of the proposal on the Welsh Language?

According to the Annual Population Survey in the year ending June 2018, North Wales had 286,400 Welsh speakers in the region. Gwynedd was the authority with the highest proportion of Welsh speakers both in North Wales and in Wales as a whole, with 76.4 per cent of residents aged three and over saying they could speak Welsh. Flintshire had the lowest rate of Welsh-speaking in North Wales at approximately 23.3 per cent. On a regional level, North Wales had the highest proportion of Welsh speakers in Wales, at an estimated 42.7 per cent in the year ending June 2018.

The economy is integral to creating the social conditions for Welsh speakers to remain in the area in Welsh speaking communities or return to those communities. The Growth Deal portfolio aims to create between 3,400 and 4,200 new jobs by 2036. It will also support a net additional GVA uplift of between £1.4billion and £1.7billion for the North Wales economy; to deliver a total investment of upto £1.1billion in the North Wales economy. The programmes and projects within the portfolio will deliver benefits that will have a positive impact on as many communities as possible across the region; enable economic growth; and attract investment.

Employment opportunities are key to the future of the Welsh language, the language is a valuable skill for employment in the region. The programmes and projects will enable job creation; this will provide opportunities for Welsh speakers to work in North Wales. Historically North Wales has seen the outward migration of young people, the delivery of the Growth Deal will support to retain young people in the region. This will protect and promote the Welsh language and culture, and contribute towards scalable and dispersed growth in the region. Having a bilingual workforce in North Wales, both current and future, enables us to promote the diversity of language skills. This will ultimately lead to retention and development of the Welsh language across all sectors adding value and strength to our economy.

The Welsh language can be seen as an economic driver boosting business and tourism within the region for the community and visitors to experience the culture and strong sense of community within the region.

The Growth Deal will proactively seek opportunities to promote and support good practice with regard to the language. The North Wales Economic Ambition Board promotes and facilitates the use of the Welsh language within new regional ways of working.

**How will you mitigate any negative impact on the Welsh language or promote the positive impact on the language?**

The North Wales Growth Deal aims to create between 3,400 and 4,200 new jobs to benefit the region's residents. Leakage of economic benefits through jobs created being filled by residents from the outside North Wales could be a risk, this will be managed on a project by project basis.

The North Wales Economic Ambition Board is a partnership that operates bilingually; all documentation and Board meetings are bilingual.

The Programme Office team is a bilingual team, our key public facing roles have Welsh language skills as an essential requirement in order for people to engage with us through their language of choice. The team promote the use of the Welsh language, and in time will develop a Welsh language Policy.

The Welsh language will be embedded in our procurement processes. Our Procurement Strategy includes a series of procurement principles, as part of the community resilience and well-being principles. The NWEAB will 'engage with new partnerships such as museums, theatres and arts to support developing our cultural and Welsh language considerations in contract opportunities.'

The North Wales Growth Deal will proactively support, facilitate and seek opportunities to promote the Welsh language across the portfolio, programmes and projects. We will encourage the integration of the Welsh language across our projects. It is key that we recognise the importance of the Welsh and English languages here in North Wales. All Growth Deal projects will undertake a Welsh language Impact Assessment and a Future Generations Impact Assessment as part of the decision making process.

Promotion of the Welsh language in the delivery and outcomes of the Growth Deal enables the NWEAB to be context specific and holistic in tackling economic challenges and sustainable economic growth.



---

## REPORT TO LOCAL AUTHORITY SCRUITNY/CABINET/COUNCIL

---

**TITLE:** *Final Growth Deal*  
**AUTHOR:** *Alwen Williams, Programme Director*

---

### 1. PURPOSE OF THE REPORT

1.1. The purpose of this report is to present the key documents required to reach Final Deal Agreement for the North Wales Growth Deal with the UK Government and Welsh Government.

1.2. These key documents include the following:

- Overarching Business Plan
- Draft Final Deal Agreement
- Governance Agreement 2

### 2. DECISION SOUGHT

#### 2.1. Cabinet:

2.1.1 That the Cabinet formally endorse and recommend that the Council:

- Approves the Overarching Business Plan as the document that sets out the arrangements to deliver the North Wales Growth Deal as the basis for entering into the Final Deal Agreement and acceptance of the Grant Funding Letter with the UK and Welsh Governments.
- Approves entering into Governance Agreement 2 and specifically adopt the delegations and Terms of Reference in "*Governance Agreement 2: Appendix 1*" thereof as the basis for completing the Final Deal Agreement and acceptance of the Grant Funding Letter with the UK and Welsh Governments.
- Authorise the accountable body, Gwynedd Council, to sign the Grant Funding Offer letter on behalf of the Partners.
- To recommend approval of the method used to calculate the cost of borrowing notionally required to facilitate the negative cash flow for the Growth Deal, and to include a provision within the Council's budget to pay this contribution and the established core and supplementary contributions as set out in GA2 (and in paragraphs 5.5 - 5.7 below).
- That the Leader in consultation with the Chief Executive, Monitoring Officer and Section 151 Officer be granted delegated authority to agree minor changes to the documents with the Partners as necessary to complete the agreement.

#### 2.2. Council:

2.2.1 That the Council:

- Approves the Overarching Business Plan as the document that sets out the arrangements to deliver the North Wales Growth Deal as the basis for entering into the Final Deal Agreement and acceptance of the Grant Funding Letter with the UK and Welsh Governments.
- Approves entering into Governance Agreement 2 and specifically adopt arrangements for Scrutiny set out in “*Governance Agreement 2: Schedule 3*” thereof as the basis for completing the Final Deal Agreement and acceptance of the Grant Funding Letter with the UK and Welsh Governments.
- Authorise the Accountable Body, Gwynedd Council, to sign the Grant Funding Offer letter on behalf of the Partners.
- To recommend approval of the method used to calculate the cost of borrowing notionally required to facilitate the negative cash flow for the Growth Deal, and to include a provision within the Council’s budget to pay this contribution and the established core and supplementary contributions as set out in GA2 (and in paragraphs 5.5 - 5.7 below).
- That the Leader in consultation with the Chief Executive, Monitoring Officer and Section 151 Officer be granted delegated authority to agree minor changes to the documents with the Partners as necessary to complete the agreement.

### **3. REASONS FOR THE DECISION**

- 3.1. In 2016 the North Wales Economic Ambition Board adopted A Growth Vision for the Economy of North Wales. Based on the Growth Vision Strategy, a Growth Deal was prepared and agreed by all the partners working with both the UK and Welsh Government and the private sector in October 2018. In November 2019 the NWEAB and the Welsh and UK Governments agreed the Heads of Terms, for a Final Deal Agreement to be completed in 2020.
- 3.2. The NWEAB are committed to achieving Final Deal Agreement with both Government before the end of December 2020.
- 3.3. The Portfolio Management Office have developed the documentation required to submit to both Governments to reach Final Deal Agreement. The contents of these documents are outlined within this report, and copies of the documents attached as appendices.

### **4. BACKGROUND AND RELEVANT CONSIDERATIONS**

- 4.1. The North Wales Growth Deal is a portfolio consisting of 5 programmes to be delivered over the next 15 years. It is to be delivered by the Portfolio Management Office on behalf of the North Wales Economic Ambition Board.
- 4.2. The Growth Deal is seeking to deliver a total investment of up to £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.
- 4.3. The five programmes include 14 projects, which have been carefully designed and developed with stakeholders to address specific market failures and barriers to economic growth. Individual project business cases will be developed and will be presented to the NWEAB for approval from January 2021 onwards.

#### **4.4. Covid-19**

- 4.4.1. Covid-19 has had an immense economic impact on North Wales as in other parts of the UK and globally. The NWEAB has worked closely with the six local authorities, UK and Welsh Governments and private sector representatives to co-ordinate the regional response to economic recovery. The longer term effects of Covid-19 on the regional economy at this stage is still unknown.
- 4.4.2. The Growth Deal is designed to address structural, long-term barriers to economic growth. However, the Board is fully aware that in the short-term a range of actions will be needed to facilitate recovery and alignment between those short term measures and the Growth Deal is key.
- 4.4.3. The Growth Deal on its own cannot address all the challenges facing the North Wales economy, particularly in light of Covid-19. However, such a significant injection of capital investment into the North Wales economy through the Growth Deal will be a boost to the construction and related sectors at a time when there is likely to be spare capacity in the economy.

#### **4.5. Final Deal Agreement Process**

- 4.5.1. To agree the Final Deal with both Governments, the NWEAB have prepared a suite of documents, namely the Overarching Business Plan, Portfolio Business Case, Draft Final Deal Agreement and Governance Agreement 2.

#### **4.6. Overarching Business Plan**

- 4.6.1. The Overarching Business Plan developed by the Portfolio Management Office sets out the arrangements for delivering the North Wales Growth Deal, including an overview of the programmes and projects and to seek approval from each partner for the financial implications of delivering the deal.
- 4.6.2. A copy of the Overarching Business Plan is available in **Appendix 1**.
- 4.6.3. The overarching business plan summarises the contents of the Portfolio Business Case and 5 Programme Business Cases. The portfolio business case provides a summary investment proposal for the North Wales Growth Deal, and the Programme Business Cases set out the detail for the programmes. These documents will be presented to both Governments for approval of the Final Deal Agreement.
- 4.6.4. The portfolio and programme business cases once approved will be live documents used to manage the delivery of the Growth Deal on an ongoing basis and updated regularly as the programmes and projects develop.

#### **4.7. Final Deal Agreement**

- 4.7.1. The Heads of Terms Agreement was agreed by the NWEAB, Welsh Government and UK Government in November 2019, with the aim for Final Deal Agreement to be completed in 2020.
- 4.7.2. The Draft Final Deal Agreement was developed collaboratively between the NWEAB and both Governments.
- 4.7.3. The Final Deal Agreement is the contract between the NWEAB, UK Government and Welsh Government for the delivery of the North Wales Growth Deal.

4.7.4. The Final Deal will be signed on the basis of the portfolio business case and five programme business cases.

4.7.5. A copy of the Draft Final Deal Agreement is included in **Appendix 2**.

#### **4.8. Governance Agreement 2**

4.8.1. Governance Agreement 2 has been developed by the regional Heads of Legal with expert and independent advice by legal advisers Pinsent Masons.

4.8.2. Governance Agreement 1 was adopted into in order to take forward the formal offer of funding to both Governments. Government Agreement 2 will take the partnership into the implementation stage of the Growth Deal. The agreement is a partnership agreement between the 6 Local Authorities and the Partner University and College bodies. It continues the governance model adopted in GA1 namely a Joint Committee supported by a host authority and provides for the commitments and responsibilities of the Partners to the partnership. It also defines the relationship between the Board and its constituent Partner organisations, the limits of delegation and accountability.

4.8.3. Governance Agreement 2 is a necessary element for implementing the Growth Deal. It provides assurance to the Governments as to the governance of the partnership. It establishes a legally binding commitment by and to the Partners and Accountable Body which is necessary to enable the Growth Deal Final Agreement and Grant Letter to be agreed. Without that assurance the Final Deal Agreement and the Grant Offer Letter could not be entered into on behalf of the Partners.

4.8.4. A more detailed explanatory summary of Governance Agreement 2 is provided in **Appendix 3** and a copy of Governance Agreement 2 is included in **Appendix 4**.

### **5. FINANCIAL IMPLICATIONS**

5.1. There is a medium-term temporary funding gap between the expected expenditure profile of the Growth Deal and the expected profile of government funding received over 15 years. The NWEAB, through the host authority, will be responsible for managing this negative cash flow, and have worked with Arlingclose to model the cost of borrowing notionally required to facilitate the negative cash flow for the Growth Deal, and the corresponding annual partner contributions required to meet this cost.

5.2. With a range of assumptions to consider, the NWEAB have forecasted a range of figures, modelled as the best case scenario (Version 1) and the worst case scenario (Version 2), to reflect the timing of finalising the Growth Deal and consequent timing of government grant funding. The difference between the best and worst case scenarios highlights the importance of finalising the Growth Deal by the end of the calendar year. In both versions the other variables, i.e. interest rate and NNDR income have remained the same. The interest rate used was 2.2% and is considered to be a prudent assumption. The NWEAB will utilise its “retained” NNDR grant from Welsh Government to offset against the negative cash flow, with the net total cost (£12.46m - £17.73m) met by the local authorities (proportional to population) for regional NWEAB projects, and with project lead sponsors responsible for the cost in relation to their projects.

5.3. Any changes to the projects, will result in a reserved matter if it means increasing partner contributions (e.g. change from project lead sponsor to NWEAB, lower NNDR yield, higher cost, earlier spend profile).

5.4. With capital projects, there is always a risk of overspending, and controls will be put in place to limit overspending costs on specific projects. For regional projects, the Portfolio Management Office would be responsible for controlling expenditure and ensuring sufficient contingency budgets are included in the project business cases. Overspend would be a matter for the Lead Sponsor to deal with in relation to their projects.

5.5. The table below shows the total (15 years) partner contributions to cover the cost of 'borrowing' notionally required to facilitate the negative cash flow.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commerical Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	1.40	0.51	0.75	0.52	2.29	1.17	0.96	1.56	1.24	0.70	1.36	12.46
2	1.99	0.73	1.07	0.74	3.24	1.67	1.36	2.22	1.77	1.00	1.94	17.73

5.6. The table below shows the annual partner contributions to cover the cost of 'borrowing' notionally required to facilitate the negative cash flow.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commerical Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£	£	£	£	£	£	£	£	£	£	£	£
1	93,330	34,000	50,000	34,670	152,660	78,010	64,000	104,000	82,670	46,670	90,670	830,680
2	132,670	48,670	71,330	49,330	216,000	111,340	90,670	148,000	118,000	66,670	129,340	1,182,020

5.7. These annual partner contributions above are in addition to the established 'core' and 'supplementary' annual contributions below.

Contributions	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£	£	£	£	£	£	£	£	£	£	£
Core	25,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000	50,000	50,000	400,000
Supplementary	0	0	0	0	40,000	40,000	40,000	40,000	40,000	40,000	240,000

## 6. LEGAL IMPLICATIONS

6.1. The report explains relevant provisions of Governance Agreement 2 (GA2), The Overarching Business Plan ("OBP") and the Final Deal Agreement. They form part of the legal implications, but in order to avoid duplication are not repeated in this section.

6.2. The recommendations in the report are made pursuant to the powers conferred on the Councils under sections 101, 102, 111 and 113 of the Local Government Act 1972, section 1 of the Local Authority (Goods & Services) Act 1970, section 25 of the Local Government (Wales) Act 1994, section 2, 19 and 20 of the Local Government Act 2000, section 9 of the Local Government Wales Measure 2009 and all other enabling powers now vested in the Councils.

6.3. The provisions of the Local Government and Elections Bill (Wales) 2019 in relation to proposed Corporate Joint Committees (CJC's) and the recent publication of a consultation document on the proposed regulations are clearly of relevance to the matters addressed in this report. However, the North Wales Economic Ambition Board has been in operation as a formal Joint Committee since January 2019. GA2 does not change this basic governance model but is a necessary component to enable the Partners to commit to the Growth Deal within the given time frame. As a result there is no proposal to make any changes to the recommendations pending the advent of CJC's although GA2 does acknowledge the provisions of the Bill and the possibility of future review.

- 6.4. The OBP is a key document in relation to the delivery of the Growth Deal. The content of the Plan serves to create a legitimate expectation that the Programmes will be progressed as set out in the Plan. Accordingly, it is important that each Partner is content with the content of the OBP. Decisions relating to the delivery of the programmes and projects will need to be considered in accordance with the provision set out in GA2 at which stage any legal issues raised in relation to a specific project can be considered and detailed legal advice provided.
- 6.5. In considering this matter regard should be had, amongst other matters, to the Councils duties under the Wellbeing of Future Generations (Wales) Act 2015. In summary the Act places a duty on public bodies in to act in accordance with the principle of sustainable development so as to ensure that the needs of the present can be met without undermining the ability of future generations to meet their needs. This is in order to improve the economic, social, environmental and cultural well-being of Wales. The OBP explains that the Wellbeing of Future Generations (Wales) Act 2015 will be intrinsic to the development and implementation of the Growth Vision and Growth deal.
- 6.6. A Well-being and Equality Assessment has been undertaken and is included in **Appendix 5**. Regard should be had to the same in reaching a decision on this matter.
- 6.7. Regard has been given to public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to:
- a. eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by that Act;
  - b. advance equality of opportunity between people who share a relevant protected characteristic and those who do not;
  - c. foster good relations between people who and share a protected characteristic and those who do not.
- 6.8. In Wales, public sector bodies listed are required to take certain steps in order to demonstrate that they have due regard to the public sector equality duty. These Welsh specific equality duties include assessing the impact of policies and procedures on equality (often called Equality Impact-Assessment).
- 6.9. The Well-being and Equalities Assessment demonstrates that the detail contained in the preparation of and in the draft OBP demonstrates compliance with the well-being 5 ways of working, supports the well-being goals and identifies that the Growth Vision and Growth Deal will a positive impact on all groups and people with protected characteristics.

## **7. STAFFING IMPLICATIONS**

- 7.1. None.

## **8. IMPACT ON EQUALITIES**

- 8.1. Copies of the impact assessments are included in **Appendix 5-7**.

## **9. CONSULTATIONS UNDERTAKEN**

- 9.1. On 7<sup>th</sup> of October, 2020 the contents of this report and the documentation was supported by the Executive Officers Group.

- 9.2. A report and the relevant documents have been circulated to all partner organisations. The covering report and appendices will be presented to all six local authority Scrutiny, Cabinet and Council Meetings.
- 9.3. A report and the relevant documents will be presented to the NWEAB on 23<sup>rd</sup> October, 2020. Please find a copy of the Covering Report in **Appendix 8** and the complete documentation is available [HERE](#).

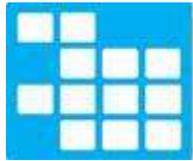
---

**APPENDICES:**

<b>Appendix 1</b>	Overarching Business Plan*
<b>Appendix 2</b>	Draft Final Deal Agreement*
<b>Appendix 3</b>	A summary of Governance Agreement 2*
<b>Appendix 4</b>	Governance Agreement 2*
<b>Appendix 5</b>	Future Generations Impact Assessment
<b>Appendix 6</b>	Welsh Language Impact Assessment
<b>Appendix 7</b>	Equality Impact Assessment
<b>Appendix 8</b>	NWEAB Report

*\*subject to final edit and proof read*

---



north wales economic ambition board  
bwrdd uchelgais economaidd gogledd cymru

## REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

23/10/2020

---

**Title:** Revenue Budget 2020/21 – Second Quarter Review (September 2020)

**Author:** Dafydd L Edwards, Host Authority Statutory Finance Officer

---

### 1. Purpose of the Report

- 1.1 This report intends to provide the North Wales Economic Ambition Board (NWEAB) with details of the actual expenditure and income for the second quarter of the 2020/21 financial year as well as projected full year out-turn against its annual budget.
- 1.2 In order to operate effectively, the Joint Committee needs to be aware of its projected expenditure position against its approved annual budget.

### 2. Decision Sought

- 2.1 To receive and note the NWEAB joint committee's Second Quarter Review for 2020/21.

### 3. Reasons for the Decision

- 3.1 To note a forecast underspend of £78,452 in 2020/21. Any underspend at the end of the financial year may be transferred to the earmarked reserve. For a newly established service in the context of Covid-19, the 5% forecasted underspend is considered to be acceptable.

### 4. Background

- 4.1 The NWEAB in its meeting on 12 June 2020 approved its 2020/21 budget of £1,673,690. This included £1,468,420 for the Programme Office, £155,770 for the accountable body's support services and £49,500 for the joint committee. The budgeted funding contributions came
-

from partner contributions, European Social Fund (ESF) grant, the earmarked reserve and the Public Transport (Wales) Bill Grant. The budget was prepared based on the information known at the time, with the expectation that it would be updated as more information was available.

- 4.2 The 2019/20 out-turn report presented to the NWEAB on 12 June 2020 confirmed that the final underspend for the last financial year was £161,316. This sum was transferred to the earmarked reserve to give a total balance of £497,529.
- 4.3 The budget will continue to be monitored and reviewed throughout the 2020/21 financial year, and regular reports will be presented to the Executive Group and the NWEAB joint committee.

## **5. Expenditure and income in 2020/21**

- 5.1 Appendix 1 provides a detailed analysis of the actual expenditure and income for the second quarter of the 2020/21 financial year, together with projected full year out-turn against its annual budget.
- 5.2 At the end of the second quarter, the actual net position was a (Covid-19 affected) surplus of £323,787.
- 5.3 The net out-turn position at the end of the 2020/21 financial year is forecasted to be an underspend of £78,452.

### Programme Office

- 5.4 An underspend of £427,000 is forecasted for the Programme Office in 2020/21, mainly due to delayed recruitment to posts compared to what was originally budgeted. Covid-19 has also caused a reduction in spending under budget headings such as travel and subsistence, training, engagement and meeting costs.

### Accountable Body Support Services

- 5.5 The projected actual accountable body support services costs reflect the budgeted figures for 2020/21.

### Joint Committee

- 5.6 There is an estimated overspend of £12,000 on the external legal support budget heading, mainly due to work associated with Governance Agreement 2 and the Final Deal Agreement. An underspend of £15,000 is forecasted on the Business Delivery Board budget heading, to give a net underspend of £3,000 on the joint committee.

### Funding Contributions

- 5.9 The NWEAB had been awarded £155,000 for the Public Transport (Wales) Bill to cover the period 1 March 2019 to 31 March 2021, and only £54,747 has been claimed so far.
- 5.10 The European Social Fund (ESF) Priority 5 funding grant award letter was received in May 2020 with funding of £2,900,145 approved to fund posts within the Programme Office until June 2023. Based on our projected employee expenditure of £635,463 for 2020/21, as well as the expenditure for the retrospection period to July 2018, £646,972 of grant funding could be received during this financial year. The income from the earmarked reserve is not likely to be required in 2020/21 due to the back-dated ESF grant received.

## **6. Staffing Implications**

- 6.1 The estimated out-turn position for 2020/21 reflects the recruitments that have taken place over recent months, as well as recruitments that are likely to be made before the end of this financial year.

## **7. Consultations Undertaken**

- 7.1 Appendix 1, as well as a summary of the contents of this report, was presented to the Executive Group on 9 October 2020.

## **8. Appendix**

Appendix 1 – Economic Ambition Board Budget 2020/21 – Second Quarter Review (September 2020).

**STATUTORY OFFICERS' OPINIONS:**

- i. Monitoring Officer – Accountable Body:**  
No observations to add from a propriety perspective.
  
- ii. Statutory Finance Officer – Accountable Body:**  
Author of this report.

NWEAB Financial Position - September 2020

Appendix 1

	Base Budget	One-off virements	Total Budget	April - September 2020	Estimated Final Position	Overspend / (Underspend)
Expenditure	(£)	(£)	(£)	(£)	(£)	(£)
<b>Programme Management Office</b>						
Employee Expenditure (Pay, N.I. & Superannuation)	933,740		933,740	193,634	635,463	(298,277)
Advertising and Assessment of Candidates		10,000	10,000	8,964	20,000	10,000
Travel and Subsistence	20,000		20,000	0	5,000	(15,000)
Training	10,000	10,000	20,000	0	10,000	(10,000)
Engagement and Meetings	15,000		15,000	0	5,000	(10,000)
Communications and Public Relations	37,530	62,470	100,000	8,450	76,000	(24,000)
Supplies and Services	10,000	10,000	20,000	1,892	15,000	(5,000)
Regional Engagement Team (RET)	42,290		42,290	42,287	42,287	(3)
Premises	17,500		17,500	5,558	17,500	0
Project Planning, Development and Support		180,000	180,000	30,491	180,000	0
Transport		109,890	109,890	8,156	35,169	(74,721)
<b>Programme Management Office Total</b>	<b>1,086,060</b>	<b>382,360</b>	<b>1,468,420</b>	<b>299,432</b>	<b>1,041,419</b>	<b>(427,001)</b>
<b>Accountable Body Support Services</b>						
Finance Services Support	98,110		98,110	0	98,110	0
Legal (includes Monitoring Officer)	20,250		20,250	0	20,250	0
Corporate Support	26,060		26,060	8,398	26,060	0
Information Technology	11,350		11,350	0	11,350	0
<b>Accountable Body Support Services Total</b>	<b>155,770</b>		<b>155,770</b>	<b>8,398</b>	<b>155,770</b>	<b>0</b>
<b>Joint Committee</b>						
External Legal Support	18,000		18,000	7,625	30,000	12,000
Treasury Advisory	10,000		10,000	0	10,000	0
External Audit Fee	1,500		1,500	0	1,500	0
Business Delivery Board	20,000		20,000	758	5,000	(15,000)
<b>Joint Committee Total</b>	<b>49,500</b>		<b>49,500</b>	<b>8,383</b>	<b>46,500</b>	<b>(3,000)</b>
<b>Total Expenditure</b>	<b>1,291,330</b>	<b>382,360</b>	<b>1,673,690</b>	<b>316,213</b>	<b>1,243,689</b>	<b>(430,001)</b>

NWEAB Financial Position - September 2020

	Base Budget	One-off virements	Total Budget	April - September 2020	Estimated Final Position	Overspend / (Underspend)
	(£)	(£)	(£)	(£)	(£)	(£)
<b>Income</b>						
<b>Funding Contributions</b>						
<b>Partner Contributions</b>						
Conwy County Borough Council	(50,000)		(50,000)	(50,000)	(50,000)	0
Denbighshire County Council	(50,000)		(50,000)	(50,000)	(50,000)	0
Flintshire County Council	(50,000)		(50,000)	(50,000)	(50,000)	0
Gwynedd Council	(50,000)		(50,000)	(50,000)	(50,000)	0
Isle of Anglesey County Council	(50,000)		(50,000)	(50,000)	(50,000)	0
Wrexham County Borough Council	(50,000)		(50,000)	(50,000)	(50,000)	0
Bangor University	(25,000)		(25,000)	(25,000)	(25,000)	0
Wrexham Glyndwr University	(25,000)		(25,000)	(25,000)	(25,000)	0
Coleg Cambria	(25,000)		(25,000)	(25,000)	(25,000)	0
Grŵp Llandrillo Menai	(25,000)		(25,000)	(25,000)	(25,000)	0
<b>Partner Contributions - Other</b>						
Conwy County Borough Council	(40,000)		(40,000)	(40,000)	(40,000)	0
Denbighshire County Council	(40,000)		(40,000)	(40,000)	(40,000)	0
Flintshire County Council	(40,000)		(40,000)	(40,000)	(40,000)	0
Gwynedd Council	(40,000)		(40,000)	(40,000)	(40,000)	0
Isle of Anglesey County Council	(40,000)		(40,000)	(40,000)	(40,000)	0
Wrexham County Borough Council	(40,000)		(40,000)	(40,000)	(40,000)	0
Public Transport (Wales) Bill Grant		(109,890)	(109,890)	0	(35,169)	74,721
European Social Fund (ESF) Priority 5 funding	(651,330)		(651,330)	0	(646,972)	4,358
Earmarked Reserve		(272,470)	(272,470)	0	0	272,470
<b>Total Income</b>	<b>(1,291,330)</b>	<b>(382,360)</b>	<b>(1,673,690)</b>	<b>(640,000)</b>	<b>(1,322,141)</b>	<b>351,549</b>
<b>Net Overspend / (Underspend)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(323,787)</b>	<b>(78,452)</b>	<b>(78,452)</b>