



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

14th May, 2021

TITLE: *North Wales Growth Deal – Quarter 4 and Annual Reports*

AUTHOR: *Alwen Williams, Portfolio Director*

1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to present the Quarter 4 (Jan-March) Growth Deal report, updated Portfolio Risk Register and the Portfolio Management Office Annual Report for 2020-21.
- 1.2. Quarterly and annual 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, updated Portfolio Risk Register and the Portfolio Management Office Annual Report for 2020-21.
- 2.2. That the Board consider the format of the quarterly report and identify improvement or where further information would be useful for future iterations.
- 2.3. That the Board approves the submission of the Quarter 4 Performance Report and the Portfolio Management Office Annual Report for 2020-21 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 three appendices:
 - North Wales Growth Deal Quarter 4 Performance Report;
 - Portfolio Risk Register – April 2021;
 - Portfolio Management Office Annual Report 2020-21.

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. With the Deal signed, the focus this quarter has been on moving to the delivery phase. Work started in January 2021 with a baseline review of all projects to re-confirm timetables for business case development and delivery. Once this exercise was completed, the focus was on moving project business cases forward.
- 4.6. During Quarter 4, a significant number of workshops have taken place, in line with the Better Business Case guidance, to support the development of the project business cases. These workshops involved a number of stakeholders and allowed us and our project sponsors to test, challenge and re-confirm support for the projects.
- 4.7. Gateway Reviews are a key part of our assurance and approvals process, providing an independent checkpoint prior to key decision points. Quarter 4 saw our first two projects undertaking their Gateway Reviews. The Morlais project, led by Menter Môn and the Enterprise Engineering and Optics Centre project, led by Wrexham Glyndwr University completed their reviews and are now working to address the recommendations made before submitting revised business cases for consideration.
- 4.8. Having signed the Grant Award Letter and submitted the required documentation we have received the first instalment of £16million from Governments in March 2021. This funding will enable project delivery to commence during the next financial year, when we expect to consider and make a decision on our first tranche of project business cases.
- 4.9. The majority of programmes and projects are currently reporting as Amber as a result of revised business case development timetables resulting in delay compared to the timetable outlined in the Portfolio Business Case. Two projects are currently reporting red due to risks that could impact on the scope of the projects.

Portfolio Risk Register – April 2021

- 4.10. 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.
- 4.11. 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.
- 4.12. The overall risk profile of the Growth Deal is stable with no new significant areas of concern. There remain some significant risks associated with a couple of individual projects and the post Covid-19 appetite and ability of the private sector to invest in the Growth Deal remains unclear at this stage. The longer-term implications of Covid-19 and economic recovery on the Growth Deal also remain unclear and will continue to be kept under review.

Portfolio Management Office Annual Report 2020-21

- 4.13. The annual report looks back on the progress made over the last financial year. It includes both the Growth Deal and other activities supported by the Portfolio Management Office.

- 4.14. 2020-21 was a challenging year, with Covid-19 changing our lives and the way we work. Despite these challenges, the final deal agreement on the North Wales Growth Deal was signed during a virtual ceremony on the 17th December, 2021.
- 4.15. The Final Deal is the contract between the UK Government, Welsh Government and the North Wales Economic Ambition Board for the delivery of the Growth Deal. It was secured on the basis of a Portfolio Business Case and five Programme Business Cases outlining plans for the total investment of £240m (£120m by UK Government and £120m by Welsh Government).
- 4.16. In addition to achieving the Final Deal, a number of other significant milestones were achieved including:
- Securing £2.9million in ESF funding to expand the Portfolio Management Office;
 - Recruitment to the new staffing structure with only 2 posts vacant as of April 2021;
 - Completion of Portfolio Assessment Review and first project Gateway Reviews;
 - Completion of Better Business Case training for team members;
 - Working closely with the six local authorities, UK and Welsh Governments and private sector representatives to co-ordinate the regional response to economic recovery.

5. FINANCIAL IMPLICATIONS

- 5.1. There are no direct financial implications arising from the report.
- 5.2. The quarterly performance report provides an overview of the expected capital expenditure profile of Growth Deal funding. At this stage, no project business cases have been approved and therefore there is no expenditure to report on. Future iterations of the report will include reporting on 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 – April 2021
Appendix 3	Portfolio Management Office Annual Report 2020-21

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“As noted in the report there is a commitment in GA2 to provide quarterly reports for the Partners scrutiny arrangements. The recommendation addresses this requirement and will give the scrutiny system an opportunity to be updated and to consider the information when forming their work programmes.”

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

“This is an update report, for members’ information, and paragraph 5.1 notes that there are no direct financial implications arising. Regular reporting on the progress of the North Wales Growth Deal is critical to ensure compliance with the award of funding letter requirements and GA2. I can confirm that discussions are continuing with Welsh Government with regard to the grant profile and related conditions, after the UK Government accelerating their funding arrangements, as noted under ‘Finance’ in part 2 of the quarterly report.”