

Progress Review of the North Wales Growth Deal – North Wales Economic Ambition Board

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This document is also available in Welsh.

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Summary report

Summary

- 1 The North Wales Economic Ambition Board (NWEAB) was established to support the development of the region's economy. It has placed considerable emphasis on the successful delivery of its North Wales Growth Deal. The Growth Deal is seen by partners as an opportunity to transform the region and help rebalance the North Wales economy.
- 2 The North Wales Growth Deal aims to:
 - deliver inclusive economic growth;
 - generate £2.0- £2.4 billion in net additional Gross Value Added by 2036;
 - create 3,400 to 4,200 net additional jobs by 2036; and
 - deliver a total investment of £1.15 billion in the North Wales Economy through the Growth Deal. £240 million Growth deal funding, £184 million wider public funding, £722 million private sector investment.
- 3 The NWEAB has substantial funding to manage as it delivers the Growth Deal. It has ambitious programmes of work, there are complexities of partnership working and the impact of the COVID-19 pandemic on public services and the local economy are significant. This review sought to assess progress made by the NWEAB on its journey to support the development of the region's economy and delivery of the North Wales Growth Deal.
- 4 We focused our review on how the NWEAB was making progress in delivering the low carbon energy programme and in doing so examined:
 - governance arrangements;
 - support provided by the programme management office;
 - impact of COVID-19 on planned delivery; and
 - shared learning for the ambition overall.

The review sought to answer the question: In delivering its overall goals, is the NWEAB ready and able to adjust to meet the changing economic circumstances?
- 5 We found that the NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office, external factors may impact on the planned ambitions and NWEAB is adapting to accommodate these. We concluded this because:
 - partners have agreed ambitions for the North Wales economy and have established a clear governance framework, although not all elements are operational;
 - the NWEAB has established a well-resourced Portfolio Management Office to support delivery of its ambitions; where it finds gaps in skills, knowledge, or capacity, it is resourceful in filling shortfalls; and

- the success of the Growth Deal is dependent on many external factors that may change planned ambitions: the NWEAB is adapting to overcome these emerging challenges and risks.

Proposals for improvement

Exhibit 1: proposals for improvement

Exhibit 1 summary: The table below contains our proposals for ways in which the councils through the North Wales Economic Ambition Board could improve their delivery their overall goals.

Proposals for improvement	
P1	The North Wales councils, through the NWEAB, should develop a risk management strategy and develop a risk register which includes consideration of new risks to projects presented by external circumstances such as Brexit, COVID-19 and other pressures on the local economy.
P2	The North Wales councils, through the NWEAB, should widen their contacts with the business community to increase opportunities to support delivery of their objectives.
P3	Ensure that policies and procedures reflect the need to uphold public sector transparency and values in decision making whilst operating in the very competitive and commercial business environment.
P4	Establish formal, timely scrutiny of the NWEAB that provides public transparency and keeps sponsoring councils informed.
P5	Develop agreements that clearly set out the support provided to the PMO by Gwynedd Council such as governance, human resources and finance.
P6	When reviewing feasibility of individual projects, define how each contributes to delivery of the Well-being of Future Generations (Wales) Act 2015's seven Well-being Goals.

Detailed report

The NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office, external factors may impact on the planned ambitions and NWEAB is adapting to accommodate these

Partners have agreed ambitions for the North Wales economy and have established a clear governance framework although not all elements are operational

High level strategic aims and funding commitments

- 6 In 2016 the North Wales Economic Ambition Board (NWEAB)¹ adopted **A Growth Vision for the Economy of North Wales**. That Vision was subsequently adopted by all six North Wales councils. Based on the Growth Vision Strategy, a Growth Deal bid was prepared and agreed by all the partners, working with both the UK and Welsh Governments and the private sector in October 2018. In November 2019, the NWEAB and the Welsh and UK Governments agreed the Heads of Terms², and the Final Deal Agreement was completed in December 2020.
- 7 The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on its strengths to boost productivity while tackling long-term challenges and economic barriers to delivering inclusive growth. The NWEAB's approach is to promote growth in a scalable, inclusive and sustainable way in line with the Well-being of Future Generations (Wales) Act 2015. The Growth Deal is based on the delivery of 14 transformational projects across five programmes. The programmes have been defined as either high growth programmes or enabling programmes.
- 8 The Vision is to develop 'a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and NWEAB's connection to the economies of the Northern Powerhouse and Ireland. The Growth Vision was founded on three key principles for North Wales:

¹ The North Wales Economic Ambition Board (NWEAB) is a Joint Committee comprising the six councils in North Wales (Conwy, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey and Wrexham the two colleges (Coleg Cambria and Grŵp Llandrillo Menai), two universities (Bangor and Wrexham) and the private sector.

² Heads of terms evidence serious intent and have moral force, but do not legally compel the parties to conclude the deal on those terms or even at all.

- Smart – with a focus on innovation and high value economic sectors to advance economic performance;
 - Resilient – with a focus on retaining young people, increasing employment levels and skills to achieve inclusive growth; and
 - Connected – with a focus on improving transport and digital infrastructure to enhance strategic connectivity to and within the region.
- 9 The NWEAB has sought to ensure that its work complies with the Well-being of Future Generations (Wales) Act 2015 (WFG). In terms of the five ways of working, its programme is long term in nature, there is clear partnership working which demonstrates collaboration and projects are clear about their intended impact and what they seek to prevent. As planning of projects continues to develop there is more scope for integration across the region and involvement in their shaping and delivery.
- 10 In the Autumn Budget 2018, the then Chancellor of the Exchequer, announced £120 million in capital funding for the North Wales Growth Deal. The Welsh Government confirmed that it would match the UK Government's financial contribution to the North Wales Growth Deal, securing commitment for £240 million as a grant contribution in capital funding from governments.
- 11 The Growth Deal is seeking to deliver a total investment of up to £1.1 billion in the North Wales economy including the £240 million from the Growth Deal, to create between 3,400 and 4,200 net additional jobs and generate between £2 billion and £2.4 billion in net additional Gross Value Added³.
- 12 Partners recognise that the vision was originally set out in 2016 and the local economy and demographics will have changed, particularly due to the impact of the COVID-19 pandemic. As a result, they plan to refresh the vision to reflect the current economic position.
- 13 In agreeing to work together in North Wales to deliver a shared vision, partners have put aside any potential political differences, to ensure they maximise the benefits for the region as a whole. This is a long-term project and partners have agreed principles that they hope will see delivery of the Growth Deal in full. It will remain in full force and effect until such time as either all the parties have withdrawn, or all parties agree to terminate the agreement. Its so called 'lock in period' is an agreement that no party may operate the withdrawal provisions for the initial six years of the governance agreement. Withdrawal after this period is possible on notice, however, any partner who wishes to withdraw will be required to indemnify the remaining partners against the financial impact of that withdrawal and in particular any existing and continuing contractual commitments.

³ Gross value added is the measure of the value of goods and services produced in an area, industry or sector of an economy.

Governance arrangements

- 14 The NWEAB is well established and acts as the Sponsoring Group and the Decision-Making Body. The Board is responsible for the consideration and approval of project business cases within the portfolio and has responsibility for delivery delegated to the relevant programme and project boards. The Board generally meets monthly and consists of council leaders and chief executives, advisors from the colleges, universities and Business Delivery Board, officers from Gwynedd Council as host authority and the Portfolio Management Office. Only the six council leaders who represent their respective councils have voting rights.
- 15 The NWEAB has focused on delivery of the Growth Deal and in particular securing government funding as a priority. Having secured this funding, the Board will focus more on delivering the programmes and projects and its wider aims and vision around being smart, resilient and connected.
- 16 NWEAB has established an Executive Support Group (Portfolio Board) which is the advisory body to the Economic Ambition Board. It acts as the Portfolio Board for the Growth Deal and is made up of senior officers from each of the Economic Ambition Board partner organisations. This group plays a pivotal role in advising the NWEAB as it develops and delivers the Growth Deal projects.

Cultures and working arrangements

- 17 Delivery of the Growth Deal brings together very different cultures and governance arrangements. The councils are governed by their constitutions and delegated powers and are accountable to the electorate. Higher education partners operate within their constitutions, charters and statutes, and business partners are accountable to boards and shareholders. As delivery of the Growth Deal progresses, partners will need to ensure a good mix of speedy decision making whilst maintaining adherence to governance structures designed to ensure public accountability and transparency in the use of public money. At this stage it is unclear how NWEAB supported by the PMO will satisfy the requirements of these different cultures.
- 18 Officers and councillors working in partnership must ensure that their sponsoring organisations are fully informed of key decisions and, where necessary, approval is sought. As the Growth Deal was nearing sign off, we observed councils as they debated and approved the final proposal. Leaders clearly articulated the important issues around the proposal and spoke with enthusiasm about the prospects for the region.
- 19 At earlier stages of the work, we understand that Leaders briefed Cabinet or Executive Members and we believe that opposition groups were kept informed through councillor briefings. Whilst it is positive that all councillors are well informed, that members of the public have access to reports via Gwynedd Council's website, and that scrutiny committees have considered the bid and deal, ongoing scrutiny arrangements will need to be formalised.

20 Delivery of the Growth Deal will be supported by five Programme Boards; one for each of the agreed programmes as follows:

- innovation in high value manufacturing;
- agri-food and tourism;
- land and property;
- digital; and
- low carbon energy.

A member of the Executive Support Group has the role of Senior Responsible Owner (SRO) for each of the programmes and leads the relevant Programme Boards. At the time of our review, the Programme Boards were at various stages in their development with the Low Carbon Energy Programme Board being the most well established. We observed the January 2021 meeting of the Low Carbon Energy Programme Board meeting which showed a clear focus on delivery and a developing approach to managing the projects within the programme, such as developing benefits realisation and business cases.

21 The NWEAB plans that all projects within the Growth Deal will be managed via 14 project boards. Each will have an allocated SRO, project manager and project sponsor. These boards will be focused on the development and delivery of the agreed business cases, which will focus on the delivery of specified outputs. Projects will report through to the relevant Programme Board. At the time of our review, terms of reference for Project Boards had not been agreed.

22 Albeit that most projects are at the early stages of their development, we sought to identify if interdependencies between the projects were being managed effectively. We understand that projects were established first then grouped together to form the programmes. As such these are not programmes with interdependent projects; rather they are a collection of individual projects that if successful will help to deliver the programme outcomes.

The NWEAB has established a well-resourced Portfolio Management Office to support delivery of its ambitions; where it finds gaps in skills, knowledge, or capacity, it is resourceful in filling shortfalls

The Portfolio Management Office

23 Initially, professional networks have played their roles such as planners and senior officers from all the North Wales councils and other partners in setting up the Growth Deal. This professional input guided the development of the Growth Deal projects, the regional vision and the governance structures which have now been established. This professional support continues.

- 24 The NWEAB established a Portfolio Management Office (PMO) to progress the development and delivery of the Growth Vision and Growth Deal. During 2020-21, recruitment to key posts such as programme and project managers and support posts proceeded and as at January 2021 recruitment continued.
- 25 The PMO has a budget of £1,673,690 in 2020-21 funded by councils, universities, the European Social Fund, Transport Wales Bill grant and Earmarked reserves. In 2020-21, NWEAB forecasts an underspend of £78,000.
- 26 Gwynedd Council 'hosts' the PMO by providing governance, employing PMO staff, human resources and financial advice/services. This enables the PMO to draw on professional services and support without incurring unnecessary additional infrastructure costs. This arrangement has developed over time and is not yet supported by a service level agreement which would formalise the relationship between the PMO and Gwynedd Council.
- 27 Where the PMO has needed extra capacity around specialist or additional support, it has commissioned this from the private sector. For example, recently it commissioned work around tourism, an impact assessment and a situational analysis
- 28 Where the PMO has identified gaps in its own skills and knowledge it has commissioned specific training. For example, Welsh Government staff were commissioned to provide training on drafting and reviewing business plans.
- 29 The PMO has well developed relationships with staff from North Wales councils involved in delivering core regeneration and economic development services and has engaged well with them through the COVID-19 related North Wales Regional Economic Recovery Group. The PMO chaired and administered these meetings, drawing together these valuable regional resources. The PMO has already become a valuable regional source of information around regeneration and economic development because of its skills, knowledge and local intelligence but will need to be clear over time about the distinction between its role in delivering the growth deal and vision and the core functions and responsibilities of individual councils.
- 30 The PMO recognises that it has further work to do. It plans to:
- develop the NWEAB website;
 - develop a reserves strategy; and
 - set out its medium-term financial plan.

Learning from and engaging with others

- 31 Flintshire and Wrexham Councils are members of the Mersey Dee Alliance (MDA). The aim of the MDA is to enhance the profile and identity of the North Wales/North West border region. Engaging with the MDA provides an external perspective to the NWEAB and helps it to look around the borders for wider opportunities in the delivery of its economic vision.

- 32 The Draft Procurement Strategy sets out a commitment to be innovative in its approach to maximise social value working with partners, in particular the Public Services Boards to support building community resilience. Engagement with the Public Services Boards has not yet commenced.
- 33 The PMO speaks regularly to people in similar roles who support government funded initiatives across Wales such as the Cardiff City Deal and the Mid Wales Growth Deal. This provides a valuable source of information and enables the sharing of valuable learning.
- 34 The NWEAB and the PMO continue to maintain regular contact with the UK and Welsh Governments over delivery of the Growth Deal, which provides routine challenge and guidance.

Plans to deliver the Growth Deal

- 35 Within the five programmes, there are 14 individual projects as follows:

Innovation in high value manufacturing programme

- Centre for Environmental Biotechnology
- Enterprise Engineering & Optics Centre

Agri-food and tourism programme

- Tourism TALENT Network
- Glynllifon Rural Economy Hub
- The Llysfasi Carbon Neutral Centre

Land and property programme

- Holyhead Gateway
- Regional Land and Property
 - Wrexham Gateway;
 - Parc Bryn Cegin: former North Wales Hospital;
 - Key Strategic Sites:
 - Bodelwyddan; and
 - Warren Hall

Digital programme

- Digital Connectivity Project
 - Connected Campuses;
 - Connected Corridors;
 - Last few percentages; and
 - Full fibre at key sites
- Digital Signal Processing Centre Project (DSP)

Low carbon energy programme

- Morlais

- Trawsfynydd Power Station
 - Low Carbon Energy Centre of Excellence
 - Smart Local Energy
 - Transport Decarbonisation
- 36 Some of the projects are at concept stage with assumptions around the level of private sector funding that will be needed to support delivery. With the signing of the Growth Deal agreement, the NWEAB plans to revisit its original project and planning assumptions to ensure that they remain feasible before progressing with delivery.
- 37 Having clarified the assumptions for each programme and the projects that support them, the NWEAB will need to approve business cases for each. Work has already begun on some project business cases whilst others remain at an early stage of development. Once approved, business cases will pave the way for procurement and further Gateway reviews.
- 38 As projects develop there is opportunity to define how each contributes to delivery of the seven Well-being Goals. The PMO has completed WFG Act, Equalities Act and Welsh Language Act impact assessments against its portfolio and plans to carry out similar for programmes and projects.

The success of the Growth Deal is dependent on many external factors that may change planned ambitions; the NWEAB is adapting to overcome these emerging challenges and risks

- 39 The local economic landscape in Wales has changed since the NWEAB approved the original Growth Deal programmes and projects. The impact of external factors such as COVID-19 on business and employment has been unprecedented and the effect on the local economy can be better assessed following clarity on the Brexit agreement.
- 40 The Growth Deal programme is subject to a series of Welsh Government Assurance Hub independent Gateway reviews at agreed points of time. Release of government funding will be dependent on the NWEAB receiving positive rating through these reviews. In September 2020, such a review was carried out and the review team reported that successful delivery appeared feasible, but significant issues required management attention which contributed to an overall Amber rating. The review was positive around the regional ethos, PMO and involvement of stakeholders. However, it also noted some concerns around benefits management, risk management, monitoring, timescales and feasibility of some projects. Risks are significant and we would highlight the need for a risk management strategy as a key priority for the NWEAB with Brexit, COVID-19 and reliance on private sector funding potentially affecting the viability of some projects.

- 41 The PMO has responded positively to the review findings and has informed Welsh Government and the NWEAB what actions it plans to take or is already taking to address the review recommendations.
- 42 Ongoing support and engagement with the business sector are critical to delivery of the Growth Deal and the regional vision. The North Wales Mersey Dee Business Council was a founding member of the NWEAB and has worked in close collaboration with partners and regional stakeholders to shape and influence the Growth Deal. In August 2020, due to challenges caused by COVID-19, the Business Council withdrew membership of the NWEAB but remains a key stakeholder and plans to be an integral, albeit more distant, partner moving forward. Over the lifetime of the Growth Deal and delivery of the regional vision, partners, both public and private sector will need to adjust their involvement with the programmes and projects as external factors affect their priorities.
- 43 Whilst the NWEAB has many well-established business relations it is important that it expands this network. The Business Council brings much needed experience, knowledge and opportunities to inform the Growth Deal but there will inevitably be some gaps with businesses not currently aware of the potential opportunities afforded by the Growth Deal and delivery of the vision to which they may be able to contribute.
- 44 As with everybody, the NWEAB has been affected by the COVID-19 pandemic. Local economies have been affected as have ways of working. NWEAB and the PMO have continued to be creative through the use of technology to comply with national restrictions but maintain an air of 'business as usual'. As such, it has met important deadlines and continued to progress projects where it could.



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