

Agenda – Public Accounts and Public Administration Committee

Meeting Venue:

Committee Room 4, Tŷ Hywel

Meeting date: 17 July 2024

Meeting time: 09.15 – 11.00

For further information contact:

Fay Bowen

Committee Clerk

0300 200 6565

SeneddPAPA@senedd.wales

Hybrid

(Private Pre-meet)

(9:00–9:15)

(Public Meeting)

(9:15–9:30)

1 Introduction, apologies, substitutions and declarations of interest

(9:15)

2 Papers to note

(9:15–9:30)

2.1 Letter from the Senedd Commission – Update on recommendations of the committee report on the Scrutiny of the Senedd Commission Accounts 2022–23

(Pages 1 – 4)

Attached Documents:

PAPAC(06)–12–24–PTN1–Senedd Commission – Scrutiny of Accounts 2022–23 update



2.2 Letter from the Auditor General for Wales to the Climate Change, Environment and Infrastructure Committee – Transport for Wales and the Core Valley Lines Modernisation

(Pages 5 – 6)

Attached Documents:

PAPAC(06)-12-24-PTN2-Audit Wales to CCEIC Chair – TfW and Rail Services

2.3 Letter from Digital Health and Care Wales to the Chairs of the Health and Social Care and Public Accounts and Public Administration Committee – Follow-up response to the Scrutiny of Digital Health and Care Wales Report

(Pages 7 – 9)

Attached Documents:

PAPAC(06)-12-24-PTN3-Digital Health and Care Wales – Scrutiny of Digital Health and Care Wales

2.4 Letter from the Auditor General for Wales to the Chair of the Public Accounts and Public Administration Committee on The Welsh Government's support for TVR Automotive Ltd

(Pages 10 – 16)

Attached Documents:

PAPAC(06)-12-24-PTN4-Audit Wales to PAPAC Chair – WG Support for TVR

3 Session on the Cabinet Manual and Access Talks – Withdrawn

Welsh Government Officials

Dr Andrew Goodall – Permanent Secretary

David Richards – Director of Propriety and Ethics

4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting

(9:30)

- 5 Discussion on the Cabinet Manual and Access Talks – Next Steps**
(9:30–10:00) (Pages 17 – 36)

Attached Documents:

PAPAC(06)–12–24–P1 Research Brief

- 6 Draft Report – Building Safety in Wales**
(10:00–10:30) (Pages 37 – 81)

Attached Documents:

PAPAC(06)–12–24–P2 Draft Report – Building Safety in Wales

- 7 Discussion of the letter from the Auditor General for Wales to the
Climate Change, Environment and Infrastructure Committee on
Transport for Wales and the Core Valley Lines Modernisation**
(10:30–10:45)

- 8 Discussion of the letter from the Auditor General for Wales to the
Chair of the Public Accounts and Public Administration Committee
on The Welsh Government's support for TVR Automotive Ltd**
(10:45–11:00)

Manon Antoniazzi

Prif Weithredwr a Chlerc y Senedd
Chief Executive and Clerk of the Senedd

Agenda Item 2.1

21 June 2024

Mark Isherwood MS
Chair of Public Accounts and Public Administration Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

Dear Mark,

Public Accounts and Public Administration Committee Report on the Scrutiny of Accounts 2022-23 - Update on recommendations

I am writing to provide you with further updates as agreed in our letter of the 29 January 2024. I am pleased to enclose a response to the following recommendations in the Annex to this letter.

- **Recommendation 2.** The Commission should provide six-monthly updates to the Committee, starting in Spring 2024, on the progress of the Ways of Working Strategy and the resources that have been allocated to delivering the projects associated with the Strategy.
- **Recommendation 6.** The Workforce Plan and any outputs from the Medium-Term Resourcing Framework should be shared with the Committee as soon as they are available, to ensure that we are updated on the Commission's future planning around Senedd Reform and under the Ways of Working Strategy.

Your Committee's recommendations concerning the Commission are addressed in the attached Annex.

The Commission's approach is always to try to operate with openness, transparency and clarity. As ever, if there is any further information your Committee would like, please let me know.

Yours sincerely,



Manon Antoniazzi

Prif Weithredwr a Chlerc y Senedd / Chief Executive and Clerk of the Senedd

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.



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Annex

Recommendation 2.

The Commission should provide six-monthly updates to the Committee, starting in Spring 2024, on the progress of the Ways of Working Strategy and the resources that have been allocated to delivering the projects associated with the Strategy.

Response

Resources are allocated to the Ways of Working programme via two-ring fenced amounts which are set out in the Commission's 2024-25 annual budget: the Senedd Reform ring-fence (to fund Ways of Working activity that is directly and wholly linked to Senedd Reform) and the Ways of Working ring-fence (for activity which is related to responding to the challenges and opportunities arising from its own changing environment, and the evolving needs of the Senedd and its Members).

The Ways of Working programme is comprised of five principle areas of activity and the latest progress in each is set out below:

- **Bay 2032 Project:** this project relates to meeting the accommodation needs of the Senedd on the expiry of the current Tŷ Hywel lease in 2032. The Strategic Outline Case for the project was approved by Commission in December 2023. This approval has allowed the project to progress to its main planning stage which will include the development of an Outline Business Case, and the associated procurement documentation to include the Senedd's needs. The current intent is to gain approval to launch the procurement process in the late autumn of 2024.
- **Tŷ Hywel 2026:** this project relates to reconfiguring Tŷ Hywel to ensure it can meet the needs of a reformed Senedd with 96 Members. Work has progressed on developing the available options for reconfiguration with extensive consultation with the occupiers of Tŷ Hywel (including Members, their staff, Party Groups, Welsh Government, Commission staff and the media). The next stage of this project is to gain approval for a preferred option to implement from the summer of 2024.
- **Siambwr 2026:** this project relates to reconfiguring the Senedd Siambwr to accommodate 96 Members. This project is in its design phase with a detailed design scheduled to be completed during the summer of 2024. A procurement will then be launched for the works to implement that design. As part of this project, Plenary will be required to decant into the Siambwr Hywel debating chamber from Easter 2025 onwards, which will be recommissioned for the duration of Siambwr works.



- **Pierhead:** this project will conduct a comprehensive investigation into the commercial viability of the Pierhead building and develop potential options for implementing viable revenue streams if indicated. This project is in its starting-up phase.

Recommendation 6.

The Workforce Plan and any outputs from the Medium-Term Resourcing Framework should be shared with the Committee as soon as they are available, to ensure that we are updated on the Commission's future planning around Senedd Reform and under the Ways of Working Strategy.

The current Medium-Term Resourcing Framework (MTRF) is a critical part of the development of the 2025-26 draft budget, a process which is not yet complete. This means the MTRF is not yet available. The Commission will however be very pleased to share the MTRF with the Committee once the draft 2025-26 budget has been laid. In the interim, the Commission is pleased to set out the purpose of the MTRF and how it will inform the 2025-26 Commission budget below.

The MTRF sets out the Commission's financial horizon on a rolling three-year period, to assist and inform the Commission's annual resource allocations.

By setting a context for resource requests from the Welsh Block Grant, the MTRF better ensures alignment between resourcing needs and resourcing availability over the medium-term.

The original MTRF covered the period 2024-25 to 2026-27. This was approved by the Commission on 06 November 2023. It was refreshed in the spring of 2024, with the extant version covering the future budgetary periods of 2025-26 to 2027-28.

In detail, the Medium-Term Resourcing Framework:

- sets a clear **Planning Assumption** for developing Commission budget requests to the Senedd that balances the required resourcing to deliver Commission priorities, with budgetary restraint to ensure the Commission budget does not outstrip growth in the Welsh Block Grant;
- establishes the **ringfencing approach** to the Commission's budgets, to ensure resourcing of priority growth requirements (Senedd Reform and Ways of Working programmes) and effective management of Business as Usual (BAU) resourcing within the context of that overall growth;
- Through a **Medium-Term Financial Plan** that utilises the above Planning Assumption, sets out the Commission's forecast budget and resourcing needs over the next three years, and identifies any forecast budget pressures and gaps that arise; and



- Through a **Workforce Plan**, provides a means to strategically align the staffing base with the available resourcing, and ensure the workforce is aligned closely with Commission priorities.

Included within the MTRF is a Workforce Plan. This plan will align the Commission's workforce against forecast demand and against the forecast staffing budget. It will achieve this via three key pillars:

- The introduction of a core Target Establishment and strategic timeframes for recruitment;
- A 'grow your own' approach to staff development which will underpin the Target Establishment, which will include the development of a Talent Strategy and the development of professional pathways; and
- Developing a recruitment plan to ensure the expected volume of internal and external recruitment campaigns for normal churn and Senedd Reform needs can be managed effectively and deliver staffing resourcing in a timely manner.



Llyr Gruffydd MS
Chair
Climate Change,
Environment & Infrastructure Committee
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Reference: AC424/caf

Date issued: 24 June 2024

Dear Llyr

Transport for Wales and the Core Valley Lines Modernisation Project

Thank you for your letter of 19 June 2024 following the Committee's report on rail services and Transport for Wales performance. I note the Committee's request for me to consider whether the delivery of rail services and the Core Valleys Line modernisation project merits further scrutiny as part of my programme of value for money examinations. Our [Annual Plan 2024-25](#) already identifies an examination of issues relating to support for bus and rail services in the context of the National Transport Delivery Plan. We intend to progress detailed planning work during the autumn to determine the scope of the examination and the timescale for completion, although this work would run into 2025-26. I have asked colleagues to reflect on the issues raised by the Committee as they plan the work, although it would not necessarily be practical to wrap all of them into one examination. We will also look to engage with the Committee's clerking team/researchers to ensure we have a full understanding of the evidence underpinning the Committee's work and plans for any ongoing scrutiny. I am aware too of relevant evidence received previously by the UK Parliament's Welsh Affairs Committee.

My wider audit powers provide a basis for examining issues relating to the public funding flowing to, and through, Transport for Wales. For example, these powers are supporting work we are concluding on active travel, which I am aware is a topic that has also been of interest to your Committee as referenced in your recent report. However, because I am not the statutory external auditor of Transport for Wales for

the purpose of its accounts, we do not have the same line of sight or the same type of established relationships that exist for most other Welsh Government arm's length bodies. With plans for Transport for Wales to shortly be subject to the well-being duty under the Well-being of Future Generations (Wales) Act 2015, I will have specific duties to examine its application of the sustainable development principle. This is one consideration that will inform the scope of the examination I mention above. While we are still to discuss practical arrangements with Transport for Wales officers, we will also be looking to establish stronger ongoing relationships with the organisation and improve our understanding of its overall objectives, governance, and performance to better inform ongoing planning for work under the Act.

As with your original letter, I am copying this response to the Chair of the Public Accounts and Public Administration Committee to inform that Committee's consideration of the issues raised in your report. I will ensure we update both committees once the scope of our planned work is confirmed. Should you wish to meet personally in the meantime, I would be very happy to do so.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales



Iechyd a Gofal
Digidol Cymru
Digital Health
and Care Wales

Agenda Item 2.3

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18 June 2024

Russell George MS
Chair
Health & Social Care Committee

Mark Isherwood MS
Chair
Public Accounts and Public Assurance Committee

Dear Russell and Mark,

DHCW Follow-up Response to the Welsh Parliament Health and Social Care Committee and Public Accounts and Public Administration Committee Scrutiny of Digital Health and Care Wales Report

DHCW provided their response to the Public Accounts and Public Administration Committee and the Health and Social Care Committee joint report on 16th August 2023. The report contained 16 recommendations, all of which were responded to.

Of the 16 recommendations, 3 required a further update by the end of 2023 which we were pleased to provide on 19 December 2023.

A further 3 recommendations required an update by the end of February 2024. The response was submitted on time.

Another recommendation required an updated response by the end of June 2024. This recommendation and our response is as follows:

Recommendation 9: By the end of 2023 Digital Health and Care Wales should publish a clear, realistic and prioritised plan for increasing its engagement with the social care sector, including public, third and private sector providers, Regional Partnership Boards and the Social Partnership Council. The plan should be developed through engagement with the social care sector, and should include clear timescales and assessment of the resource required for its delivery. DHCW should provide a copy of the plan to the Health and Social Care Committee and the Public Accounts and Public Administration Committee, and provide six-monthly updates on progress against the plan.

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DHCW Response to Recommendation 9:

Through the DHCW Stakeholder Engagement Strategy and Plan increased engagement with the social care sector, including public, third and private sector providers, has been considered. The DHCW Establishment Order does not include a strict definition of how DHCW should support social care. However, the SHA Establishment Programme Board agreed that DHCW's role with regard to care would be to support the delivery of joined up digital services for health and social care, without impacting the current mechanisms for governance and accountability for directly delivering care. As such DHCW's engagement with the social care sector, including public, third and private sector providers has been predominantly through the National Data Resource Programme, Connecting Care Programme and e-Library Service. To formalise the joint working arrangements with Social Care Wales a Memorandum of Understanding (MoU) has been entered into between Digital Health and Care Wales and Social Care Wales in relation to the National Data Resource. The MoU formalises the relationships and programme of joint working so that a more joined up and standardised approach to health and care data can be arrived at which will enable more seamless working between health and social care, deliver the objectives of the Healthier Wales strategy and ultimately to the citizens of Wales.

As part of the DHCW Stakeholder Engagement Strategy and Plan, feedback from partners has been sought during May and June 2024 (including social care sector colleagues), via the completion of an online survey and conducting interviews to better understand stakeholders experience of engaging with DHCW, and how we can continually develop its approach to collaborative working. The responses from these interviews and survey feedback will contribute towards an independent report which will include actionable recommendations to continually develop DHCW's approach to partnership working. The interviews and analysis are being conducted independently by Atos, on behalf of DHCW. The findings from this work will be reported later in 2024.

Updates on the Connecting Care Programme can be found via the papers published for the [DHCW Programmes Delivery Committee \(PDC\)](#). The Connecting Care Programme is the newly proposed programme to deliver a single digital system to enable health and social care professionals to work collaboratively in delivering care closer to people's homes. The programme, led by DHCW, is working with Local Authority and Health Board delivery partners to understand requirements.



Please also refer to our May 2024 Board Papers published on the DHCW Internet Site the papers contain a detailed update which outlines progress against our Engagement Strategy. Future updates will be provided every six months.

Yours sincerely,

Helen Thomas
Chief Executive

Simon Jones
Chair

Agenda Item 2.4



Mark Isherwood MS
Chair
Public Accounts and
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Reference: AC447/caf

Date issued: 12 July 2024

Dear Mark

The Welsh Government's support for TVR Automotive Ltd

In response to correspondence that we received relating to the Welsh Government's financial support for TVR Automotive Ltd (TVRA), expressing concerns over the risk to public funds, we have met with officials and reviewed certain key Welsh Government documents to understand the background to this support, recent developments, and the position as at 4 July 2024.

This letter is intended to provide the Committee with a brief factual update based on the evidence we have reviewed; and we have checked its accuracy with the Welsh Government as well as inviting comments from TVRA. However, it is not intended to be an exhaustive account of events, or necessarily all costs incurred by the Welsh Government relating to this matter. Those costs would also have included officials' time over many years, as well as external advice and professional fees at various points and for various reasons.

Our focus is on the decisions and actions of the Welsh Government. We have not undertaken a full value for money study of the impact of Welsh Government support; or examined TVRA's actions and potential sources of private finance.

Arrangements relating to the support for TVRA do not feature explicitly within the Welsh Government's Consolidated Accounts 2022-23. However, they form part of broader entries (see below) within the financial statements.

The Committee is of course free to request further information from the Welsh Government in relation to the contents of this letter if it wishes to do so.

How much support was given and why?

In March 2016, the Welsh Government announced its investment in a start-up company, TVRA which intended to create around 150 jobs in Ebbw Vale by producing TVR sportscars. The brand had ceased production under previous ownership in 2006.

The Welsh Government's initial support comprised:

- **A secured £2 million five-year loan.** The loan, with an annual interest rate of 13% was initially repayable by March 2021 and was a contribution to designing and constructing a prototype sportscar. The forecast was for 2,000 cars to be built by 2020; and
- **£0.5 million in equity shares¹.** The individual share value at purchase was £5. The Welsh Government's shareholding represented 3.3% of the TVRA's total value at the time. In the Welsh Government's 2022-23 financial statements, the shareholding is contained within the other financial assets balance, within the financial assets total; and was being carried at a historic value of £0.5 million.

In December 2017, the Welsh Government entered into an agreement to take a head lease and refurbish a vacant factory in Ebbw Vale, with the expectation that TVRA would occupy it under a sub lease. In 2021, the Welsh Government subsequently bought the freehold interest in the factory, still with the expectation that TVRA would occupy it. The purchase price of the factory was £4.75 million², with final refurbishment costs of £7.6 million and additional professional fees of around £5,000 associated with the purchase.

¹ Giving the Welsh Government an ownership interest in TVRA, in contrast to a simple grant. Shares in TVRA are not currently publicly listed and traded.

² Figures quoted exclude VAT because where payable, the Welsh Government can reclaim it from HMRC.

What was the Welsh Government's approach to managing risk?

The Welsh Government undertook due diligence before, with Ministerial approval, agreeing to advance the loan and buy the shares. It regarded TVRA as a high-risk start-up business and so specified mitigating contractual conditions:

- A requirement by September 2016 to secure private investment of £5.5 million. Not achieving this would lead to either default and immediate loan repayment; or the Welsh Government could opt to convert the loan into further shares;
- In the event of default, a requirement for TVRA to buy back the Welsh Government's shares at 105% of fair value³;
- The requirement for TVRA to establish its primary manufacturing operations in Wales; and
- A debenture over the TVRA's assets including the sales order book for production cars, and ownership of intellectual property rights including in relation to the prototype Griffith sportscar.

Officials obtained external professional advice, prepared Ministerial Advice and got Ministerial decisions for the three main elements of the Welsh Government's support for TVRA, as well as for extensions to the loan agreement. Officials also took external advice in relation to the Factory.

What happened next?

TVRA produced a prototype petrol engine, high performance car in England (the Griffith) and began taking deposits from prospective owners, with a view to the prototype entering production in Wales⁴. However, TVRA was in breach of the loan requirement because by September 2016 it had been unable to secure the private investment necessary to start production. TVRA negotiated several extensions to the

³ I note that in the event of company failure and liquidation this provision would provide very limited security as the shares would have very little market value. Owners of equity shares only receive any remaining value after other creditors. Alternatively, preference shareholders (usually venture capitalists) enjoy greater security on liquidation, ahead of other creditors and ordinary shareholders, in exchange for sacrificing voting rights.

⁴ We understand some of these deposits have since been refunded on request.

Welsh Government's loan default requirement, which otherwise would have led to early repayment in full, before the original March 2021 loan end date.

In December 2017, the Welsh Government decided to enter into an agreement to lease the former Techboard factory in Ebbw Vale, which had been identified as a potential production facility for TVRA since 2016. The agreement to take a lease brought with it an expectation that the Welsh Government would undertake refurbishment, then expected to cost £4.5 million. The Welsh Government expected that refurbishment would be completed by December 2018, which fitted with TVRA's then anticipated occupation under a sub-lease. Annual discounted rent of £56,000 would accrue in the meantime but only become payable when the Welsh Government took-up the lease. External consultants gave assurance that the lease arrangements were on market terms; and that there would be alternative demand for the premises if TVRA did not occupy them.

In May 2019, the Welsh Government approved the selection of a contractor to undertake the refurbishment at an expected cost of £6.06 million (or less, subject to dialogue around the scope of the work to contain costs). Refurbishment costs had risen since the original estimate, due to deterioration in the building's condition, cost inflation, materials price volatility, construction sector risk pricing and stricter building regulations. TVRA had not yet raised the capital necessary for starting production at the site but continued to express intentions to do so.

In early 2020, the Welsh Government became aware of interest from another prospective party in acquiring the factory (although ultimately this did not proceed), and in case of this eventuality, the Welsh Government and TVRA explored options relating to an alternative premises in Aberdare, which would then be leased to TVRA. This also did not proceed. The Welsh Government's Property Leadership Team (PLT) advice was that the contract for the Ebbw Vale factory refurbishment works should not be awarded in advance of a lease agreement with TVRA. However, in August 2020 the Minister wrote to TVRA telling them the Welsh Government would progress refurbishment with or without them.

In January 2021, the previous owners had decided to sell the Ebbw Vale factory. The Welsh Government bought it for £4.75 million and decided to commence an enhanced (more marketable) refurbishment, with an anticipated cost of £6.06 million. Officials advised the Minister that purchasing the site was the best available option, given obligations and associated costs under the agreement to lease which the Welsh Government had entered into with the previous owners, even though TVRA was still not in a position to occupy. The purchase price negotiated was based on external advice, reflecting the Welsh Government's existing obligations and rent accrued of £170,583.

The Welsh Government anticipated that factory refurbishment would be completed in late 2021, which met TVRA's then indicated production timescales. However, if agreements could not be reached with TVRA, the Welsh Government expected that there would be sufficient demand from other businesses to lease the refurbished premises successfully.

On 29 September 2021, the Welsh Government granted a six-month licence to TVRA for a very small part of the factory at a rent of £3,000 for the period, to store fibreglass moulds. At the end of this period, the initial licence would become a rolling six-month licence while discussions were ongoing regarding TVRA entering into a full lease for the factory.

In April 2022, TVRA was still not in a position to begin production but, following additional private investment (see below), had sufficient funds to repay the Welsh Government £4,329,100; representing the original £2 million loan amount along with accrued interest. Consequently, all warranties associated with the debt expired with repayment; including the requirement to establish its primary manufacturing operations in Wales. The loan repayment is part of the loan repayments line within note 6 to the Welsh Government's financial statements (Financial Assets – Investment and Loans). The interest received in respect of the loan is part of income from sale of goods and services, within note 2 to the financial statements (Income from Property and Investments).

On 23 May 2023, the Welsh Government switched the licence of the small area of the refurbished factory to a short-term lease to avoid the creation of a protected tenancy. The short-term lease ran until 22 November 2023, for which TVRA paid £3,125.

What is the current position?

TVRA

As part of a potential joint venture, in the first half of 2021 TVRA secured a multi-million pound investment from Ensorcia – a company with interests in battery-grade lithium. The investment exceeded the private investment sum the Welsh Government had stipulated as part of its loan conditions. This funding enabled TVRA to repay the Welsh Government loan and accrued interest but, so far, is less than the estimated £40 million necessary for car production. We understand that Ensorcia wants TVRA to produce an electric vehicle, which TVRA wishes to produce alongside its original plans for a petrol-engine sports car.

In November 2023, the Welsh Government informed TVRA that it would seek alternative tenants for the refurbished factory. In December 2023, TVRA announced that it would establish a 'Brand Centre' at Thruyton for developing and establishing its new range of sportscars. In February 2024, the Welsh Government confirmed to us that TVRA no longer wants to lease the refurbished factory in Ebbw Vale or locate production in Wales.

Since November 2023, when the previous arrangement expired, TVRA has been paying a monthly rental charge of £322 and have been invoiced for this rent to 22 June 2024. We understand the moulds have now been removed and that the Welsh Government is preparing a closing cost for storage.

The Welsh Government

The Welsh Government had to extend the loan repayment period but still achieved a return on investment when TVRA eventually repaid it in April 2022. Full repayment has now removed the conditions that were originally attached to the loan.

The Welsh Government still holds an equity stake in TVRA based on its share investment of £0.5 million in 2016. However, this equity stake was reduced to 1.6% of the total shares due to Ensorcia's investment. In June 2023, the Welsh Government entered a new shareholder agreement with TVRA and secured an ongoing buyback agreement which it can exercise whenever it chooses to sell its shares back to TVRA at 100% of the fair value.

In July 2023, officials informed the Minister that the refurbishment work on the factory was complete, at a cost of £7.6 million. At that time, and because TVRA was still not able to lease the building for production purposes, the Welsh Government considered two options:

- Selling it, at a market value of around £7.5 million; a loss of £4.85 million against purchase and refurbishment costs; or
- Leasing it to an alternative tenant which could generate approximately £0.735 million per year over a lease term of 10 to 15 years, giving a total return of £7.350 – £11.025 million.

The Welsh Government decided to pursue the alternative tenant option and on 7 November 2023 appointed an external agent to begin marketing the property in January 2024. Since the commencement of marketing, the property has attracted some market interest which is currently being considered by the appointed agents and Welsh Government officials. As the time of preparing this letter, no formal offers have been received.

In May 2024, the Welsh Government obtained external advice regarding its shareholding, including a share valuation lower than the price originally paid which has been agreed by TVRA. Under its contractual arrangement with TVRA, the Welsh Government has the option to serve TVRA with 10 days' notice that it wishes to transact on that basis. The Welsh Government is currently preparing Ministerial advice for a decision on whether to:

- Sell back the shares to TVRA at the value agreed; or
- Retain the shares based in the hope that the share price might increase from the current valuation, potentially generating a more positive return on the original share investment.

I hope the contents of this letter will inform the Committee and assist its scrutiny and assurance functions.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales

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