

Ken Skates MS

Cabinet Secretary for Transport and North Wales

19 May 2025

Dear Cabinet Secretary,

### Proposed subsidy support to Cardiff Airport

I am writing as Chair of the Climate Change, Environment, and Infrastructure Committee following the open letter to you, dated 29 April, from Mr Dave Lees, Chief Executive of Bristol Airport.

In his letter, Mr Lees outlines a series of concerns about the scale, transparency, and economic impact of the proposed subsidy for Cardiff Airport. He notes that this support package would exceed Cardiff Airport's current annual turnover. Mr Lees describes this level of support as unprecedented within the UK airport sector.

I note Mr Lees' comments that the full amount of £205.2 million of subsidy support was not announced in your Written Statement of 2 April but appeared later on the UK Subsidy Transparency Database. In his letter, he raises significant questions about transparency and accountability in the consultation and decision-making process.

I also note you have included additional information about the subsidy support in your responses to written questions, made since the Welsh Government's announcement on 2 April 2025.

Given the Committee's scrutiny role in relation to this policy area, and in light of these concerns, I would be grateful if you could answer the following questions:

1. How do you respond to the concern that your Written Statement on 2 April 2025 did not set out the full value of the subsidy support but referred to a "first investment of £20 million", with the total of £205.2 million only appearing the following day in your entry on the UK Subsidy Transparency Database?



2. What steps has the Welsh Government taken to engage with Bristol Airport and other stakeholders, particularly following the Competition and Markets Authority's (CMA) findings?
3. The CMA criticised "unevidenced assumptions" in its assessment of the market impact of the subsidy and you said, in your Written Statement on 2 April 2025, you have "refined the technical details of the ten-year programme" following your consideration of the CMA report. Can you outline the changes made to the funding programme in light of the CMA's findings?
4. How do you respond to Mr Lees' statement that the "subsidy could move activity between locations at huge cost to the taxpayer but without any net economic benefit. Distorting competition between airports and airlines will lead to higher prices for consumers and unbalanced public subsidies will have a chilling-effect on future private sector investment"?
5. Your response on 16 April 2025 to a written question (WQ96201) said Welsh Government policy officials commissioned an external, independent study by Grant Thornton to "determine the estimated economic benefits that the airport would bring to Wales and the local economy". You added "we are *currently* unable to disclose the full report". Why is this the case, and when do you expect to be able to do so?

6. The Welsh Government's entry to the UK Subsidy Database says:

*"For all proposed developments, CIAL must make every reasonable effort to deliver without recourse to public subsidy. WGC Holdco Ltd will provide assurance to WG that, where subsidy is required CIAL: can demonstrate it has explored all reasonable private financing options can demonstrate that it will use the minimum amount of subsidy needed to deliver the project."*

In September 2019, officials told the Public Accounts Committee of the Fifth Senedd the Airport is restricted from seeking its own private investment/funding and is reliant on the Welsh Government for loan/equity funding. Can you explain what has changed and the private financing options the Airport is now able to explore to fund its projects?

7. Your response to a written question on 16 April 2025 (WQ96208) noted WGC Holdco Ltd will "perform robust, professional, independent assurance and monitoring duties against the airport's progress with the agreed Key Performance Indicators (KPIs)". Can you share more information about the monitoring and evaluation mechanisms that will be in place, as well as the KPIs and grant conditions that have been agreed, to ensure that the funding delivers its intended outcomes and provides value for money to the Welsh taxpayer?
8. Your response on 16 April 2025 to a Written Question (WQ96210 (e)) said:

*"Funding within each subsidy package will be awarded on an annual basis, as part of the Welsh Government annual budget planning process. As part of this process, the Welsh Government will make indicative allocations of funding for the Airport for future financial years. The final amount to be awarded each year will be determined on a rolling annual basis by progress against the Airport's business plan and the timing of potential business growth deals. This will ensure that the annual level of investment is justified and growth led."*

What information do you propose to make available about these decisions? How will you ensure transparency and facilitate effective scrutiny of the allocations by this Committee and the Senedd?

9. Finally, in the light of the decision to allocate funding from the total package annually can you commit to provide details of these annual allocations in the draft budget to allow scrutiny by the Senedd, and outline your assessment of the implications of this approach for value for money, and in particular the Airport's ability to use the funding to deliver multiannual investment programmes?

I look forward to your response.

Yours sincerely,



**Llyr Gruffydd MS,**  
Chair, Climate Change, Environment and Infrastructure Committee

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