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## REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

22 October, 2021

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**TITLE:** North Wales Growth Deal – Quarter 2 Performance Report

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### 1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to present the Quarter 2 (July - September) Growth Deal report and updated Portfolio Risk Register.
- 1.2. Quarterly reporting on progress against the North Wales Growth Deal is a requirement of the Final Deal Agreement. Following consideration by the North Wales Economic Ambition Board, the reports will be shared with Welsh Government, UK Government and the local authority scrutiny committees.

### 2. DECISION SOUGHT

- 2.1. That the Board consider and note the Quarter 2 Performance Report and updated Portfolio Risk Register.
- 2.2. That the Board approves the submission of the Quarter 2 Performance Report to Welsh Government and UK Government, as well as the local authority scrutiny committees.

### 3. REASONS FOR THE DECISION

- 3.1. As stated in the report.

### 4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. In December 2020, the NWEAB and the Welsh and UK Governments agreed the Final Deal Agreement for the North Wales Growth Deal.
- 4.2. Regular reporting on progress against the North Wales Growth Deal is a requirement of the Final Deal Agreement.
- 4.3. This report includes two appendices:
  - North Wales Growth Deal – Quarter 2 Performance Report
  - Portfolio Risk Register – October 2021

#### North Wales Growth Deal – Quarter 2 Performance Report

- 4.4. The Quarter 2 performance report provides an overview of progress on the Growth Deal programmes and projects.

- 4.5. This quarter saw the completion of the second annual Growth Deal assurance review with an Amber-Green rating achieved. This is the second highest delivery confidence rating available and an improvement on the Amber rating received in 2020. The review carried out by an independent review team verifies the progress made over the last 12 months, particularly since the signing of the Final Deal Agreement with both Governments in December 2020.
- 4.6. In August, the Board approved two further Outline Business Cases (OBC): the Glynllifon Rural Economy Hub, led by Grŵp Llandrillo Menai, and the Digital Signal Processing Centre led by Bangor University. Both projects have also had their assurance process approved by Welsh Government and will now move to the next phase and submit a Full Business Case (FBC) for consideration once the relevant consenting and procurement activities have been completed.
- 4.7. This quarter also saw the completion of the first annual update of the Portfolio Business Case, a requirement of our Final Deal Agreement with Welsh and UK Governments. The updated business case was presented to the Board in September and approved for submission to Government.
- 4.8. The majority of programmes and projects are currently reporting as Amber due to delays in the business case development process. A revised timetable has been submitted to both Governments as part of the 2021 Portfolio Business Case update.
- 4.9. Eight projects are currently reporting as Red due to either risks to the project scope, or significant delays to project timescales:
- Full Fibre at Key Sites and Connected Campuses (Digital Programme) – The business case development timetable has been pushed back to allow programme capacity to focus on initial two Portfolio Management Office projects.
  - Morlais – due to key risks and issues associated with State Aid and funding constraints, consenting and Government revenue support mechanisms.
  - Low Carbon Energy Centre of Excellence – project under review due to change request for capital and revenue projections.
  - Key Strategic Site, Bodelwyddan (Land and Property Programme) – outline planning consent on the site has lapsed and the project will need to be reviewed when the new planning policy for the site is established.
  - Holyhead Gateway (Land and Property Programme) – scope of the project under review due to concerns about the cost of the project and the commercial case.
  - Enterprise Engineering and Optics Centre – project under review due to change request for capital and revenue projections.
  - Centre for Environmental Biotechnology - project under review due to change request for capital and revenue projections.
- 4.10. A number of procurement activities have been completed to support the work of the team. FarrPoint have been appointed to support the development of business cases for the Last Few % and Connected Corridors projects within the Digital Programme. Arup have also been appointed to support the development of a methodology to help projects deliver on the Board's commitments to climate change and biodiversity.
- 4.11. At this stage, no project Full Business Cases have been approved, therefore the only expenditure to date relates to the drawdown against the 1.5% allocation for Portfolio Management Office costs.

#### Portfolio Risk Register – October 2021

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

- 4.13 The risk register has been fully updated with a number of changes recorded in the documents, including revised risk descriptions, revised scoring and mitigating actions, and the commentary has been updated for all risks.
- 4.14 Three residual risk ratings have increased this quarter –1) partners capacity to provide project board representatives and difficulty recruiting into PMO vacancies, 2) public sector investment and 3) spending objectives. Both 2) and 3) have increased due to a number of project change requests being considered. Two new risks have been added following the portfolio assurance review – revenue funding and skills gap.

## 5. FINANCIAL IMPLICATIONS

- 5.1. There are no financial implications arising directly from approving the decision sought in this report.
- 5.2. The quarterly performance report provides an overview of the expected capital expenditure profile of Growth Deal funding. At this stage, no project business cases have been approved and therefore the only expenditure to date relates to the drawdown against the 1.5% allocation for Portfolio Management Office costs. Future iterations of the report will include reporting on financial expenditure following project business case approval.

## 6. LEGAL IMPLICATIONS

- 6.1. There are no direct legal implications arising from the report.
- 6.2. Regular reporting on Growth Deal performance is part of the agreed governance framework and a key requirement of the Final Deal agreement.

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### APPENDICES:

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| <b>Appendix 1</b> | North Wales Growth Deal – Quarter 2 Performance Report |
| <b>Appendix 2</b> | Portfolio Risk Register – October 2021                 |

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### STATUTORY OFFICERS RESPONSE:

- i. **Monitoring Officer – Host Authority:**  
It is one of the key tasks of the Economic Ambition Board to monitor progress and risks. The Board needs to consider the register and satisfy itself that it constitutes an accurate reflection of the risk status and that mitigation actions are being addressed.
- ii. **Statutory Finance Officer (the Host Authority’s Section 151 Officer):**  
As paragraph 1.2 states, this report is a requirement to be able to continue to claim the Government grant instalments. I will continue to assist the Ambition Board’s Portfolio Management Office in managing the relevant risks, and specifically to produce a plan for the medium term for the revenue funding risk (R018) added at the end of the risk register in this quarter.