



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD
28 OCTOBER 2022

TITLE: North Wales Growth Deal – Quarter 2 Performance and Risk 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 Economic Ambition Board 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 – September 2022
- 4.4. North Wales Growth Deal – Quarter 2 Performance Report
 - 4.4.1. The Quarter 2 performance report provides an overview of progress on the Growth Deal programmes and projects.

- 4.4.2. This quarter saw the approval of another outline business case with the Ambition North Wales led Connecting the Last Few % project in the Digital Programme securing approval to move to the next phase.
- 4.4.3. The Quarter 2 update is showing projects reporting against the revised portfolio delivery profile approved by the Board in September 2022. Three 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. The Portfolio Management Office is working with the project sponsor to explore options to accelerate delivery.
 - Glynllifon Rural Economy Hub – planning permission to be secured and potential funding gap due to escalating capital build costs.
 - Llysfasi Net Zero Farm – project under review due to challenges addressing Gateway 2 review feedback.
- 4.4.4. The Bodelwyddan, Key Strategic Site project which was reporting red in the quarter 1 report has been withdrawn from the Growth Deal. The funding provisionally allocated to this project will be retained within the Growth Deal and Ambition North Wales will now consider how best to use this funding to deliver maximum benefits for the region.

4.5. Portfolio Risk Register – October 2022

- 4.5.1. 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.
- 4.5.2. 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.
- 4.5.3. While the risk profile has remained stable over the past quarter, there are some significant risks to the delivery of the Growth Deal and the realisation of the benefits. Affordability remains the biggest risk facing the portfolio with inflation, supply chain issues and construction cost increases the main factors driving this increase. The risk around delay has increased as a result to delays to the project development timetable.
- 4.5.4. Two risks have been closed (Economic Recovery and EU-UK Trade and Co-Operation Agreement) and replaced with a new risk on 'Economic Context' to reflect the current economic climate we are operating in.

5. **FINANCIAL IMPLICATIONS**

- 5.1. There are no financial implications arising directly from approving the decision sought in this report.
- 5.2. The revised delivery and expenditure profile approved by the Board in September is included in the quarterly report.

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:

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| Appendix 1 | North Wales Growth Deal – Quarter 2 Performance Report |
| Appendix 2 | Portfolio Risk Register – September 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 North Wales’s performance over the last quarter. I will continue to assist the Portfolio Management Office in managing the relevant risks.”