



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD
29 April 2022

TITLE: North Wales Growth Deal – Quarter 4 Performance Report
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1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to present the Quarter 4 (January - March) 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 4 Performance Report and updated Portfolio Risk Register.
- 2.2. That the Board approves the submission of the Quarter 4 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 4 Performance Report
 - Portfolio Risk Register – March 2022

North Wales Growth Deal – Quarter 4 Performance Report

- 4.4. The Quarter 4 performance report provides an overview of progress on the Growth Deal programmes and projects.
- 4.5. Following the approval of the first Full Business Case (FBC) for the North Wales Growth Deal in December 2021, we have officially moved into the delivery phase. The Digital Signal Processing Centre (DSP) has now placed orders for phase one of the project and the first items of kit have been received.
- 4.6. Two projects successfully completed their gateway assurance reviews during this quarter. The Last few % project completed its Gateway 2 review in February 2022 with the Centre for Environmental Biotechnology project completing its Gateway 1 review in January 2022. Both projects are working on addressing the recommendations as part of the development of their business cases.
- 4.7. Following the adoption of the 2021 update to the Portfolio Business Case in September, we submitted the update to Welsh and UK Government as part of the annual funding award process. In March, we received and signed the award of funding letter for 2021-22 confirming the next instalment of Growth Deal funding of £20.45m.
- 4.8. Our new brand 'Ambition North Wales' and our new website - <https://ambitionnorth.wales> were launched in November 2021. This provides us with a platform for marketing and engagement and is a key tool for North Wales to represent the vision for future economic prosperity and a channel to share information on progress towards delivering the Growth Deal.
- 4.9. The Quarter 4 update is showing projects reporting against the revised Portfolio Business Case 2021 delivery profile which was approved by the Economic Ambition Board in September 2021. Five projects are currently reporting as Red due to either risks to the project scope, or significant delays to project timescales:
 - 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.
 - Glynllifon Rural Economy Hub (Agri-food and Tourism Programme) – planning permission to be secured and potential funding gap due to escalating capital build costs.
 - Llysfasi Net Zero Farm (Agri-food and Tourism Programme) – delay to project incorporating Gateway 2 review feedback.
 - Tourism Talent Network (Agri-food and Tourism Programme) – legal structure of hub and spoke model to be agreed and business case development is running behind schedule.
- 4.10. Following the approval of the first Full Business Case in December 2021, expenditure in relation to the Digital Signal Processing Centre was £123k in Quarter 4. The DSP project has placed the orders for the first phase of the project, however the majority of the equipment won't be received until the after April 2022.

Portfolio Risk Register – March 2022

- 4.11 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.
- 4.12 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.
- 4.13 The risk profile has increased over the past quarter. Affordability is now the biggest risk facing the portfolio with inflation, supply chain issues and significant construction cost increases the main factors driving this increase. The increased risk around affordability has a knock-on effect across the portfolio increasing the risks around project delay, meeting spending objective targets and delivering on climate change aspirations.
- 4.14 Five residual risk ratings have increased this quarter – affordability, delay, climate change and biodiversity, spending objectives and political change. The economic recovery risk has reduced following the publication of the Regional Economic Framework and transition from pandemic to endemic.

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 and includes the actual 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.

APPENDICES:

- Appendix 1** North Wales Growth Deal – Quarter 4 Performance Report
- Appendix 2** Portfolio Risk Register – March 2022

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):

This report is a requirement to be able to continue to claim the Government grant instalments, and I am satisfied that its contents is a fair reflection of the Ambition Board's performance over the last quarter. I will continue to assist the Portfolio Management Office in managing the relevant risks.