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## **ECONOMIC WELL-BEING SUB-COMMITTEE**

**6 February 2026**

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**TITLE:** 2026/27 Budget

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### **1. PURPOSE OF THE REPORT**

- 1.1. The purpose of this report is to provide the Growth Deal's revenue and capital budget for 2026/27.
- 1.2. The budget was presented to the Portfolio Board on 16 January 2026 and approved by the North Wales Corporate Joint Committee (CJC) in its meeting on 23 January 2026.

### **2. DECISION SOUGHT**

- 2.1. To note the Growth Deal's revenue budget for 2026/27 as presented in Appendix 1.
- 2.2. To note the funding contributions to include the partner contributions, local authorities' supplementary contributions and partner interest contributions.
- 2.3. To note the Growth Deal's capital budget for 2026/27 as presented in Appendix 2.

### **3. REASON FOR THE DECISION**

- 3.1. The Growth Deal requires an annual budget in order to operate effectively within the funding available.

### **4. BACKGROUND AND RELEVANT CONSIDERATIONS**

- 4.1. The Delivery and Funding Agreement sets out the funding arrangements for the Growth Deal. As per the Agreement, the budget for 2026/27 shall consist of the annual contributions from partner authorities, supplementary contributions from local authorities and contributions to finance the cost of borrowing of projects.

## 5. FINANCIAL IMPLICATIONS

### Revenue Budget

- 5.1. Appendix 1 sets out the proposed Growth Deal revenue budget per expenditure heading and the corresponding funding streams for the year.
- 5.2. The total expenditure budget for 2026/27 is £2,946,070, with £469,900 funded by partner contributions, £240,000 by local authorities' supplementary contributions, £154,090 by partner interest contributions, £660,000 from the 2.15% of the North Wales Growth Deal grant allocated to fund revenue expenditure, £435,350 from the top-slice of the projects' allocation of the North Wales Growth Deal grant to fund posts specific to these projects and £986,730 from the resources reserve.
- 5.3. In its meeting in February 2025, the North Wales Economic Ambition Board approved the transfer of the interest received on the Growth Deal grant balances in 2024/25 and 2025/26 to a specific reserve to fund the additional government roles, the retention of the Portfolio Management Office capacity for an additional two years as well as project development costs. The use of this reserve in 2026/27 will leave an estimated balance of around £2.9m at 31 March 2027.
- 5.4. The contributions from partners are summarised below:

	Partner Contributions	Local Authorities' Supplementary Contributions	Partner Interest Contributions	Total Contributions
	£	£	£	£
Conwy County Borough Council	(58,730)	(40,000)	(18,140)	(116,870)
Denbighshire County Council	(58,730)	(40,000)	(6,070)	(104,800)
Flintshire County Council	(58,730)	(40,000)	(9,140)	(107,870)
Cyngor Gwynedd	(58,730)	(40,000)	(6,780)	(105,510)
Isle of Anglesey County Council	(58,730)	(40,000)	(28,370)	(127,100)
Wrexham County Borough Council	(58,730)	(40,000)	(18,970)	(117,700)
Bangor University	(29,380)		(23,270)	(52,650)
Wrexham University	(29,380)		(24,250)	(53,630)
Coleg Cambria	(29,380)			(29,380)
Grŵp Llandrillo Menai	(29,380)		(19,100)	(48,480)
<b>Total Contributions</b>	<b>(469,900)</b>	<b>(240,000)</b>	<b>(154,090)</b>	<b>(863,990)</b>

- 5.5. Partner contributions will remain the same as 2025/26 due to the reduction of the employer pension contribution rate from 2026/27 offsetting the out-turn adjustment for 2025/26 and the estimated salary inflation for 2026/27.
- 5.6. The supplementary contributions were approved as part of the Delivery and Funding Agreement and are provided by each Council on an ongoing basis to partly fund the annual budget of the Growth Deal.

- 5.7. In 2020, Arlingclose (independent treasury advisory company) were commissioned to model the cost of borrowing and the corresponding annual partner contributions required to meet this cost, and contributions were included in the 2021/22 budget onwards. Although a lot of the variables that can affect these costs remain uncertain, these revised contributions for 2026/27 are based on the most up to date information available and level of contributions required for the remaining years will be reviewed again as more information becomes available during the year.
- 5.8. Changes in projects in the capital profile have led to an overall increase in the estimated cost of borrowing compared to the previous calculation undertaken for the 2025/26 budget and have also altered partners' share of the borrowing cost, which is reflected in the partner interest contributions levels. Some partners also lead their own Growth Deal projects, and the associated cost of borrowing has therefore been added to their interest contributions. Despite these changes, the interest contributions remain within the thresholds approved in the Delivery and Funding Agreement.

#### Capital Budget

- 5.9. The capital budget reflects the most recent expenditure profile for each project within the Growth Deal over the period 2021/22 to 2034/25, as well as the 2.15% top-slice to fund the revenue budget over the same period. It's based on the latest projects' timescale, and it will be reviewed during the year as the business cases are approved.
- 5.10. Following a portfolio review by Ambition North Wales, some Growth Deal projects were removed in 2025/26 and a Reserve List was established. This led to changes in the capital profile, where new projects that were on the Reserve List secured funding following the approval of their business cases, and some projects that were previously in the capital profile were moved to the Reserve List.
- 5.11. Although the £240m capital expenditure will be funded by the Growth Deal grant, the timing of the grant receipt will mean that borrowing will be required in the short term. The cost of borrowing will be funded by partners and project sponsors, and partners have already been contributing an annual sum towards these costs which has been set aside in a specific reserve.
- 5.12. The Portfolio Management Office will be working to agree a revised drawdown funding profile of the Growth Deal grant with Welsh Government and UK Government.
- 5.13. With capital projects, there is always a risk of overspending, and controls will be put in place to limit overspending costs on specific projects. For regional projects, the Portfolio Management Office will be responsible for controlling expenditure and ensuring that sufficient contingency budgets are included in the project business cases. Overspend would be a matter for the project sponsor to deal with in relation to their own projects.
- 5.14. Regular budget monitoring reports of the Growth Deal will be presented to Ambition North Wales staff during the year. A further detailed review will also be undertaken at the end of July 2026 and December 2026 and presented to Economic Well-being Sub-committee meetings, with any issues highlighted and appropriate steps taken.

## **6. LEGAL IMPLICATIONS**

- 6.1. Senior Officers of Ambition North Wales as well as the Monitoring Officer have contributed to this budget.

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### **APPENDICES:**

**Appendix 1:** Growth Deal's 2026/27 Revenue Budget

**Appendix 2:** Growth Deal's 2026/27 Capital Budget

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### **STATUTORY OFFICERS RESPONSE:**

**i. Monitoring Officer:**

No observations to add in relation to propriety.

**ii. Statutory Finance Officer:**

Report author.