

Giles Thorley
Chief Executive, Development Bank of Wales

7 February 2019

Dear Giles,

Annual report scrutiny with the Development Bank of Wales

I write to thank you and your colleagues for attending Committee today to discuss progress with the Development Bank of Wales' activities with Members. It was pleasing to hear a positive story about the Bank's progress against investment targets to date, and to see in the annual report a more transparent presentation of financial information that the Committee had recommended last year.

Immediately after this morning's scrutiny session the Committee took evidence for a new inquiry into barriers for small home-building firms, and so the Development Bank's evidence about lending under the Property Development Fund and the Stalling Sites Fund was particularly helpful to us.

One of the issues that arose from our session with the Federation of Small Businesses Wales, the Federation of Master Builders Wales and Hygrove Homes was the positive impact that those two funds, in particular the Property Development Fund, have had in assisting existing players in the home-building sector by providing liquidity. It was noted that because financial support is not available until planning permission has been granted, this prevents many small businesses from entering the home-building sector, and they stay working in other areas such as home improvements or repairs instead. However, you did say that the Development Bank has lent working capital to larger businesses more generally, which could help towards planning costs.

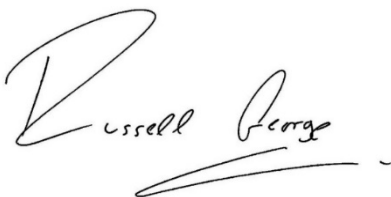


The Federation of Master Builders Wales also strongly recommended that increasing the threshold for defining a 'major development', from 10 housing units to something closer to 50, could assist smaller home-building firms from entering the market due to the less cumbersome and costly planning process below this threshold. The Committee would be grateful for the Development Bank of Wales' view on these issues, to take into account as part of its current inquiry.

The Committee looks forward to future scrutiny of the Development Bank's annual report for the year 2018-19. The Committee notes that more information on key performance indicators, including on carbon emissions and equality indicators, will be included in an impact report from the Bank for 2019-20, but any additional data for the year 2018-19 that can be provided to Members would be helpful, to assist them with benchmarking those impacts. Equally, the Committee would be grateful to receive any analysis that the Bank has on the quality of jobs it is creating and safeguarding, and how this compares to previous years.

The Committee also looks forward to seeing the Development Bank's bespoke reports on export finance and equity clusters in due course.

Yours sincerely,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a long horizontal stroke underneath the name.

Russell George
Chair, Economy, Infrastructure and Skills Committee

