



Mark Isherwood MS
Chair – Public Accounts and Public Administration Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

28 October 2024

Dear Chair

CARDIFF AIRPORT

Thank you for your letter of 30 September outlining the follow up actions from the Committee's evidence session on Cardiff Airport on 19 September. I am pleased to provide the additional details requested below.

Capital expenditure:

The following table provides a high-level breakdown of approved spend. Committee members will appreciate we are unable to provide any detail beyond what is provided below in order to protect the commercial interests and future negotiating positions of Cardiff International Airport Limited (CIAL) and the third parties involved. However, I hope this provides Committee members with an indication of what areas of airport operations the capital investment has supported.

Between £50,000 and £1m:

Year of Initial Request	Item	Reason
2021	Instrument landing system (east approach)	Replacement to maintain regulatory compliance
2022	Security screening equipment	Mandatory regulatory upgrade
2022	Agricultural Tractor	Replacement to maintain regulatory compliance

Parc Cathays/Cathays Park
Caerdydd/Cardiff
CF10 3NQ

2022	Terminal building roof replacement (phase 1)	Facilities Management
2022	Passenger terminal building air chiller	Facilities Management
2022	Instrument landing system (west approach) and distance measuring equipment	Replacement to maintain regulatory compliance
2022	External consultancy to support runway rehabilitation project	Preparation to achieve regulatory compliance
2022	Radar – mechanical refresh	Replacement to maintain regulatory compliance
2022	Aircraft refuelling truck	Replacement
2023	Air traffic control room instrument housing replacement	Replacement to maintain regulatory compliance
2023	Air traffic control emergency voice control system	Replacement to maintain regulatory compliance
2024	Passenger terminal building roof replacement (phase 2)	Facilities management
2024	Emergency lighting	Replacement to maintain regulatory compliance
2024	Upgrade of tenant facilities	Promote business growth
2024	Radar antenna	Replacement to maintain regulatory compliance

Over £1m:

Year of Initial Request	Item	Reason
2022	Next generation security baggage scanners	Mandatory regulatory upgrade
2023	Taxiway rehabilitation	Replacement to maintain regulatory compliance
2024	Radar data processor	Replacement to maintain regulatory compliance

Holdco

The Holdco Board's primary duty is to ensure that Welsh Ministers receive the value they expect from their shareholding in CIAL. To fulfil this duty, Holdco Board members have the following responsibilities:

- To attend WGC Holdco only, and joint Holdco / CIAL meetings on a regular basis.
- Consider, and approve where appropriate, consent matters for CIAL such as the annual Business Plan and Operating Budget, entering into any contracts and agreement above a certain value, including land and property.

- Scrutinise the performance of CIAL in meeting agreed goals and objectives and monitor the reporting of performance by CIAL.
- Support the CIAL board in developing strategies and business plans for the airport, offering constructive challenge, strategic insights and steers to the CIAL board as appropriate.
- Ensure the financial viability of CIAL and WGC Holdco are maintained.
- Sign off the annual accounts of WGC Holdco and ensure that any statements made fully reflect the financial position of the Company.
- Exercise their powers in their roles as a company director, having regard to relevant obligations under prevailing law and regulation, including the Companies Act 2006, the UK Corporate Governance Code and associated regulations and legislation.
- Promote high standards of use of public finance, upholding the principles of regularity, propriety and value for money.
- Ensure that the WGC Holdco activities are conducted efficiently and effectively.
- Ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.
- As appropriate, offer insights and strategic advice to the WG to assist the shaping and delivery of WG airport policy.
- Ensure that the Company is compliant with any statutory or administrative requirements in respect of the use of public funds; that it operates within the limits of its statutory authority and any delegated authority, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by the WG;
- Ensure that WG receives and reviews regularly, financial information concerning the management of the WGC Holdco; that WG is informed in a timely manner about any concerns as to the activities of WGC Holdco.
- Demonstrate high standards of corporate governance at all times, to address key financial and other risks.

To perform these duties and responsibilities, the Holdco Board meets with CIAL on at least a quarterly basis and occasionally on an ad hoc basis when urgent matters of consent need to be considered. Transport policy officials in Welsh Government (WG) provide the secretariat function for these meetings and support the Holdco board in performing its duties listed above. Officials at Senior Civil Servant (SCS) level also attend each of those meetings as observers to ensure Holdco is fulfilling its duties and applying a high-level of scrutiny and challenge to the airport Board's commercial decisions. The Chair of Holdco also meets fortnightly on a more informal basis with:

- The Airport Chair and CEO to discuss business performance, operational issues, risks and business opportunities. These meetings are also attended by an SCS.
- The SCS policy lead for the Airport, to discuss Airport policy and strategy matters and to discuss the performance of Holdco.

There are frequent informal conversations between the SCS Airport policy lead and the Airport CEO, which provide the opportunity for the Airport executive team to provide their perspective on the functioning of Holdco. There is also a professional relationship between the Airport Chair and the WG's Director of Transport and Digital Connectivity, should there be a matter relating to Holdco's performance that requires escalation to that degree.

Based on these regular engagements, WG is happy with the performance of the new Holdco Board since its appointment and is content that it is fulfilling all its agreed duties and responsibilities on behalf of the Welsh Ministers. I am sure the Committee will understand that I am unable to disclose any of the details of the minutes from those engagements or copies of written consents, for example, due to certain commercial sensitivities.

Finally, the Committee will have noted the Competition & Markets Authority's assessment of our proposed long-term investment in Cardiff Airport which was published on 2 October. The Cabinet Secretary for Economy, Energy & Planning issued a Written Statement in response: [Written Statement: The Competition & Markets Authority assessment of the Welsh Government's proposed long term strategy for Cardiff Airport \(2 October 2024\) | GOV.WALES](#). We are not going to comment on the detail of the CMA report. As per the Written Statement, we will now take the time needed to give full consideration to their assessment. We remain open to refining our proposed programme of investment based on that assessment and the Cabinet Secretary for Economy, Energy and Planning will update the Senedd in due course once we have decided on the best way forward.

We will consider the need for adaptations to Holdco's governance functions once Ministers have decided on the best way forward.

I hope you find the above of interest.

With best wishes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Slade', written over a faint horizontal line.

Andrew Slade
Director General
Economy, Energy and Transport