

Finance Committee

FIN(4)-07-14(paper 2): 30 April 2014

Welsh Government Written Evidence: Finance Committee Inquiry - Finance Wales

Finance Wales Structure

- I. Finance Wales is an arm's length subsidiary of Welsh Government and has a broad level of delegation in terms of its day to day decision-making. For example the Welsh Government cannot influence individual investment decisions made by the Company. This is an important aspect as Finance Wales has private sector investors who would not wish to see the funds being subject to political influence.
- II. The Welsh Government exercises its observer rights at Finance Wales' Board meetings and Audit Committee meetings and the EST Director General has final approval over Finance Wales' annual business plan. The Minister for Economy, Science & Transport meets regularly with the Chair of Finance Wales.
- III. As a public limited company Finance Wales is subject to a strict corporate governance framework. The organisation is subject to both internal and external audit and the Finance Wales Board has also set up a number of sub-committees including an audit committee, a remuneration committee, a nominations committee and a risk committee.

Funds operated through Finance Wales

- I. Current active funds managed by Finance Wales include: JEREMIE Fund (£150m), Wales SME Investment Fund (£40m), Life Sciences Fund (£50m), Property Fund (£10m), Wales Micro Business Loan Fund (£6m), and the recently announced Wales Capital Growth Fund (£20m). Welsh Government provides Finance Wales with both capital and grant in aid support. These funds have been created using a combination of European Structural Funds, Welsh Government and Private Sector Funds. Finance Wales also manages the £170m Help to Buy Wales scheme on behalf of the Welsh Government.

Access to Finance Review

- I. Since the start of the financial crisis, there has been much debate amongst finance providers, SMEs and Governments on the availability of business funding. The continued difficult economic conditions and approaching new round of European structural funds presented an opportune time to review Welsh Government's access to finance strategy including the role of Finance Wales.

- II. Given this backdrop I appointed Professor Dylan Jones Evans to examine how effectively the SMEs of Wales are served by the existing sources of funding and to provide recommendations for action.
- III. Professor Jones Evans made several recommendations including the creation of a Development Bank for Wales. This is a major proposal and requires serious and thorough consideration. I have commissioned the Professor to undertake a feasibility study to explore the idea further.
- IV. I have also commissioned Robert Lloyd Griffiths to examine how non financial and financial support in Welsh Government and Finance Wales can be aligned to provide a more joined up approach for SMEs in Wales.
- V. I welcome the additional challenge from the Finance Committee and look forward to their views to help shape Welsh Government policy development in this area.
- VI. Whilst I await the outcome of this inquiry I have asked my officials to review Finance Wales' remit to ensure that it aligns to my priorities of sustainable jobs and growth.