
NORTH WALES ECONOMIC AMBITION BOARD 22/10/21

Present:

Voting Members - Councillors:- Llinos Medi Huws (Isle of Anglesey County Council), Mark Pritchard (Wrexham County Borough Council), Ian B. Roberts (Flintshire Council) and Charlie McCoubrey (Conwy County Borough Council).

Advisors – Prof. Iwan Davies (Bangor University), Dr Maria Hinfelaar (Glyndŵr University), Dafydd Evans (Grŵp Llandrillo Menai) and Askar Sheibani (Business Delivery Board).

Chief Officers - Iwan Davies (Conwy County Borough Council), Graham Boase (Denbighshire Council), Colin Everett (Flintshire Council), Ian Bancroft (Wrexham County Borough Council) and Annwen Morgan (Isle of Anglesey County Council).

Officers in attendance - Dafydd L. Edwards (Statutory Finance Officer - Host Authority), Iwan Evans (Monitoring Officer - Host Authority), Alwen Williams (Portfolio Director), Hedd Vaughan-Evans (Operations Manager), Sheryl Le Bon Jones (Senior Executive Officer), Sian Pugh (Group Accountant - Corporate and Projects) and Annes Sion (Democracy Team Leader).

1. APOLOGIES

Apologies were received from Councillor Dyfrig Siencyn and Councillor Hugh Evans (Denbighshire Council).

2. DECLARATION OF PERSONAL INTEREST

No declarations of personal interest were received.

3. URGENT BUSINESS

None to note.

4. MINUTES OF THE PREVIOUS MEETING

The Chair signed the Minutes of the meeting held on 17 September 2021, as a true record.

5. 2021/22 REVENUE AND CAPITAL BUDGET - SECOND QUARTER REVIEW (SEPTEMBER 2021)

The report was submitted by Sian Pugh (Group Accountant - Corporate and Projects).

RESOLVED

1. To receive and note the NWEAB Joint-Committee's revenue and capital

second quarter review for 2020/21.

- 2. To acknowledge the receipt and proposed use of the £500,000 for the Whole System Business Research Innovation for Decarbonisation (WBRID) grant, in line with the award of funding letter that was received by Welsh Government in June 2021.**
- 3. To approve the use of a specific earmarked reserve to hold the partner interest contributions received, to set against the cost of borrowing required to fund the negative cash flow in future years.**

REASONS FOR THE DECISION

To note a forecast underspend of £183,178 against the revenue budget in 2021/22. Any underspend at the end of the financial year may be transferred to the earmarked reserve.

To note a slippage on the capital programme which means that it will now be running for an extra three years to 2028/29

DISCUSSION

The report was submitted noting that it was a financial review for the second quarter of the year. It was noted that the department estimated an underspend of £128k on the Portfolio Management Office heading. It was explained that this was as a result of delays in recruiting to jobs. It was noted that the Support Services heading showed an underspend of £7k as a result of underspend on the Insurance heading. This was because the NWEAB's Insurance had been incorporated within the Gwynedd Council Insurance policies.

It was explained that an underspend of £18k was estimated on the Joint-Committee heading, and that this was as a result of receiving a specific grant from Welsh Government to fund some aspects of the work undertaken by legal consultants.

In terms of projects, it was noted that the expenditure on this heading must be considered in the context of the decarbonisation grant of half a million. It was noted that the award of funding letter for this grant had not been received until June 2021, and therefore had not been included in the budget. Attention was drawn to an underspend of £40k on the external legal support and assurance headings and that this was as a result of slippage on the capital programme.

It was also noted that the partners' inflation contributions of £678k reflected the figures presented to the Board in October 2020 and March 2021, and the Board was asked to approve the use of the specific reserve fund to allocate this money to fund the average cost of borrowing over the lifetime of the growth deal. It was explained that once confirmation was received from Welsh Government, the inflation contributions will be recalculated to reflect the amended cost of borrowing.

It was noted that income sources for 2021/22 included partner contributions, ESF Grant, North Wales Growth Deal Grant, Decarbonisation Grant and the reserve fund. It was noted that this left an estimated position for 2021/22 of an underspend of £183k, and it was currently anticipated that there would be a balance of £507k in the reserve fund at the end of the financial year.

In terms of the capital review, it was originally noted that they anticipated that the capital programme would run from 2021/22 to 2025/26 but it was noted that a slippage was likely on some of the projects which would mean that the programme would run for an additional three years. It was noted that there was a slippage of £13.21 million in

2021/22, £42.49 million in 2022/23 and £21.43 million in 2023/24. It was explained that the North Wales Growth Deal grant would be used to fund the Capital Programme in 2021/22 and 2022/23 and that no external borrowing would be needed until 2023/24.

During the discussion, the following matters were raised:-

- The Head of Finance added that the situation general was acceptable and that the underspend as well as the slippage was unavoidable with the situation as it was. It had been noted in May that the Board had approved the Annual Return and that Audit Wales had stated that it was a clean return. It was noted that next year's position remained uncertain.
- The department was thanked for all their work.

6. NORTH WALES GROWTH DEAL - QUARTER 2 PERFORMANCE REPORT

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

DECISION

To note the Quarter 2 Performance Report and updated Portfolio Risk Register.

To approve the submission of the Quarter 2 Performance Report to Welsh Government and UK Government as well as the local authority scrutiny committees.

REASONS FOR THE DECISION

In December 2020, the NWEAB and the Welsh and UK Governments agreed the Final Deal Agreement for the North Wales Growth Deal. Regular reporting on progress against the North Wales Growth Deal is one of the requirements of the Final Deal Agreement.

DISCUSSION

The report was submitted noting that it provided an overview of the progress with the Growth Deal programmes and projects for the second quarter. It was noted that the Growth Deal's second annual assurance review had been completed and an 'Amber-Green' rating had been achieved. It was noted that this was the second highest delivery confidence rating available and an improvement on the Amber rating received in 2020.

It was explained that the first annual update of the Portfolio Business Case, a requirement of the Final Deal Agreement with Welsh and UK Governments, had been completed.

It was noted that eight projects were currently reporting as Red due to either risks to the project scope, or significant delays to project timescales. It was added that at this stage, no project Full Business Cases had been approved, therefore the only expenditure to date related to the drawdown against the 1.5% allocation for Portfolio Management Office costs.

Attention was drawn to three risks in the risk register had increased this quarter, which included partners' capacity to provide project board representatives and difficulty recruiting into PMO vacancies, public sector investment and spending objectives. It was explained that two of these had increased due to a number of project change requests being considered. It was highlighted that two new risks had been added following the portfolio assurance review.

Observations arising from the discussion

- It was noted that the increase in the price of materials was affecting project costs but that this had been highlighted in the risk register in the previous quarter.
- It was noted that the ESF funding would be ending and concern was raised in terms of funding staff and it was explained that there was a need to lobby about this matter regionally and separately and that we may need to be united as a Board.
- It was noted that the Election would be held next year and that staff needed to continue with the good work. It was explained that the deal needed to continue to be flexible and willing to adjust projects if risks were to arise.
- The need to amend the title of Hydrogen project was explained in order to be more specific and it was noted that the team was looking into this at present and a further report was requested at the next meeting.

Prior to excluding the press and public, members thanked the Chief Executive of Flintshire Council, Colin Everett, for his work leading the Ambition Board in recent years and for ensuring that they stuck to the vision.

7. 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, 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.

8. CHANGE CONTROL - HOLYHEAD GATEWAY

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

RESOLVED

To approve the change request for Holyhead Gateway and inform Welsh and UK Governments regarding the change of scope to a Growth Deal Project.

REASONS FOR THE DECISION

In December 2020, agreement was reached on the Final Deal Agreement for the North Wales Growth Deal. It was noted that the North Wales Growth Deal had a change management process in place to ensure potential changes to the scope of the Growth Deal and the projects were captured, assessed and where relevant considered by the Board.

It was noted that this change request related to the Holyhead Gateway project which was one of six projects within the Land and Property programme.

DISCUSSION

The report was discussed.

The meeting commenced at 2:30pm and concluded at 3:45pm

CHAIRMAN