
NORTH WALES ECONOMIC AMBITION BOARD 29/04/22

Present:

Voting Members - Councillors:- Llinos Medi Huws (Isle of Anglesey County Council), Ian Roberts (Flintshire Council), Charlie McCoubrey (Conwy County Borough Council) and Dyfrig Siencyn (Gwynedd Council) (Chair).

Advisors – Dafydd Evans (Grŵp Llandrillo Menai), Dr Maria Hinfelaar (Glyndŵr University), Askar Sheibani (Business Delivery Board) and Professor Paul Spencer (Bangor University).

Chief Officers - Dylan Williams (Isle of Anglesey County Council), Iwan Davies (Conwy County Borough Council), Neal Cockerton (Flintshire Council), Ian Bancroft (Wrexham County Borough Council), Graham Boase (Denbighshire Council) and Sioned Williams (Gwynedd Council).

Officers in attendance - Dewi Morgan (Statutory Finance Officer - Host Authority), Iwan Evans (Monitoring Officer - Host Authority), Alwen Williams (Portfolio Director), Sheryl Le Bon Jones (Senior Operational Officer), Stuart Whitfield (Digital Programme Manager), Henry Aron (Energy Programme Manager), Robyn Lovelock (Growth Deal Programme Manager), David Matthews (Land and Property Programme Manager), Sian Pugh (Group Accountant - Corporate and Projects - Host Authority) and Eirian Roberts (Democracy Services Officer - Host Authority).

Also present - Wendy Boddington (Welsh Government)

Best wishes were relayed to the Leaders who would be standing for election shortly.

Wendy Boddington from Welsh Government was welcomed to the meeting as an observer.

1. APOLOGIES

Apologies were received from Councillors Hugh Evans (Denbighshire Council) and Mark Pritchard (Wrexham County Borough Council), Professor Iwan Davies (Bangor University), Dafydd Gibbard (Gwynedd Council) and Hedd Vaughan-Evans (Operations Manager)

2. DECLARATION OF PERSONAL INTEREST

The following members declared a personal interest in item 9 on the agenda - Enterprise Engineering & Optics Centre - Outline Business Case, for the reasons noted:-

- Graham Boase, Chief Executive of Denbighshire Council, as he was, since 4 March 2022, a Director of Glyndŵr Innovations Limited (GIL), which is a Glyndŵr University-owned company to manage the Enterprise Engineering & Optics Centre.
- Maria Hinfelaar as she was Chief Executive of Glyndŵr University, namely the sponsoring body for the Enterprise Engineering & Optics Centre.
- Askar Sheibani, Business Delivery Board, as he was a Non-executive Member of the Board/ Governor of Glyndŵr University.

They were of the opinion that they were prejudicial interests, and they withdrew from the meeting following the introduction to the item.

3. URGENT ITEMS

None to note.

4. MINUTES OF THE PREVIOUS MEETING

The Chair signed the Minutes of the meeting held on 25 March 2022, as a true record.

5. NWEAB'S REVENUE AND CAPITAL OUT-TURN POSITION FOR 2021-22

The report was submitted by Dewi Morgan (Statutory Finance Officer) and Sian Pugh (Group Accountant - Corporate and Projects).

RESOLVED

- 1. To note and accept the NWEAB's revenue out-turn report for 2021/22 (Appendix 1 to the report) and the Capital End of Year Review as at March 2022 (Appendix 3).**
- 2. To approve the opening of two new reserves as well as the transfers to reserves as detailed in Appendix 2.**
- 3. To delegate the authority to the Portfolio Director, in consultation with the Chair of the Board, or in his/her absence, the Vice-chair, and the Statutory Finance Officer, to approve expenditure from the Projects reserve in 2022/23.**

REASONS FOR THE DECISION

To inform the NWEAB of its financial position for both revenue and capital in 2021/22.

DISCUSSION

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

With reference to the end of paragraph 5.16 of the report, it was explained that 2022-23, rather than 2021-22, had been noted in error.

With reference to the third recommendation in the report, it was suggested that the authority delegated to the Portfolio Director to approve expenditure from the Projects reserve in 2022/23 should be in consultation with the Chair of the Board, or in his/her absence, the Vice-chair, in order to ensure political input.

In response, the Monitoring Officer noted that this was not a problem in principle; however, as we were entering an election period, the Board may not have a chair in place until June. The Portfolio Director confirmed that she did not anticipate that there would be a need to approve expenditure from the fund between now and June.

The Statutory Finance Officer and the Group Accountant - Corporate and Projects were thanked for the work and the clear guidance.

6. NORTH WALES GROWTH DEAL - QUARTER 4 PERFORMANCE REPORT

Alwen Williams (Portfolio Director) presented an overview of the report highlights, and the Programme Managers provided details on the programme updates, as follows:-

- Digital - Stuart Whitfield (Digital Programme Manager);
- Low Carbon Energy - Henry Aron (Energy Programme Manager);
- Land and Property - David Matthews (Land and Property Programme Manager);

- Agri-Food and Tourism and Innovation in High Value Manufacturing - Robyn Lovelock (Growth Deal Programme Manager).

Henry Aron (Energy Programme Manager) then presented an overview of the main risks.

DECISION

1. **To note the Quarter 4 Performance Report and updated Portfolio Risk Register.**
2. **To approve the submission of the Quarter 4 Performance Report to Welsh Government and UK Government as well as the local authority scrutiny committees, whilst also noting that the Board is concerned about the increasing costs and risks facing the delivery of the Growth Deal and that, as a result of these concerns, it will discuss this further at its next meeting and, in the meantime, will consider mitigating steps which will include discussions at a national level.**

REASONS FOR THE DECISION

Quarterly reporting on progress against the North Wales Growth Deal is one of the requirements of the Final Deal Agreement.

DISCUSSION

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

The fact that there was some assurance from the Road Review Panel in relation to Warren Hall, Broughton, was welcomed, but it was asked whether the same assurance was sought in relation to other projects under review, such as Western Gateway, Wrexham. In response, the Land and Property Programme Manager indicated that this would be highlighted in comments to be submitted by Wrexham to the Panel office the following week underlining the impact on the A483 junctions, and the impact on the town, and not just the Western Gateway site, and also on the process of completing the Local Development Plan.

Concern was expressed about phosphates, in terms of mitigation / reduction of impact, and emphasised the need to continue to bring pressure to bear and influence at a regional and national level because this posed a significant risk. There was particular concern that they were looking at a whole river analysis of phosphates, because, although part of a river may be less affected, in terms of the catchment, it would nevertheless have a significant impact on any project along the whole route of that river. In addition, the licensing system could be in place for all river wastewater treatment schemes, rather than just for those in the worst parts of the river. In response, the Land and Property Programme Manager noted that the reduction strategy itself was seen as a step in the right direction in terms of highlighting an approach to phosphate mitigation, and the fact that it was now being considered as part of the complete picture in terms of delivering complex development sites. An increased focus would therefore be placed on this with more resources being devoted to it in order to find solutions to the problem. That was considered to be the context, rather than the whole route of the river from Llyn Tegid down to the River Dee.

It was noted that it was believed that there was more work to be done on the above two issues. Seeking assurances on the other projects, similar to that in relation to Warren Hall, was extremely important, rather than just making representations, and it would be beneficial for the Board to know in due course how that was to be done. In addition, it would be good for the Board to have a better understanding of the phosphates issue and where engagement is required at a national level.

It was noted that it was clear that a number of the risks were moving into the red category as a result of external factors, such as high inflation and higher standards of biodiversity, etc., and it was asked whether it would be possible for the Board, at its next meeting, to consider adopting a strategy to try to mitigate this. In response, the Portfolio Director agreed that this would be a good idea, adding that officials continually considered the risks, and were also aware that all growth deals across the UK faced the same risks. That was being communicated to the Governments on an ongoing basis. He also noted that a joint session between the Portfolio Management Office and the two Governments had been organized during May to discuss the risks, and the results of those discussions could be reported back to the next Meeting of the Board.

It was noted that there was a limit to how much the Board could proceed on risk, without knowing how the additional costs would be funded, and there was concern that projects would slow down more and more, unless there was a solution on how to deal with the additional costs. It was noted that the private sector also faced the same risks, with a severe shortage of materials, significant increases in production costs and supplies arriving late, and the need to ensure that the private sector also had the resources to deliver when working together on plans was emphasised.

It was noted that the Board had discussed the increased costs 8 months, or more, ago, and had decided to write to both Governments to express concern, and to initiate discussions about working with other growth deals. It was also noted that officials would have to continue the discussion for the next two months, and it was recommended that, once the authorities had been politically formalised following the elections, a special meeting of the Board be called to discuss the risks only, and their impact on the Growth Deal as a whole. It was emphasised that the Leaders had wider fiscal responsibilities that needed to be protected, and it was important that councils did not burn their fingers because the Governments were not willing to put more money in to mitigate the impact of the increased costs. The Board had great expectations to deliver, and it did not look like we were going to be able to deliver at the moment.

The Chair noted that the Board considered the risks of each project as they progressed, and received regular reports on the risks, and that each project must consider how it would deal with this.

The Portfolio Director noted that it would be beneficial to hold a special meeting. The overview was one issue to discuss, but there would be a different analysis of the way forward which might be different for each project. Projects were asked to think of different ways of achieving the objectives, and it was thought that each project needed to be placed in its own frame to see if the opportunities to deliver were different, in order to make the most of the funding available. It was quite clear at this stage that more funding would not be forthcoming from the Governments, therefore there was a need to think about how to change the scope of the projects, change how those projects achieved the objectives, using a low-carbon form as much as possible to achieve those objectives.

It was proposed and seconded that a clause should be added to recommendation 2 stating that the Board had concerns about the increased costs and risks facing the delivery of the Growth Deal. It was further suggested that if the Board wanted to highlight its concerns, it was also important to refer to mitigation, including discussions at a national level.

7. TRANSPORT DECARBONISATION (HYDROGEN) PROJECT UPDATE

The report was submitted by Henry Aron (Energy Programme Manager).

RESOLVED

1. To approve the preferred way forward for the project.
2. To authorise the Portfolio Director, in consultation with the Programme Board, to prepare and issue a Prior Information Notice in accordance with the report.

REASONS FOR THE DECISION

The Project Board and Programme Board have agreed a preferred way forward which has been endorsed by the Portfolio Board for consideration by the NWEAB. The report seeks the support of the Board for the preferred way forward and to progress with the first stage of delivery.

DISCUSSION

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

8. EXCLUSION OF PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - information about the financial or business transactions of any specific person (including the authority that retains that information). There is an acknowledged public interest in openness in relation to the use of public resources and related financial issues. It is also acknowledged that there are occasions, in order to protect the financial and commercial interests that matters related to such information need to be discussed without being publicised. The report deals specifically with financial and business matter and related discussions. Publication of such commercially sensitive information could adversely affect the interests of the bodies and the Councils and undermine the confidence of other Growth Deal participants in sharing sensitive information for consideration. This would be contrary to the wider public interest of securing the best overall outcome.

9. ENTERPRISE ENGINEERING & OPTICS CENTRE - OUTLINE BUSINESS CASE

The report was submitted by Robyn Lovelock (Growth Deal Programme Manager).

DECISION

1. To approve the Outline Business Case for the *Enterprise Engineering & Optics Centre* project and, subject to Welsh and UK Government approval of the assurance process undertaken, Wrexham Glyndŵr University (WGU) addressing the matters set out in the report, as set out in Section 7 request that a Full Business Case is prepared for the Board to consider following the completion of the procurement process and the consenting process.
2. To note that approval of the OBC will act as approval of the change request in relation to match funding from Wrexham Glyndwr University. As a result of approving recommendation 1, to note that there is a requirement to notify Welsh and UK Government of the change agreed.
3. To accept the recommendation of the Portfolio Management Office and the Portfolio Board that any future approval of the Full Business Case be conditional upon Wrexham Glyndŵr University still delivering the original scope of the project and directly investing the same total amount in North Wales as was originally agreed even though it cannot be accounted for as part of this Growth Deal project.

4. To delegate to the Portfolio Director final approval of the procurement specification and social value criteria prior to the project sponsor commencing procurement.
5. To note that the final funding arrangements for the project which will form the basis of the Grant Offer Letter will be agreed at the Full Business Case stage and authorise the Portfolio Director, in consultation with the Host Authority Section 151 Officer and Monitoring Officer, to agree draft terms for approval by the Board.

REASONS FOR THE DECISION

To seek the Board's approval of the Enterprise Engineering & Optics Centre Project Outline Business Case.

DISCUSSION

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

The report was discussed.

The Chair thanked everyone for their contributions, and as it was possible that some of the leaders would not be here after May, he wished the Board well for the future.

The meeting commenced at 1.30 pm and concluded at 3.00 pm

CHAIR