



Nick Ramsay MS
Chair – Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

8th March 2021

Dear Chair

PUBLIC ACCOUNTS COMMITTEE – END OF TERM SESSION

During the evidence session I attended with Public Accounts Committee on 8 February, I undertook to write to you to provide further information in a number of areas, as captured in the follow-up actions emerging from the session.

The required information is set out below and is numbered for convenience.

1. Agreed to clarify the financial position regarding the International Convention Centre Wales (ICCW) and advise the Chair

Welsh Government invested £1million as a part of the finance package compiled in September 2020. The Celtic Manor Resort Ltd as the shareholding partner invested the same. A new bank loan was introduced at the same time of £2.5million. Due to the fact that Welsh Government has a 50% stake in the company, there was an obligation to accept capital budget charges of £1.25million in respect of the new loan, which will reverse as the debt is repaid.

It is therefore the £1million direct investment, plus the £1.25million capital budget charge which impact on the 2020/21 budget.

2. Will confirm if any other loan agreements are in place between the Welsh Government and public services similar to the arrangement with Cardiff Airport

The loan agreements with Cardiff International Airport Ltd (CIAL) are interest-bearing and I can confirm Welsh Government has a number of other loan agreements in place with public

Parc Cathays/Cathays Park
Caerdydd/Cardiff
CF10 3NQ

service providers. However, there is no like-for-like arrangement in place and all loans made by Welsh Government are assessed and awarded based on the merits of each case.

The loans to CIAL have been made on a Market Economy Operator Principle (MEOP) investment basis as we would for any other business, which is not the same basis that loans to local authorities, or similar, are undertaken. In these instances, we offer a range of financial support packages, which include loans on a commercial basis, where the terms vary between requiring the recipient to pay the interest throughout the loan period and where the interest is rolled up as a bullet payment at the end of the loan period.

3. Will confirm the total amount outstanding on all loans drawn down to date plus interest accrued to date

The total amount outstanding on all loans to CIAL that have been drawn down to date is £59.4m (including a £4.8m emergency Covid-19 loan facility) plus interest accrued to date of £9.5m.

4. Agreed to provide updates on Cardiff Airport on a six-monthly basis to the successor Committee

I wrote to you on 3 March to explain the current status of funding arrangements with Cardiff Airport and to advise of the statement made by the Minister for North Wales and Economy and Transport. My officials will continue to provide the Chair with six-monthly updates as requested.

5. Will share the delivery plan for the Foundation Economy

The Foundational Economy Delivery Plan is currently in draft and awaiting approval from Ministers. It is anticipated that this will be finalised before the end of March and we will forward the approved version to the Chair as soon as it becomes available.

6. Will provide figures in relation to the delivery and outcomes of financial support schemes for businesses for each application round during the pandemic.

A full breakdown of the delivery and outcomes of financial support schemes was provided in the evidence paper to support the session. I have attached the detail at Annex A for ease of reference.

7. Will look into the possibility of having a dedicated hotline for reporting suspected cases of Covid-19 related fraud.

The Welsh Government already has a dedicated fraud telephone and email hotline. These have been monitored by the Head of Counter Fraud throughout the pandemic. Strong liaison with UK Government has been maintained and Welsh Government has received regular reports on suspected frauds that relate to Wales from the National Fraud Initiative (NFI) reporting lines at UK Cabinet Office, Crime Stoppers and through Action Fraud which is the UK's national reporting centre for fraud and cybercrime. As a result of this approach, Welsh Government does not consider it necessary to create additional methods for the reporting of

fraud, lest this introduces unhelpful added complexity. This fraud reporting approach is consistent with that taken by the other Devolved Administrations.

Further work will be undertaken with the data matching exercise which will review all Covid-19 payments and cross match with HMRC data. Welsh Government will, as always, be working closely with Audit Wales on this exercise.

8. Will ensure a copy of the initial report on the evaluation of wider business support, business grants, along with those administered through local authorities is sent to the Committee.

Economic Intelligence Wales (EIW) has been appointed to undertake an impact and evaluation on the ERF. The first stage report "Covid-19 financial interventions: An analysis of Welsh beneficiaries" was published in December 2020. The ERF interventions investigated in this report include Phase 1 and 2 business grants administered by the Welsh Government and the Covid-19 Wales Business Loan Scheme managed by the Development Bank of Wales. This report also considers the non-domestic rates (NDR) grants administered by local authorities. There are a further two stages to the work of the EIW which include a survey element and a follow on impact and conclusion evaluation planned in 2021 and early 2022. The link below provides access to the evaluation report.

https://developmentbank.wales/sites/default/files/2020-12/EIW%20bespoke%20report%20on%20Covid-19%20interventions_ENG.pdf

This link provides access to an infographic of the analysis of Welsh beneficiaries.


https://developmentbank.wales/sites/default/files/2020-12/EIW%20COVID-19%20infographic_ENG.pdf

One further area to note, is my commitment to share the final report from the internal review of the Job Support Wales procurement. I will issue this shortly and aim to have it with you before the Easter period.

Please let me know if you have any further questions.

With best wishes.

Yours sincerely



Andrew Slade
Director General
Economy, Skills and Natural Resources Group

Covid-19 Economic Resilience Fund – Update

BAS - ERF 1	Micro	SME	Large	TOTAL
No. applications received	8,143	1,311	28	9,482
Amount £m (received)	£106.0	£56.1	£11.8	£173.9
No. applications approved	5,850	1,124	24	6,998
Amount £m (approved)	£78.8	£48.6	£10.5	£137.9
Jobs safeguarded	20,820	27,135	47	48,002

BAS - ERF 2	Micro	SME	Large	TOTAL
No. applications received	4,827	358	5	5,185
Amount £m (received)	£50.2	£13.7	£1.3	£65.2
No. applications approved	4,473	320	4	4,797
Amount £m (approved)	£46.7	£12.7	£1.3	£60.7
Jobs safeguarded	4,340	7,234	0	11,574

DBW – CWBLS	TOTAL
No. applications approved	1,132
Amount £m (approved)	£92.0
Jobs safeguarded	16,000

NDR grants					
Grant 1 : 25k (march)		Grant 2: 10k (march)		Grant 3: 2.5k (Local0	
No. payments	Value payments	No. payments	Value payments	No. payments	Value payments
8,502	£212,303,060	56,079	£561,281,046	1,648	£4,120,000

Grant 4: 5K (Firebreak)			Grant 5: 1-4K (Firebreak)		
No. payments	Value payments	No. employees	No. payments	Value payments	No. employees
4,963	£24,811,000	58,655	37,523	£94,371,000	152,502
Grant 6: 1.5K/2k					
No. payments	Value payments	No. employees			
10,686	£18,253,647	28,086			

Christmas Restrictions and Extensions to date							
Grant 7: 3K		Grant 8: 5K RV 21-50		Grant 9: 5k RV 51+		Grant 10: 2k Disc	
No. payments	Value payments	No. payments	Value payments	No. payments	Value payments	No. payments	Value payments
23,583	£70,727,500	4,600	£23,345,000	425	£2,257,000	4,744	£9,606,000

ERF – Business Development Grant and the Sector Specific Fund:

Business Development Grants (BDG):

BDG	Micro	SME / Large	TOTAL
No. applications received	4,393 @41.88m	1,456	5,849
Applications rejected	3,208 @ £30.4m	639	3,847
Offers made	1,186 @ £11.5m	817 @ £34.7m	2,003
Offers accepted	1,185 @ £11.5m	809 @ £34.6m	1,994 @£46m

(Information as at January 2021)