

NORTH WALES ECONOMIC AMBITION BOARD
20/09/2024

Present:

Voting Members – Councillors:- Jason McLellan (Denbighshire County Council), Robin Williams (Isle of Anglesey County Council), Dave Hughes (Flintshire County Council), Charlie McCoubrey (Conwy County Borough Council), and Dyfrig Siencyn (Cyngor Gwynedd) (Chair).

Advisors – Richard Day (Wrexham University), Askar Sheibani (Business Delivery Board), Aled Jones-Griffith (Grŵp Llandrillo Menai) and Paul Spencer (Bangor University).

Chief Officers – Dylan Williams (Isle of Anglesey County Council), Rhun ap Gareth (Conwy County Borough Council), Neal Cockerton (Flintshire County Council), Sioned Williams (Cyngor Gwynedd) David Fitzsimon (Wrexham County Borough Council) and Graham Boase (Denbighshire County Council)

Officers in attendance – Siwan Glyn (Audit Wales)

Host Authority - Iwan G Evans (Monitoring Officer), Dewi Morgan (Statutory Finance Officer), Siân Pugh (Assistant Head of Finance) and Rhodri Jones (Democracy Services Officer).

Ambition North Wales - Hedd Vaughan-Evans (Head of Operations), Stuart Whitfield (Digital Programme Manager), David Mathews (Land and Property Programme Manager), and Nia Medi Williams (Senior Executive Officer).

Observers – John Hawkins (UK Government Observer).

1. APOLOGIES

Apologies were received from:-

- Councillor Gary Pritchard (Isle of Anglesey County Council) with Councillor Robin Williams deputising.
- Professor Joe Yates (Wrexham University) with Richard Day deputising.
- Professor Edmund Burke (Bangor University) with Paul Spencer deputising.
- Dafydd Gibbard (Cyngor Gwynedd) with Sioned Williams deputising.
- Ian Bancroft (Wrexham County Borough Council) with David Fitzsimon deputising.
- Gareth Ashman (UK Government Observer) with John Hawkins deputising.
- Wendy Boddington (Welsh Government)
- Mark Pritchard (Wrexham County Borough Council).
- Yana Williams (Coleg Cambria).
- Alwen Williams (Ambition North Wales Portfolio Director).

The Chair welcomed the deputies to the meeting.

Councillor Dave Hughes was congratulated on being elected Leader of Flintshire County Council recently and welcomed him to his first Board meeting.

2. DECLARATION OF PERSONAL INTEREST

A statement of personal interest was received from Aled Jones-Griffith (Grŵp Llandrillo Menai) for Item 9. It was noted that it was a prejudicial interest and he withdrew from the meeting for the item.

3. URGENT ITEMS

No urgent matters were raised.

4. MINUTES OF THE PREVIOUS MEETING

The Chair signed the minutes of the previous meeting held on 17 July 2024 as a true record.

5. REVENUE AND CAPITAL BUDGET 2024/25 - END OF AUGUST REVIEW 2024

The report was presented by the Host Authority's Head of Finance Department.

RESOLVED

- 1. To note and accept the NWEAB's end of August 2024 revenue review.**
- 2. To note and accept the NWEAB's reserves update.**
- 3. To agree the NWEAB's revised capital expenditure profile.**

REASONS FOR THE DECISION

- To note a forecast underspend of £5,966 against the revenue budget in 2024/25.
- To note a further slippage on the capital programme, with an estimate of £14.28m expenditure in 2024/25 compared with the approved budget of £24.67m for the year.

DISCUSSION

It was explained that the report noted the actual revenue position to the end of August 2024 and also estimated the position up to the current financial year. An underspend of £6,000 was projected by the end of the 2024/25 financial year and various elements of the budget were detailed as follows:

- Net overspending of £9,368 for the 'Portfolio Management Office' was forecast as a result of overspending on supplies and services. It was noted that this overspend derived from systems costs and it was explained that this budget heading would need to be reviewed for the future.
- It was explained that the £20,000 underspend of 'Cyngor Gwynedd's Finance Services Support' would be used to fund the spending on external financial support which formed a part of the 'Projects' heading.
- It was confirmed that spending under the 'Joint Committee' heading was expected to be within the budget for 2024/25.
- It was noted that the 'Projects' heading indicated a net overspend of £70,000. It was explained that this was mainly due to external legal support that was required for several capital programme projects.
- It was explained that the 'Grants' heading included expenditure on local Area Energy projects and the Shared Prosperity Fund. It was confirmed that an extension until March 2025 had recently been received on the Local Area Energy grant, therefore, this overspend would be funded by the grant.

Reference was made to principal income streams for the 2024/25 financial year. It was noted that these included partner contributions, the 'North Wales Growth Deal Grant' revenue allocation of the Welsh Government Energy grant, the North Wales Corporate Joint Committee, the Shared Prosperity Fund and the reserve fund.

The position of the Board's funds was reported stating that there was an estimated balance of nearly £211,000 in the general reserve fund. There was an estimated balance of £152,000 in the projects fund and £7.2 million in the interest fund. It was explained that the interest fund had been earmarked to fund future borrowing costs. It was noted that high interest currently meant that the Board received a significant amount of interest on the balances with an estimated interest of £2.5 million for 2024/25.

The latest position of the capital programme was shared stating a net reduction of £10.39 million in projected expenditure for 2024-25. It was explained that this was due to delays on four projects, namely 'Smart Local Energy', 'Deeside Fuel to Waste', 'Holyhead Port' and the 'Former North Wales Hospital Site'. However, it was noted that there was likely expenditure on the 'Centre for Environmental Biotechnology' and 'Tourism Talent Network' projects within the current financial year. It was elaborated that there was a potential two-year delay on the 'Kimmel Studio' and 'Glynllifon Rural Economy Hub' projects.

It was confirmed that the Growth Deal grant of £56.9 million already received was sufficient to fund expenditure up to the end of the 2025/26 financial year based on this revised spending profile.

In response to an enquiry about overspending on External Legal and Financial Support under the 'Projects' heading, the Assistant Head of Finance confirmed that external financial support had been used to receive input on business applications. It was acknowledged that this had led to overspending within the 'Projects' title, but it was emphasised that underspending within 'Finance Support Services' met this overspending. It was elaborated that the increase in legal expenditure derived from an increase in contracts matters as the Board's projects were developed sooner and expert negotiations to support agreements. The need to re-consider the budget for future legal support was noted.

6. NORTH WALES ECONOMIC AMBITION BOARD JOINT-COMMITTEE - DETAILED AUDIT PLAN 2024

The report was submitted by the Audit Wales representative.

RESOLVED

To accept the Audit Wales report which highlighted the NWEAB's Audit Plan for 2024.

REASONS FOR THE DECISION

To examine the financial statements of the North Wales Economic Ambition Board Joint-committee to ensure that public funds are properly accounted for.

The Joint Committee must put in place arrangements to get value for money for the resources it uses, and the Auditor General must be satisfied that it has done this.

DISCUSSION

Committee members were guided through the Detailed Audit Plan 2023-24 outlining the fee, recognised risks, information about the audit team and the time taken to complete the audit.

It was announced that the material level had been noted as £83,000. It was explained that this figure had been calculated by finding 2% (percentage relevance) of gross expenditure during the 2023-24 financial year (£4.159 million). It was noted that this fee was higher than the previous year due to an increase in gross expenditure. It was elaborated that a lower relevance level had been set for some areas of the accounts as they could be more important to the users of the accounts. It was explained that those areas were 'Senior officer remuneration' and 'Related party disclosures'.

Attention was drawn to one significant risk that had been identified following an assessment of inherent risk. It was confirmed that the risk was that Managers could override controls. It was explained that the risk had been identified for Exhibit 1: significant financial statement risk, and that it was identified in all audit plans for each Body in Wales. It was emphasised that this was not a risk that had been identified for this Board alone. It was assured that Audit Wales ensured that their procedures responded to this risk.

It was explained that 'Valuation of pension fund net liability' had been noted as a risk within Exhibit 2: other areas of focus, as an Audit Risk. It was noted that this risk was general in nature and would be found in a number of recent audit plans. It was stressed that this risk had not been identified for this Board alone.

The audit timetable was detailed noting that the Detailed Audit Planning work had been completed in July 2024 and the audit work had been completed in August 2024. It was noted that it was intended to submit a further report to the Board in November.

It was highlighted that fees for 2024-25 had increased by 6.4% as a result of inflation. It was estimated that the audit fee total would be £26,754, stressing that a refund would be submitted to the Board if the actual fee was lower, as Audit Wales was unable to make a profit.

The officers who had been collaborating with Audit Wales to respond to any queries throughout the audit process, were thanked.

7. ADVANCED WIRELESS - OUTLINE BUSINESS CASE

The report was submitted by the Digital Programme Manager.

DECISION

- 1. To approve the Outline Business Case for the Advanced Wireless project subject to Welsh Government and UK Government approval of the assurance process undertaken, subject to the Portfolio Management Office addressing the outstanding issues set out in Section 7 of the report, and request that a Full Business Case is prepared for the Board to consider.**
- 2. To delegate to the Portfolio Director, in consultation with the Chair and Vice Chair, final approval of the procurement specification and social value criteria prior to project funders commencing procurement.**
- 3. To authorise the Portfolio Director in consultation with the Host Authority Section 151 Officer and Monitoring Officer to agree draft terms in accordance with this report for approval by the NWEAB as a basis for the final funding arrangements for the project which will form the basis of the Grant Offer Letter which will be agreed by the Board at the Full Business Case stage.**

REASONS FOR THE DECISION

To seek the Board's approval for the Advanced Wireless Project Outline Business Case.

As a project delivered by Ambition North Wales, approval was required by the Board to establish the frameworks that will deliver the project.

DISCUSSION

It was explained that the project would support businesses and public bodies to invest in the latest wireless technology, including 5G and state-of-the-art Wi-Fi across the North Wales region. It was hoped that this would increase efficiency and productivity. It was noted that there was evidence to support that this kind of investment led to business development, commercial sustainability and created more jobs. Attention was drawn to the fact that several large companies had taken advantage of this type of technology and the project hoped to reduce the commercial risks to companies as they newly approached the development. It was considered that sectors that would benefit the most from this technology included manufacturing, transport, logistics, agriculture and tourism. Examples were shared of potential investments within these areas such as providing equipment for production lines in factories, 5G private networks, upgrading networks to support logistics operations in transport hubs as well as Smart Towns applications to improve monitoring and communication in our town centres.

It was reported that this project was the second part of the 'Connected Campuses' project. It was explained that the first project was a LPWAN project, which extended Low Power Wide Area Network provision to support innovative 'Internet of things' applications across public and private sectors through LoRaWAN wireless technology. Members were reminded that this project had already been approved by the Board.

It was explained that the main spending objective of the project was to 'Enable 100-200 businesses and public sector users in all North Wales counties to take advantage of advanced wireless connectivity by 2030'. It was hoped that this would lead to the creation of between 130-200 jobs within the region and the creation of an additional net GVA of between £41 million and £62 million by 2036. It was also estimated that there would be a total investment of between £13 million and £20 million by 2036.

It was noted that this project had been developed in compliance with the United Kingdom's wireless Infrastructure Strategy published by the Government. It was confirmed that this included wi-fi, satellite, LPWAN and 5G connections. It was noted that the Board was collaborating and replicating technology that was in action in other authorities across Britain to make the state-of-the-art technology available to North Wales. It was acknowledged that there was no confirmation from the Government following the general election on their views on advanced wireless strategies but stressed that officers would confirm these views before submitting a full business case.

Attention was drawn to weaknesses in the current arrangements across the North Wales region such as providing financial support with initial investment from regional users, recognising that the adoption of new technology for business created concern and the current affordability of companies could be a barrier to the development of the project. Reference was also made to the need to address knowledge and skills gaps to increase company awareness and capacity within the region to ensure high levels of adoption for the project.

It was reported that a £19 million fund would be implemented as a flexible grant scheme to fund the adoption of advanced wireless solutions. It was noted that the scheme was administrated by Ambition North Wales over a three-year period following the design of an initial scheme, the first step was to include the grant scheme design and establish it before

providing capital funding to sector organisations that would make a funding application in accordance with the conditions of the scheme eligibility criteria.

Reference was made to capital expenditure noting that it was dependent on a consultation on the initial project. The revenue expenditure estimates were noted and the importance of confirming a budget for 'Demand Stimulation' was emphasised to ensure that the sectors made use of the new advanced wireless technology. It was explained this would promote collaboration within the region.

Members were guided through the feedback received during the development of the project to date and the actions achieved as part of the Assurance Project were confirmed. It was detailed that an Amber Assessment was received in a Gateway Review in May 2024 along with very useful feedback on the development of the project.

An overview of the main risks of the project was shared, which included:

- If the demand for funds from the sectors was limited, the benefits of the project would not be realised.
- If the administrative fee applied to successful applicants prevented applicants from submitting an application, reduced funds from the capital fund may be presented. This could impair the ability to achieve spending objectives.
- If there was not enough demand for the grants at the minimum values prescribed in the project, the costs associated with delivery and administration could become unaffordable.

It was confirmed that Ambition North Wales was aware of these risks and set out procedures to ensure that the risks were greeted.

It was explained that Ambition North Wales had taken advantage of their connections to raise awareness of these projects and explain the benefits that would be available for them when investing in advanced wireless technology. It was noted that they had held meetings with companies to inform them further and they were confident that the project would be popular among the sectors. It was recognised that it was more challenging to contact some sectors and it was emphasised that more research and regular communication was needed with companies to understand the real interest to join the project.

It was confirmed that it was intended to submit the full business case to the Board in early 2025.

8. EXCLUSION OF PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion of Item 9 as it is likely that exempt information will be disclosed as defined in Paragraph 14 of Annex 12A of the Local Government Act 1972 - Information regarding the financial or business transactions of any particular person (including the authority holding such information).

There was an acknowledged public interest in being open about the use of public resources and related financial issues. It was recognised, however, that there were occasions in order to protect public financial and commercial interests, where such information must be discussed without being publicised. The reports related specifically to financial and business matters 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. TOURISM TALENT NETWORK PROJECT - FULL BUSINESS CASE

The report was submitted by the Agri-Food and Tourism Project Manager and the Growth Deal's Land and Property Programme Manager.

DECISION

- 1. To approve the Full Business Case for the Tourism Talent Network project.**
- 2. To authorise the Portfolio Director, in consultation with the Chair, Vice Chair, Section 151 Officer and Monitoring Officer to agree and enter into a funding agreement with Grŵp Llandrillo Menai for the delivery of the project, on the basis that Grŵp Llandrillo Menai satisfactorily addresses the 'outstanding issues' set out in section 7.1 of the report.**
- 3. To delegate final approval of the remaining procurement in Phase 1 to the Portfolio Director, in consultation with the Chair, Vice Chair, Section 151 Officer and Monitoring Officer where expenditures and benefits are within the parameters of the Full Business Case presented.**
- 4. To delegate authority to the Portfolio Director, in consultation with the Chair, Vice Chair, Section 151 Officer and Monitoring Officer to approve the subsequent Business Justification Case for Phase 2 of the project, the fourth spoke, where expenditure and benefits are within the parameters of the Full Business Case presented.**

REASONS FOR THE DECISION

To seek the Board's approval of the Outline Business Case for the Cydnerth project.

DISCUSSION

The report was discussed.

The meeting commenced at 09:00am and concluded at 10:40am.

Chair