Appendix 1

Medium Term Financial Strategy 2026/27-2029/30

1. Introduction

Growth Deal and the North Wales Economic Ambition Board

The North Wales Economic Ambition Board (NWEAB) was established as a joint committee in 2018 as agreed in a first stage Governance Agreement, which was approved by all partners (6 local authorities and 4 education partners) in June and July 2018.

The UK Government confirmed an allocation of £120 million for the Growth Deal in the Chancellor's Budget held on the 29 October 2018. Confirmation was received from the Welsh Government that they would match this sum on the 21 December 2018. This meant that a budget of £240 million was in place to deliver projects within the Growth Deal. The Joint Committee was to be the key body to oversee the Growth Deal and to represent the interests of the parties and its stakeholders. NWEAB was also responsible for monitoring project progress and managing the political dimensions of the Growth Deal.

In addition, NWEAB would also oversee the Regional Growth Strategy and take all necessary decisions to facilitate and implement its delivery.

A Proposition Document, which set out a package of bold measures and interventions to deliver sustainable and inclusive economic growth in North Wales, was approved by all partners in September and October 2018. This document identified 16 projects to be funded through the Growth Deal, with details on costs, outcomes and timeline for delivery included. At that time, the total sum that was targeted from the Growth Deal was £334m of capital funding and £8m of revenue funding.

The Portfolio Management Officer (PMO) was set up to manage the Growth Deal on behalf of the partners, led by the Portfolio Director.

Corporate Joint Committee

Part 5 of the Local Government and Elections (Wales) Act 2021, Collaborative Working by Principal Councils, sets out the Welsh Government's powers to make regulations with regards to Corporate Joint Committees in Wales. In particular, regulations 11 to 14 of the North Wales Corporate Joint Committee (Wales) Regulations 2021 outline the following as functions of the North Wales CJC:

Economic Well-being. The economic well-being function is granted to the North Wales CJC as set out in section 76 of the Local Government and Elections (Wales) Act 2021. A corporate joint committee which has been granted the economic well-being function may do anything which it considers is likely to promote or improve the economic well-being of its area.

Developing transport policies. The function of developing policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within their area and to develop policies for the implementation in their area of the Wales Transport Strategy, in respect of the area of each constituent council, to be exercised by the North Wales CJC, and not by the constituent council.

Strategic planning functions. The North Wales CJC has the function of preparing a strategic development plan.

Regulation 14 states that – (1) the North Wales CJC may do anything (a) to facilitate, or (b) which is incidental or conducive to, the exercise of its functions under these Regulations or any other enactment. This includes (a) incurring expenditure; (b) charging fees; (c) acquiring or disposing of property or rights.

Growth Deal Transfer

On 1 April 2025, the functions of the North Wales Economic Ambition Board were transferred to the North Wales Corporate Joint Committee under the CJC's statutory duty for economic well-being.

Funding of the Corporate Joint Committee

The Corporate Joint Committee has no tax-raising powers.

Growth Deal revenue costs are funded by a combination of a top-slice of the capital grant and partner contributions. Similarly, revenue costs associated with Investment Zones are grant-funded.

For all functions except the Growth Deal and Investment Zones, for each financial year the North Wales CJC must calculate its net revenue requirement attributable to—

(a) its strategic planning functions and

(b) its other functions.

The net revenue requirements relating to the strategic planning functions (including an appropriate proportion of administration costs and other overheads) is apportioned to the Constituent Councils and Eryri National Park Authority, whilst the net revenue requirement for all other functions (except strategic planning, the Growth Deal and Investment Zones) are apportioned to the Constituent Councils. Apportionments must be agreed unanimously.

Therefore, the budget is set on an annual basis and, apart from the specific matters described above, there is no long-term sustainable funding mechanism whereby Ambition North Wales is funded directly the Welsh Government.

Why the MTFS is needed now

As an organisation whose functions continue to be developed and guided by Welsh Government, Ambition North Wales must ensure that it has the necessary resources in place to fulfil its statutory duties and functions. Whilst the budget is set annually, no later than the end of January, there must be a strategic approach to considering the ability of the organisation to continue to operate as required. This not only allows Ambition North Wales to be clear about it direction but also is transparent and open with the constituent council and national park authority.

2. Purpose of the MTFS

Welsh Government CJC guidance states that CJCs are public bodies and part of the local government family and should demonstrate good governance from the outset. The Medium-Term Financial Strategy (MTFS) proposes principles established on CIPFA and Welsh Government expectations regarding good governance, financial sustainability, risk management, stewardship and accountability.

The strategy sets out how the CJC will make sustainable financial choices, manage uncertainty and maintain the capacity to deliver its statutory responsibilities and agreed regional programmes over the current Medium-Term Financial Plan (MTFP) period. It sets the strategic framework, risk appetite, decision rules and governance expectations within which the MTFP is prepared, challenged, approved and monitored. The strategy will be reviewed annually and rolled forward in accordance and alignment with the financial plan.

The Strategy is intended to:

- support sustainable financial decision-making;
- integrate finance, workforce, risk and performance planning;
- distinguish clearly between levy-funded activity and programme-funded activity;
- support transparent decision-making by Members and levy-paying bodies.

Relationship with the MTFP

MTFS: strategic framework	MTFP: quantified financial plan
Sets principles, objectives, risk appetite, decision rules and governance.	Shows income, expenditure, levy, reserves, cash flow, capital and borrowing forecasts across 2026/27-2029/30.
Explains how the CJC will assess resilience and make choices.	Shows the financial consequences of current assumptions and proposed choices.
Should remain relatively stable, subject to annual review.	Should be refreshed annually and rolled forward in accordance with financial planning processes.

3. Strategic principles

1. Sustainable choices

Principle: The CJC will assess decisions over the full planning timeline, aligning resources and commitments with statutory responsibilities and agreed regional priorities.

It is a fundamental principle that any statutory local authority organisation such as Ambition North Wales must be able to set a balanced budget. As such, significant local government finance legislation is as relevant to the CJC as it is to a principal council, in particular Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, amongst others. As a Corporate Joint Committee, Ambition North Wales is a levying body and has no tax-raising powers of its own.

The primary sources of revenue income for the Portfolio Management Office, which administers the North Wales Growth Deal, is a 2.15% “top slice” of the £240 million capital grants provided by the UK and Welsh Governments, and agreed partner contributions from six constituent councils and four further and higher education establishments.

Similarly, revenue costs associated with Investment Zones are grant-funded through an agreed administration “top slice”.

Other functions of the Corporate Joint Committee are primarily funded through raising a levy on the six constituent councils and Eryri National Park Authority. By statute, the budget and its apportionment to the levy-paying bodies must be agreed by 31 January before the start of the relevant financial year. As part of the Medium-Term Financial Strategy, Ambition North Wales will be transparent with the levy-paying bodies and will hold discussions on both member and officer level on its funding requirements.

Developing the budget will be an iterative process, with both the Governance and Audit Sub-Committee and the Corporate Joint Committee being informed regularly during the budgeting process on the likely level of the levy, and any new financial commitments that will need to be considered.

The strategy will be openness on the expenditure requirements, and of the consequences of not agreeing funding.

As part of the statutory duties, if all else fails, the Section 151 Officer must produce a report under Section 114 of the Local Government Finance Act 1988 (a “Section 114 Notice” if he is of the opinion that the Corporate Joint Committee or a person holding any office or employment under the CJC —

(a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,

(b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the CJC, or

(c) is about to enter an item of account the entry of which is unlawful.

2. Resilient funding and balance sheet

Principle: The CJC will manage income, reserves, cash flow, treasury, borrowing and contingencies as an integrated system of financial resilience.

The financial strategy for the Growth Deal will continue to take a whole life view up to the end of the Deal in 2034/35., and the financial forecasts of the capital expenditure up to the end of the Deal in 2034/35 will be continuously reviewed. As has been the case since the inception of the growth deal, this whole life overview will include an overview of capital expenditure profiles, expected reserves, cash flow and any related borrowing requirements, the timing of grant payments, NDR retention, and the related revenue requirements to support the Portfolio Management Office. There will be clear arrangements in place for dealing with the end of the Growth Deal, which will be demonstrated in the Medium-Term Financial Plan.

Similarly, the Flintshire and Wrexham Investment Zone will be funded through specific government grant, with a clear revenue expenditure envelope. This funding will also be kept under constant review to ensure that the total revenue expenditure does not exceed the resources available.

In terms of the other functions of Ambition North Wales, these are matters primarily funded by the levy raised on constituent authorities. In line with a commitment to transparency, the use of the levy will be communicated clearly to the constituent authorities, and the reasoning behind the budget requirements of Ambition North Wales should be demonstrable.

3. Deliverable portfolio and corporate resources

Principle: The CJC will ensure that organisational capacity, capability, governance arrangements and financial resources develop in step with its expanding statutory responsibilities, programme portfolio and role as a corporate public body.

Ambition North Wales continues to develop as it is given additional duties and responsibilities by both Welsh Government and UK Government. As a result, there will be a constant review of the capacity requirements of the organisation to ensure that it can continue to deliver these functions. This includes a need for the Medium-Term Financial Plan to include an honest and clear overview of the need to develop Ambition North Wales as a statutory local authority body. These resources will include the need for sufficient and justifiable staffing structures and the setting-up of the governance structures required for such an organisation, both in terms of good practice and as required by statute.

This includes ensuring sufficient support for the statutory officers and their teams.

Regular reviews of the Medium-Term Financial Plan will therefore include as assessment of staffing structures moving forwards for the next three years.

4. Transparent governance and partnership

Principle: The CJC will make assumptions, risks, choices and accountabilities visible, supporting informed Member decisions and early engagement with levy-paying bodies.

As Ambition North Wales matures as an organisation over the term of this Financial Strategy, the budgeting process will also develop. Regular reviews of the Medium-Term Financial Plan, with formal consideration by both the Governance and Audit Sub-Committee (for independent overview) and the full Corporate Joint Committee (for formal adoption) every autumn, will allow the budgeting process to be a truly iterative process, with the developing picture being clear to all members by the time of setting the formal budget in January.

This includes being clear within the MTFP of the assumptions made in developing the budget requirements.

4. Financial Planning Architecture

The MTFS is supported by a Medium-Term Financial Plan covering the period 2026/27-2029/30.

The MTFP presents an overview of the following into a single view of the CJC's medium-term financial position:

- core levy-funded activity;
- statutory functions;
- programme expenditure;
- reserves;
- cash flow;
- borrowing requirements;
- workforce implications.

5. Assumptions and Scenarios

The MTFS will be supported by the development of a controlled assumption register during 2026/27.

In developing the MTFP, a number of assumptions have been made which are explained in the document. These key assumptions should include inflation, pay awards, grant funding, borrowing costs, programme delivery profiles and new CJC responsibilities.

6. Risk Appetite and Decision Rules

The CJC has a low appetite for:

- expenditure that may be *ultra vires;*
- unsupported recurring expenditure;
- depletion of general reserves below the threshold recommended by the Statutory Finance Officer without a replenishment strategy;
- committing to new expenditure after the budget has been approved, leading to the need of an in-year supplementary budget;
- financial decisions that threaten statutory delivery.

The CJC has a moderate appetite for:

- investment without sufficient due diligence
- externally funded programme delivery risk;
- managed borrowing where affordability can be demonstrated.

7. Governance and Accountability

The Strategy recognises all levy-paying bodies and relevant statutory partners and seeks to support transparent and informed decision-making.

8. Monitoring and Evaluation

The MTFS will be monitored through:

- quarterly budget monitoring;
- quarterly resilience reporting;
- risk reporting;
- programme performance reporting.

9. Annual Financial Resilience Assessment

The Statutory Finance Officer will provide an annual assessment of financial resilience alongside the MTFP.

This assessment should consider:

- sustainability of the revenue position;
- adequacy of reserves;
- affordability of borrowing;
- funding and grant dependency;
- workforce sustainability;
- programme affordability and delivery risk;
- effectiveness of governance and financial controls.

10. Conclusion

- The MTFS will be reviewed annually alongside the Medium-Term Financial Plan.
- The financial planning period will be rolled forward as part of the annual budget-setting and financial planning process.
- The Strategy may be reviewed earlier where there is a significant change in funding arrangements, statutory responsibilities, governance arrangements or financial risk exposure.
- The Statutory Finance Officer will advise on any amendments required to ensure continued alignment with the MTFP and relevant legislation, guidance and professional standards.