



North Wales Economic Ambition Board

TITLE: Bodelwyddan Key Strategic Site
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1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to recommend the withdraw of the Bodelwyddan Key Strategic Site project from the North Wales Growth Deal.
- 1.2. The North Wales Growth Deal has a change management process in place to ensure potential changes to the scope of the Growth Deal and the projects are captured, assessed and where relevant considered by the Board.

2. DECISION SOUGHT

- 2.1. That the Board formally withdraw the Bodelwyddan Key Strategic Site project from the North Wales Growth Deal and notify Welsh Government and UK Government of the decision.
- 2.2. That the Board note that funding provisionally allocated to the project is retained with the North Wales Growth Deal and that the decision on a replacement project or projects is a matter for the Economic Ambition Board to determine.
- 2.3. To request that the Portfolio Management Office bring forward a paper to the next Board meeting setting out the process for selecting a replacement project for the Board to consider.

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. The North Wales Growth Deal has a change management process in place to ensure potential changes to the scope of the Growth Deal and the projects are captured, assessed and where relevant considered by the Board.
- 4.3. The project Outline Planning Consent as originally scoped of 1,700 plus residential units, 26 ha of employment land, local centre, school medical, hotel, extra care home, recreation and leisure uses lapsed in March 2021. The two private sector developers had withdrawn from the project prior to the consent expiring.
- 4.4. The project is one of six within the Land and Property programme and was estimated to deliver 26 ha of employment land, 1,715 new homes, primary school, local centre, recreation and leisure facilities, 576 FTE , £20m pa GVA and circa £185m capital investment.

The Change Request

- 4.5. The change request is to remove the Bodelwyddan Key Strategic Site from the North Wales Growth Deal and the Land and Property Programme.

Rationale

- 4.6. Denbighshire County Council's Local Development Plan Review is scheduled for 2023. The updated household formation estimates for the period 2023-33 and the Employment Land Survey 2021 for same period estimates that the demand for new homes and employment land for the Bodelwyddan project is reduced to 400 homes and 5 ha. The timeline for the adoption of the reviewed Local Delivery Plan has also been extended and it is estimated that the new Plan will not be adopted until mid 2025.
- 4.7. The impact of the extended adoption timeline to provide policy certainty is that the subsequent project development, surveys, land owner agreements, statutory consents and delivery of statutory services to the site is estimated to run for the period from 2026 to circa 2030. This extended delivery timeline for NWEAB's project could take longer than the above estimated timeline. The delivery of the outputs from the project would have an abbreviated time frame up to 2035.
- 4.8. The estimated timeline for the completion of the NWGD funded element of the project is estimated to be mid 2030 at the present time. The total intervention budget for the original scope of work was £10m in circa 2018. This budget was estimated to be circa £15.7m in 2021 and as build cost inflation runs ahead of RPI/CPI then the NWGD budget is being eroded in real time.
- 4.9. The rationale for the change request to remove the Project from the Growth Deal project is as follows:
- Delivery Timeline – this has extended substantially and project completion is not expected before mid-2030 and possibly beyond.
 - Project Outputs – these are approximately 80% below those which were estimated at the time of the NWGD Final Deal Agreement. The reduced timeline to deliver the outputs is scaled back to 2031-2035.
 - NWGD Budget – The capital budget for the project is currently assessed as being substantially below that which will be required to deliver the smaller project by 2030.

KSS Bodelwyddan	2016 OPC Project	2023 LDP Review	Difference
Numbers of Homes	1,715	400	- 1,315
Employment Land (Ha)	26	5	- 21
Estimated FTE	376	130	- 246
Est. GVA Uplift pa	£20,063m	£5.936m	- £14.127m
Capital Investment	£185m	Circa £40m	- £145m

Impact

- 4.10. Removing the project from the NWGD and the Land and Property Programme will permit new projects to be considered within the Programme reflecting current partner priorities.
- 4.11. Removal of the project would impact on the expected jobs, GVA and investment targets set in the Portfolio Business Case as set out in the table below. The replacement projects could replace these outputs in full or in part but this will not be certain until the new projects are approved.

Portfolio Business Case project targets		
Net Jobs	Net GVA (cumulative)	Investment
250	£125m	£82m

- 4.12. The Land and Property programme spending objectives would need to be updated as they make specific reference to the cumulative project outputs.

PMO, Programme Board and Portfolio Board Recommendation

- 4.13. The Land and Property Programme Board recommendation is “To recommend to the Portfolio Board the removal of the KSS Bodelwyddan project from the North Wales Growth Deal and initially retain any funding released with the Land and Property Programme”
- 4.14. The Portfolio Board considered the paper on the 16 September 2022 and endorsed the recommendations for consideration by the Economic Ambition Board.
- 4.15. The PMO is recommending the withdrawal of the project for the reasons set out in the report. The proposed way forward removes the ongoing uncertainty regarding the delivery of the project and the realisation of benefits. The decision would enable the selection of a replacement project or projects that will enable the Economic Ambition Board to deliver on the targets set out in the Final Deal Agreement.

5. FINANCIAL IMPLICATIONS

- 5.1. The funding provisionally allocated to the project (£9.85m) will be retained within the Growth Deal to be reallocated by the Economic Ambition Board.

6. LEGAL IMPLICATIONS

- 6.1. There is a requirement to notify Welsh Government and UK Government of any changes impacting on the scope of the North Wales Growth Deal.
- 6.2. The selection of a replacement project is a matter for the Economic Ambition Board to determine within the parameters set out in the Final Deal Agreement.

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“It is part of the role of the Economic Ambition Board to keep Projects within the Programmes under review and where appropriate take the necessary decisions to respond to material change of circumstances. In this particular case having regard to the extent of

the changes and the impact on the possible outcomes which are part of the Growth Deal funding agreement the recommendation is appropriate.”

ii. Statutory Finance Officer (the Host Authority’s Section 151 Officer):

The decision sought is reasonable and understandable under the circumstances, following a detailed assessment of the situation. The financial implications of the decision are explained clearly, including the further work necessary to identify alternative projects.