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Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref - AH-064-001

Andrew RT Davies, MS
Chair
Economy, Trade & Rural Affairs Committee

4 August 2025

Dear Andrew,

Please find attached the recommendations from the recent Project Assessment Review of the Development Bank of Wales (DBW).

The six recommendations have been accepted in full by the Senior Responsible Officer and the DBW Partnership team will take these forward working with the most appropriate Welsh Government and DBW leads within the specified deadlines.

I am pleased to note the Review Team found the arrangements between the Welsh Government Partnership Team and DBW are effective, and the bank is well placed to deliver on its objectives and targets set out in the Corporate Plan.

The Team also found comprehensive and robust due diligence is undertaken in respect of the bank's customers, which mitigates financial and reputational risk, and the bank follows robust processes to follow up on complaints, of which there are few. In line with the findings of good practice for both complaints handling and due diligence there were no specific recommendations for further actions related to either of these areas.

Yours sincerely,

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Summary of Report Recommendations:

The Review Team makes the following recommendations prioritised using the definitions below.

Ref	Recommendation	Risk* and Issue Identified with Evidence	Classification	Critical, Essential, Recommended	By When
R1	Welsh Government to conclude talks with HMT to resolve outstanding issues relating to the reclassification of DBW.	Concluding these negotiations between Welsh Government and HMT is a necessary precondition for establishing a stable budgetary framework between Welsh Government and DBW, without which the Bank may not be able to fully deploy available capital to meet demand.	5. Financial Planning and Management	Critical	DO NOW
R2	Continue to work closely with DBW to ensure that any additional budget cover required is established in a timely manner.	If demand for the Bank's services exceeds its budget cover, additional steps will need to be undertaken to secure this from the Welsh Government or otherwise to enable the bank to manage demand. Clarifying the processes and timing for such arrangements within annualised budgeting parameters is necessary to mitigate delivery risks. Actions by the bank to limit investment could lead to reputational damage if not carefully handled.	5. Financial Planning and Management	Essential	ONGOING

R3	Document the Partnership Team's key processes and key contacts and roles within DBW to ensure business continuity in the case of staff changes or absence.	Loss of corporate knowledge could result in less effective oversight arrangements by the Partnership Team.	4. Change Management and Transition	Essential	By November 2025
R4	Work with DBW to develop a Communications and Engagement strategy to: <ul style="list-style-type: none"> • promote a clearer understanding of DBW's role by Senedd members, government, existing and potential customers and the public • ensure that a broader spectrum of views is taken into account in DBW's planning and communications, including potential customers, relevant interest groups (e.g. BVCA), departments. 	DBW's role may not be fully understood, and its planning may be developed with a narrower than optimal view, both of which could limit its impact.	2. Stakeholder Management	Essential	By March 2026
R5	Proceed with updating the Framework Document even if the classification issue is not yet fully resolved.	The Framework Document is out of date, which could lead to misunderstandings about DBW's role or to the document becoming irrelevant and ignored.	7. Commercial Strategy and Management	Essential	By December 2025
R6	Consider whether the content and the level of detail in the Framework Document is appropriate given the arm's length relationship between the Welsh Government and DBW.	The arm's length nature of DBW could be compromised if the Framework Document is too prescriptive or if any of the content is policy- rather than framework/foundation-led.	7. Commercial Strategy and Management	Recommended	By December 2025

*Risk denotes risks, issues, assumptions and key dependencies

- **Critical (Do Now):** To increase the likelihood of a successful outcome it is of the greatest importance that the portfolio/programme/project should take action immediately.
- **Essential (Do By):** To increase the likelihood of a successful outcome the portfolio/programme/project should take action in the near future. *[Note to review teams – whenever possible Essential risk based recommendations should be linked to programme/project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]*
- **Recommended:** The programme/project should benefit from the uptake of this recommendation. *[Note to review teams – if possible Recommended risk based recommendations should be linked to portfolio/programme/project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]*