



Adran yr Economi, Sgiliau a Chyfoeth Naturiol
Department for Economy, Skills and Natural Resources

Llywodraeth Cymru
Welsh Government

Nick Ramsay AM Chair,
Public Accounts Committee
National Assembly for Wales
c/o committeebusiness@wales.gsi.gov.uk

21 June 2017

Dear Chair

Welsh Government's funding of Kancoat Ltd

Thank you for your letter of 11 May. In terms of the Ministerial code, as you are aware this is a matter for the First Minister and I am unable to comment further, but have passed this letter to the First Minister's office for the First Ministers consideration. He will respond directly to you on this matter.

You requested clarification of the definition of Advanced Materials and Manufacturing. Advanced Materials and Manufacturing has existed as a single sector since 2011 when sectors were adopted as a way of segmenting the economy. Each individual sector has flexibility to respond to new opportunities in a timely manner. In terms of standard industrial classifications it is important to note that Kancoat fits squarely within the classifications and is listed by the Office for National Statistics as a company under the description "treatment and coating of metals". This definition has been agreed by the sector panel. A full list of industry clarifications relating to Advanced Materials and Manufacturing is at Annex A.

In terms of descriptions beyond the standard industrial classification please find below the definition used in the Advanced Materials and Manufacturing business plan for 2016/17:

"Advanced Manufacturing makes use of design and scientific knowledge to create innovative and technologically complex solutions of high value from advanced materials, supported by a skilled workforce. Advanced Manufacturing is characterised by high productivity, international trade, high patent intensity and high R&D investment."

These traits are embraced in the Welsh Government's AM&M strategic priorities.

In terms of the departmental review (Recommendation 1), a Change and Development function has been created within the Group to examine current structures and ways of working. This will involve taking a systematic examination of activity and structures across the Economy and Infrastructure department and a phased approach to their work. A principle of this activity will be to ensure that it is aligned with the Cabinet Secretary's commitments in Taking Wales Forward and the Prosperous and Secure Strategy. As part of this work, it will consider the current Sectors and Business structure and make recommendations based on its findings. We are progressing with this work as quickly as possible and the first significant stages should be completed by the end of August.

Finally, I can confirm that the business, finance, internal guidelines were revised on 26 April 2017 to reflect recommendation 10.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mick McGuire', with a stylized flourish at the end.

Mick McGuire
Director, Sectors and Business

Industry Clarifications relating to Advanced Materials & Manufacturing

Preparation and spinning of textile fibres	1
Weaving of textiles	1
Finishing of textiles	1
Manufacture of made-up textile articles except apparel	1
Manufacture of non-wovens and articles made from non-wovens, except apparel	1
Manufacture of other technical and industrial textiles	1
Manufacture of paper and paperboard	1
Manufacture of industrial gases	1
Manufacture of dyes and pigments	1
Manufacture of other inorganic basic chemicals	1
Manufacture of other organic basic chemicals	1
Manufacture of fertilizers and nitrogen compounds	1
Manufacture of plastics in primary forms	1
Manufacture of synthetic rubber in primary forms	1
Manufacture of pesticides and other agrochemical products	1
Manufacture of paints, varnishes and similar coatings, printing ink and mastics	1
Manufacture of soap and detergents, cleaning and polishing preparations	1
Manufacture of perfumes and toilet preparations	1
Manufacture of explosives	1
Manufacture of glues	1
Manufacture of essential oils	1
Manufacture of other chemical products n.e.c.	1
Manufacture of man-made fibres	1
Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	1
Manufacture of other rubber products	1
Manufacture of plastic plates, sheets, tubes and profiles	1
Manufacture of plastic packing goods	1
Manufacture of other plastic products	1
Manufacture of flat glass	1
Manufacture of hollow glass	1
Manufacture of glass fibres	1
Manufacture and processing of other glass, including technical glassware	1
Manufacture of ceramic insulators and insulating fittings	1
Manufacture of other technical ceramic products	1
Manufacture of other ceramic products n.e.c.	1
Manufacture of fibre cement	1
Production of abrasive products	1
Manufacture of other non-metallic mineral products n.e.c.	1
Manufacture of basic iron and steel and of ferro-alloys	1
Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	1

Cold drawing of bars	1
Cold rolling of narrow strip	1
Cold forming or folding	1
Cold drawing of wire	1
Precious metals production	1
Aluminium production	1
Lead, zinc and tin production	1
Copper production	1
Other non-ferrous metal production	1
Processing of nuclear fuel	1
Casting of iron	1
Casting of steel	1
Casting of light metals	1
Casting of other non-ferrous metals	1
Manufacture of metal structures and parts of structures	1
Manufacture of central heating radiators and boilers	1
Manufacture of steam generators, except central heating hot water boilers	1
Manufacture of weapons and ammunition	1
Forging, pressing, stamping and roll-forming of metal; powder metallurgy	1
Treatment and coating of metals	1
Machining	1
Manufacture of cutlery	1
Manufacture of tools	1
Manufacture of light metal packaging	1
Manufacture of wire products, chain and springs	1
Manufacture of fasteners and screw machine products	1
Manufacture of electronic components	1
Manufacture of loaded electronic boards	1
Manufacture of computers and peripheral equipment	1
Manufacture of communication equipment	1
Manufacture of consumer electronics	1
Manufacture of instruments and appliances and appliances for measuring, testing and navigation	1
Manufacture of optical instruments and photographic equipment	1
Manufacture of electric motors, generators and transformers	1
Manufacture of batteries and accumulators	1
Manufacture of fibre optic cables	1
Manufacture of other electronic and electric wires and cables	1
Manufacture of electric lighting equipment	1
Manufacture of electric domestic appliances	1
Manufacture of other electrical equipment	1
Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	1
Manufacture of fluid power equipment	1
Manufacture of other pumps and compressors	1
Manufacture of taps and valves	1
Manufacture of bearings, gears, gearing and driving elements	1
Manufacture of ovens, furnaces and furnace burners	1
Manufacture of lifting and handling equipment	1
Manufacture of office machinery and equipment (except computers and peripheral equipment)	1

Manufacture of power-driven hand tools	1
Manufacture of non-domestic cooling and ventilation equipment	1
Manufacture of other general-purpose machinery n.e.c.	1
Manufacture of agricultural and forestry machinery	1
Manufacture of metal forming machinery	1
Manufacture of other machine tools	1
Manufacture of machinery for metallurgy	1
Manufacture of machinery for mining, quarrying and construction	1
Manufacture of machinery for food, beverage and tobacco processing	1
Manufacture of machinery for textile, apparel and leather production	1
Manufacture of machinery for paper and paperboard production	1
Manufacture of plastics and rubber machinery	1
Manufacture of other special-purpose machinery n.e.c.	1
Manufacture of motor vehicles	1
Manufacture of bodies (coachwork) for motor vehicles, manufacture of trailers and semi-trailers	1
Manufacture of electrical and electronic equipment for motor vehicles and their engines	1
Manufacture of other parts and accessories for motor vehicles	1
Building of ships and floating structures	1
Building of pleasure and sporting boats	1
Manufacture of railway locomotives and rolling stock	1
Manufacture of air and spacecraft and related machinery	1
Manufacture of military fighting vehicles	1
Manufacture of motorcycles	1
Manufacture of bicycles and invalid carriages	1
Manufacture of other transport equipment n.e.c.	1
Striking of coins	1
Manufacture of musical instruments	1
Repair of machinery	1
Repair of electronic and optical equipment	1
Repair of electrical equipment	1
Repair and maintenance of ships and boats	1
Repair and maintenance of aircraft and spacecraft	1
Repair and maintenance of other transport equipment n.e.c.	1
Space transport	1