

Agenda – Public Accounts and Public Administration Committee

Meeting Venue:	For further information contact:
Hybrid – Committee Room 1 Senedd and video conference via Zoom	Fay Bowen Committee Clerk
Meeting date: 6 November 2025	0300 200 6565
Meeting time: 09.15	SeneddPAPA@senedd.wales

Private pre-meeting (09.00 – 09.15)

Public meeting (09.15 – 09.30)

- 1 Introductions, apologies, substitutions, and declarations of interest
(09.15)
- 2 Paper(s) to note
(09.15 – 09.30)
 - 2.1 Letter from Adrian Crompton, Auditor General for Wales to the Chair regarding Audit Wales' forward work programme
(Pages 1 – 3)
 - 2.2 Letter from Andrew Slade, Director General Economy, Energy and Transport Group – Welsh Government to the Chair regarding Cardiff Airport
(Pages 4 – 6)
 - 2.3 Letter from Manon Antoniazzi, Chief Executive and Clerk of the Senedd to the Chair with follow-up information following the scrutiny session on 2 October 2025
(Pages 7 – 9)



2.4 Letter from Natasha Asghar MS to the Chair regarding the installation of a solar panel canopy above part of the car park at the Grange University Hospital in Cwmbran

(Pages 10 – 11)

2.5 Scrutiny of Accounts – Welsh Government 2023–24: consideration of Welsh Government response

(Pages 12 – 45)

3 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting
(09.30)

Private meeting (09.30 – 10.30)

4 Private paper(s) to note
(09.30 – 09.45)

4.1 Letter from Adrian Crompton, Auditor General for Wales to the Chair regarding Audit Wales' forward work programme

4.2 Letter from Andrew Slade, Director General Economy, Energy and Transport Group – Welsh Government to the Chair regarding Cardiff Airport

(Pages 46 – 47)

4.3 Letter from Manon Antoniazzi, Chief Executive and Clerk of the Senedd to the Chair with follow-up information following the scrutiny session on 2 October 2025

(Pages 48 – 51)

4.4 Scrutiny of Accounts – Welsh Government 2023–24: consideration of Welsh Government response

5 Active Travel in Wales: consideration of draft report
(09.45 – 10.00)

(Pages 52 – 134)

**6 Scrutiny of Accounts – Senedd Commission 2024–25:
consideration of draft report**

(10.00 – 10.30)

(Pages 135 – 179)

Mark Isherwood MS
Chair, Public Accounts & Public
Administration Committee
Senedd Cymru
Cardiff CF99 1SN

1 Cwr y Ddinas / 1 Capital Quarter
Caerdydd / Cardiff
CF10 4BZ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Reference: AC525/caf

Date issued: 9 October 2025

Dear Mark

Audit Wales Work Programme

I am mindful that the Committee is fast approaching the final months of its work during the sixth Senedd and has limited Committee time left. Meanwhile, I am also approaching the end of my own tenure as Auditor General. I thought, therefore, that it would be helpful at this point to provide an update on some of my future reporting plans and other work in progress, although what I have set out below does not cover the full breadth of our audit work programme.

Over the next few months, I am expecting us to complete work on:

- **Sites of Special Scientific Interest (SSSIs):** This work has examined Natural Resources Wales's approach to designating SSSIs and has some relevance to wider challenges the organisation has been facing.
- **Challenges for the culture sector:** This work considered whether public bodies in the culture sector have appropriate arrangements to secure financial sustainability over the short and longer term, in line with their well-being objectives. It is work we took forward in the context of my duties under the Well-being of Future Generations (Wales) Act 2015. Reports on the [National Library of Wales](#), the [Arts Council of Wales](#), and [Sport Wales](#) are already available on our website. Our work at Amgueddfa Cymru ran to a different timetable but is now close to being finalised.

- **The new Velindre Cancer Centre:** We shared a draft report with Velindre University NHS Trust and the Welsh Government for comment at the end of August. Once we have considered their comments and engaged with relevant third parties then we will start our publishing process.
- **Urgent and emergency NHS care:** We have had a significant programme of local audit work on this topic across two different but connected phases. We have already published various local and regional reports which have attracted certain media coverage. We are planning to draw together some national messages from this work, including highlighting opportunities for financial savings / productivity gains.
- **NHS planned care waiting lists:** Again, we have already published some local audit reports on this topic and are preparing a national summary.
- **NHS GP registrations:** We are preparing a short report summarising findings from a data matching pilot, following on from work we completed on community pharmacy in 2024. We are also planning to publish a short update article on developments since that community pharmacy report.
- **Rebalancing care:** This work is examining whether the Welsh Government, in conjunction with Regional Partnership Boards, has adequately addressed recommendations from my [2019 report on the Integrated Care Fund](#) through the rollout of its Regional Integration Fund.
- **Councils' arrangements for commissioning services:** We have completed local audit work on this topic across the 22 principal councils and are preparing a summary output.
- **Capital planning in local government:** Considering whether councils' arrangements are supporting them to sustainably deliver value for money, this work has included a focus on roads and adult social care assets.

There is a rich body of other national study work in progress at different stages. I would not currently expect much, if any, of this to be completed in sufficient time for it to support any detailed scrutiny before dissolution of the Senedd. It will, however, provide a body of evidence that future committees can build on. It includes work on the sustainable communities for learning (school and college buildings) programme, public bodies' support for children and young people with additional learning needs, the Welsh Government's business support through the Economy Futures Fund, and local authority children's services.

In addition, we have recently confirmed plans for a project examining Medr's oversight of the financial sustainability of higher and further education institutions, we are drawing together our plans for a review of the Core Valleys Line rail improvement programme, and we intend to publish a short article on developments around affordable housing during this winter. Of relevance to issues we have discussed previously with the Committee, I would also draw to your attention work that we intend to progress shortly that will consider issues relating to local government funding and that we anticipate will include some coverage of the funding formula.

There is then other local audit work in our programme that might generate national summary outputs further downstream – including work on digital transformation and estates management issues in the NHS, and on workforce issues in local government – as well as other follow up work. Finally, I am also drawing together some reflections that I will be sharing on public finance, governance and service delivery challenges as I look back over my time as Auditor General.

I would, of course, be happy to discuss any of the above in more detail with the Committee. As ever, I would also welcome any thoughts the Committee might have on potential future topics for my work programme as we begin our planning process for 2026-27. We will likely look to retain some additional flexibility in that work programme as my successor takes up post and as a new Committee considers its own areas of interest and concern.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales



Mark Isherwood MS
Chair
Public Accounts and Public Administration Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1NA

13 October 2025

Dear Chair

CARDIFF AIRPORT

I am writing to provide the Committee with an update regarding the timescale for the legal challenge being pursued by Bristol Airport in respect of the economic investment package for Cardiff Airport, as well as some recent operational developments.

Competition Appeal Tribunal (CAT): Bristol Airport vs Welsh Ministers

The CAT has published a [summary of the appeal](#), as it currently stands, on its website. However, Bristol Airport have permission to apply (by 17 October) to amend their case, so this may be subject to change. If the case being brought against the Welsh Ministers is amended, the CAT is likely to publish an updated summary of appeal in due course. You may recall that pre-action correspondence was received from two other UK airport operators – Regional and City Airports and Birmingham Airport. These parties have not filed a formal legal challenge and the window for them, or any other third party, to do so has now closed.

The hearing of the appeal by Bristol Airport has been listed to take place during the week commencing 9 February 2026, over a period of two days. It is not known when the CAT's judgement will be provided, but it may be a number of weeks (or even months) after the hearing. The judgement will not necessarily conclude the matter, as it could be subject to appeal. It will be published by the CAT and therefore publicly available.

I will inform the Committee of any further updates to the timescale for the progression of the legal proceedings in my subsequent (quarterly) update, but it would not be appropriate for me to comment further on matters relating to the investment package, until such time as the legal proceedings are concluded.

Cardiff Airport: Performance Update

I am pleased to provide you with the following performance update on the airport.

Passengers

Passenger performance has been strong for 2025, with the airport reporting an increase on passenger throughput for the previous rolling 12 months. The airport plans to make an announcement on this shortly. These achievements have been driven by organic growth with existing partners through increased frequencies, additional routes and improved load factors, and the upshift in demand is a demonstration of the hard work of the airport's management and staff.

Route development

The executive team attended the 30th 'Routes World' event in September which was held this year in Hong Kong. The Routes conference brought together senior leaders from across the global industry. The airport was supported by Visit Wales, and the event provided the team with the opportunity to promote Wales and the airport on the world stage, through a series of face-to-face meetings and networking events, and developing existing and building new relationships with other airlines.

Winter 2025 will see new routes to Salzburg and Fuerteventura (TUI), and Alicante (Ryanair) which is additional to Vueling and TUI who already operate this route. Summer 2026 will see a fourth additional TUI-based aircraft which will open up routes to Hurghada (Egypt) and Faro (Portugal). Ryanair had its largest ever summer programme in 2025 from Cardiff Airport.

We were disappointed that Loganair announced that their Cardiff to Edinburgh route will cease from 4 January 2026. The airport executive team are working hard to explore opportunities to bring flights back between Wales and Scotland as soon as possible, as well as exploring other opportunities to improve UK regional connectivity to Wales.

Infrastructure development

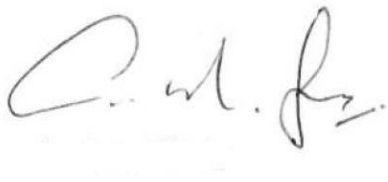
The runway rehabilitation project is due to be completed in full in October and is projected to come in on time and within budget.

New CEO

Following an external recruitment exercise, on 6 October the airport announced the appointment of Jon Bridge who will join Cardiff Airport as the new CEO on 3 November

2025. Jon has held a range of senior leadership and advisory positions including CEO of SA Brains & Co where he successfully steered the company through a period of transformation following the Covid-19 pandemic. Jon will bring a wealth of experience to the airport, built up over three decades in the retail, hospitality and transport sectors. Andy Jones, the current interim CEO, will return to his usual Non-Executive Director duties following Jon's arrival, whilst remaining on hand to provide continuity and any handover, as necessary.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Slade', written in a cursive style.

Andrew Slade
Director General
Economy, Energy and Transport

23 October 2025

Mark Isherwood MS
Chair of Public Accounts and Public Administration Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

Dear Mark,

Scrutiny of annual report and accounts 2024-25

I am writing to provide you with the further information that we promised in the course of Committee questioning on 2nd October.

Cyber Security Note

Please see Annex 1

Expenditure on third parties such as specialist consultants for 2024-25

The Commission engages with specialist consultants and project partners where the skills and expertise do not exist in-house.

During 2024-25, the timetable for the Bay 32 project had significant delivery milestones and deadlines which, in turn, required significant input from external specialist consultants. The majority of spend on the Bay 32 project was for such specialist consultants.



The project is relatively unusual, given that the Commission does not own either the asset nor the land and does not have its own funding stream. The other significant driver of complexity is the nature of the project itself – a large accommodation block, that must integrate with the Senedd Building, serve a wide array of users and purposes, with bespoke security and broadcasting needs. Given the limited market, and the complexity of the requirements, the Commission has utilised professional advisers to reduce risk and to deliver high levels of assurance for the Parliament, the Government and the people of Wales.

The skills and expertise that has been procured includes:



- Commercial advice (given the need to keep the limited market in a competition, to evidence VfM)
- Cost consultancy



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

 Contact@senedd.cymru
 0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

 Contact@senedd.wales
 0300 200 6565

- Architectural services
- Mechanical and Engineering services
- Business case development, including sophisticated cost and options appraisal analysis in-line with the Green Book including optimism bias analysis, sensitivity analysis, complex commercial structure modelling etc
- Legal advice (specialist estate development agreement advice which we do not keep in-house)

The Commission largely procures these services from its existing contracts which have gone through a competitive procurement process themselves (either through us or through a framework).

Other than Bay 32, there are some other, limited areas where we have to engage on a more regular basis:

- valuation of the estate on an annual basis as part of the preparation of our accounts,
- feasibility studies for estate works (such works are usually procured through our facilities management partner CBRE who will apply the appropriate procurement methodology e.g. obtaining three quotes)
- support with the delivery of projects, for example the Payroll software replacement.

Expenditure on consultancy for the past 3 financial years was as follows:

	2022-23	2023-24	2024-25
	£000	£000	£000
Expenditure	£155	£173	£915

The majority of spend in 2024-25 (£650k) was in relation to the Bay 32 project with a further £135k spent on the project to reconfigure the Siambur, another complex and important project.

I understand that Members also wanted to know whether we had published data on sickness days split by department. We do have this information but do not publish it. It is used internally by HR and Heads of Service to proactively assess sickness absence level and trends to identify any interventions which may be required to effectively manage sickness absence.

We would like to thank the Committee for its scrutiny. The Commission’s approach is always to try to operate with openness, transparency, and clarity. If there is anything else that we can provide you with to assist the Committee, please do not hesitate to let me know.

Yours sincerely,



Manon Antoniazzi

Manon Antoniazzi

Prif Weithredwr a Chlerc y Senedd / Chief Executive and Clerk of the Senedd

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



Natasha Asghar

Agenda Item 2.4

MS | AS

Member of the Welsh Parliament for **South Wales East**

Aelod Senedd Cymru dros **Dwyrain De Cymru**



Mark Isherwood MS,
Chair of Public Accounts and Public Administration Committee,
Via email

October 24th, 2025

Dear Mark,

Hope you are well.

I am writing to you today to draw the Committee's attention to a project being undertaken by Aneurin Bevan University Health Board to install a solar panel canopy above part of the car park at the Grange University Hospital in Cwmbran.

According to information released under the Freedom of Information Act, the project will cost £3,306,000 (including VAT) and is expected to generate around 645,000 kWh of electricity per year.

The Health Board has stated that the scheme will achieve a payback period of 19.7 years.

However, a quick calculation based on realistic commercial electricity prices — around 21.7 pence per kWh, suggests a payback closer to 24 years, which is approximately the expected lifespan of the panels.

In addition, the project will require the temporary removal of 302 parking spaces during construction, adding pressure to what the Health Board itself describes as an "overcrowded" site.

A temporary 150-space car park is being created on land currently designated as a helicopter landing area to mitigate the impact.

Given the significant public expenditure involved, the long payback period, and the disruption to hospital operations, I would be grateful if the Committee could consider

**WELSH
PARLIAMENT**
Cardiff Bay,
Cardiff,
CF99 1SN

www.natashaasghar.wales

☎ 01633 215 138

✉ Natasha.Asghar@senedd.wales

📘 NatashaAsgharMS

📷 NatAsghar

📺 NatAsghar

**RATHBONE
HOUSE,**
1 Serpentine
Road, Newport,
NP20 4PF

Natasha Asghar MS | AS

Member of the Welsh Parliament for **South Wales East**

Aelod Senedd Cymru dros **Dwyrain De Cymru**



whether this scheme represents good value for money and whether sufficient due diligence and options appraisal were undertaken before approval.

I appreciate the Committee's ongoing work to ensure that public funds in Wales are used effectively and transparently, and I believe this project warrants scrutiny to ensure that best value has been achieved for taxpayers.

Thank you for your consideration.

Kind regards,

Natasha Asghar MS
Member of the Welsh Parliament for South Wales East
Shadow Cabinet Secretary for Children, Young People, and Education

**WELSH
PARLIAMENT**
Cardiff Bay,
Cardiff,
CF99 1SN

www.natashaasghar.wales

☎ 01633 215 138

✉ Natasha.Asghar@senedd.wales

📘 NatashaAsgharMS

📧 NatAsghar

📺 NatAsghar

**RATHBONE
HOUSE,
1 Serpentine
Road, Newport,
NP20 4PF**

Agenda Item 2.5

Dr Andrew Goodall
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Mark Isherwood MS
Chair, Public Accounts and Public Administration Committee
Welsh Parliament
Cardiff Bay
CF99 1SN

27 October 2025

Dear Mr Isherwood

Public Accounts and Public Administration Committee – Welsh Government Annual Report and Accounts 2023-24

Thank you for the report of the Committee upon its' annual scrutiny of the Welsh Government Accounts 2023-24.

The Welsh Government has carefully noted the considered recommendations of the Committee and has accepted all recommendations. Supplementary responses have also been provided in the Annex to our response, where elements of the report requested updates to be provided which were not framed as formal recommendations.

One such update request was in relation to the Strategic Road Network reported special payment. Due to commercial confidentiality the update has been provided separately as an Annex to this letter, we would kindly ask the Committee not to publish the contents of this update and treat accordingly as Confidential information.

The Committee may also wish to note that due to the timing of our accounts preparation and audit cycles, the narrative for the Performance and Accountability Reports are substantially complete and endorsed by the WG Audit and Risk Assurance Committee in July annually. We have reflected on recommendations may by the committee for these sections on receipt of the report in September within the 2024-25 accounts and sought to make some change in light of those recommendations, within the scope of preparation and audit timelines.



Parc Cathays • Cathays Park Ffôn • Tel 0300 025 3289
Caerdydd • Cardiff PS.PermanentSecretary@gov.wales
CF10 3NQ Gwefan • Website: www.gov.wales

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Yours,

Andrew Goodall

Dr Andrew Goodall
Ysgrifennydd Parhaol/ Permanent Secretary
Llywodraeth Cymru/ Welsh Government



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Parc Cathays • Cathays Park Ffôn • Tel 0300 025 3289
Caerdydd • Cardiff PS.PermanentSecretary@gov.wales
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**BUDDSODDWYR | INVESTORS
MEWN POBL | IN PEOPLE**

Parc Cathays • Cathays Park
Caerdydd • Cardiff
CF10 3NQ

Ffôn • Tel 0300 025 3289
PS.PermanentSecretary@gov.wales
Gwefan • Website: www.gov.wales

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. Dilynwch y ddolen i gael arweiniad ar sut fyddwn yn trin a defnyddio'ch data, yn unol â'r Rheoliadau Diogelu Data Cyffredinol. <https://gov.wales/about/welsh-government-privacy-notice/?skip=1&lang=cy>

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Scrutiny of Accounts: Welsh Government 2023-24

Welsh Government response to the Public Accounts and Public Administration Committee report

27/10/2025

Summary

The Public Accounts and Public Administration Committee as part of its annual Scrutiny of Accounts work programme held an evidence session on 19 February 2025 on the Welsh Government Consolidated Annual Report and Accounts 2023-24 and laid its' subsequent report on the 15 September 2025.

The report included 18 recommendations for the Welsh Government. This document is the Welsh Government response to those recommendations.

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1. Introduction

The Public Accounts and Public Administration Committee report contained eighteen recommendations.

1. The Welsh Government thanks the Committee for their Scrutiny of Accounts report and has given due consideration to all recommendations made.
2. The Welsh Government has accepted all recommendations.

2. Recommendations

Recommendation 1

We recommend that the Welsh Government explains why, despite the challenges in preparing the accounts using existing processes and systems, it is not planning to invest in the new finance system until it becomes business critical.

Accept

As part of our Transforming Corporate Services (TCS) Programme we have been laying the groundwork for smarter, more integrated and future-proofed central support services. A Business Case has been developed to support this, focusing on key Finance, HR and Grants services. These functions are central to the Welsh Government's operations and play a vital role in achieving our strategic aims. An assessment of delivery options (from a fully integrated system to phased implementation of separate systems) is currently underway to ensure flexibility and resilience in how the Programme moves forward.

It is anticipated that the Full Business Case will be completed by the 30th April 2026 for consideration for Ministerial approval in the new Senedd Term. Indicative costs at this stage suggest that implementation will cost from £55m-£65m.

It should be noted that implementation can only commence when Ministerial funding has been approved and implementation will take conservatively between two to four years based on the delivery option chosen and experience of implementation in other Government departments.

The TCS programme aims to enable Welsh Government to implement Government Functional Financial Standards, with modern functional HR and Pay Grants systems. This in turn will enable us to embed latest AI technologies into these functions and help to meet Welsh Government AI ambitions of using high quality data; producing one version of the truth enabling multiple use reporting.

This will allow amongst other things, efficiency gains across the organisation, and support the production of the accounts.

Recommendation 2

We recommend that the Welsh Government updates the Committee in due course about its review of the finance function across the organisation and the other measures it is taking to improve the speed and efficiency of its accounts preparation process while ensuring the health and well-being of staff.

Accept.

The Welsh Government Finance Director initiated a Finance Function Review in 2025. This has been aligned to WG2025, as part of the 'Driving efficiency, enhancing governance and empowerment' objective.

Currently a Welsh Government Finance Strategy is being developed, aligning to the UK Government Finance Function Strategy. The strategy objectives are: Insightful & Data Driven, Skills & Talented, and Innovative & Delivery Focussed.

The Welsh Government Finance Strategy aims to provide a collaborative approach to recruitment and succession planning following finance job families; a refresh on supporting our Finance Profession members; and reviewing processes against finance functional government standards. Not only will this set the direction of the Finance Profession, but it will also ensure the Finance Function works coherently and efficiently across the organisation.

With regard to measures being taken to improve the speed and efficiency of accounts preparation whilst ensuring the health and well-being of staff, step-change improvements will be linked to longer term Finance, Grants and HR systems developments under Transforming Corporate Services.

For the 2024-25 accounts cycle a stable timetable was developed and agreed with Audit Wales and the Welsh Government Audit and Risk Assurance Committee having given careful consideration to the additional demands the cycle would place on both Welsh Government and Audit Wales teams for the Quinquennial Road Network Valuation and changes to the Student Loans Valuation models affecting the 2024-25 preparation and audit cycle.

Recommendation 3

We reiterate our call for transparency around the timetable for the annual accounts. We recommend that the Welsh Government publishes its timetable for the 2024-25 Accounts, and each year going forward, as soon as possible following its agreement with Audit Wales.

Accept

The 2024-25 Audit Plan was taken to the Welsh Government Audit and Risk Assurance Committee on 19 May 2025 for agreement, further to engagement and planning between Welsh Government and Audit Wales. This is generally consistent with timings in previous years, though on occasion the final plans have been considered at July meetings. In all cases early discussion of the overarching timetable for audit is discussed by or at the May ARAC meeting.

The timetable for the annual accounts 2024-25 was then updated on the Welsh Government website on Friday 30th May. Welsh Government will continue to publish its timetable annually once the Audit Plan has been agreed with the Audit and Risk Assurance Committee.

Further to discussions with the Committee in recent years regarding the future timetable of the Welsh Government Consolidated Accounts, a joint meeting was held between Audit Wales, Welsh Government Finance and the Non-Executive Director Chair and Independent Members of the Audit and Risk Assurance Committee (ARAC) on 12 September 2025.

This session undertook a detailed review of how the timetable for the preparation and audit of the Accounts has changed over recent years, how the scope of the Accounts and preparation processes has changed for the much increased volume of Central Government bodies now in scope of resource outturn reporting further to progress on alignment, the significant impacts of accounting standard developments not only on Welsh Government but also on consolidated entities, changes in the complexity of activity being accounted for as more innovative approaches to delivery are explored to maximise value for the public purse, and developments in Auditing Standards.

The session also explored the interaction of the Accounts preparation and audit with the 'Transforming Corporate Services' programme implications for finance system developments, the developing Welsh Government Finance Function Strategy and Government Functional Standards adoption, wider Welsh Government policy developments regarding the creation and dissolution of new Arms-Length Bodies which impact upon planning for the accounting boundary

and the interaction with the timetables not only for the audit of consolidated entities but with accounts production and audit of all Central Government bodies within scope of the Welsh Government budgeting boundary.

The ARAC members fully endorsed the Welsh Government Finance team's conclusion that the setting of a three-year plan for improvement would be a helpful development, but that setting such a plan at this point in time would not be wise given:

- Continued progression of the 'Transforming Corporate Services' business case for approval in 2026-27
- Uncertainty regarding the potential future Arms-Length Body landscape given many are due for Term of Government Remit reviews, and the potential for a new Programme for Government in the new Senedd term.

In consideration of the detailed review undertaken and wider context for the current production process, the Audit Wales Welsh Government audit team accept the timing for setting a three-year plan would be better pursued once key uncertainties with significant impacts as noted above are resolved.

Work will continue to seek incremental gains, but any step change in the timing of the accounts cycle is heavily dependent upon future decisions and investment.

Recommendation 4.

We recommend that the Welsh Government provide the Committee with an update on how it has engaged with any private sector entities or individuals regarding investment into GCRE Ltd, details of how much has the Welsh Government spent on GCRE Ltd to date and whether the first phase of the masterplan construction will be completed by the middle of 2025.

Accept

Engagement with the private sector regarding investment into GCRE Ltd is led by the company, which is constituted and resourced to undertake this activity. The board and executive at GCRE Ltd continue to actively engage with potential investors with regards to the core rail innovation project and complementary activities which may be co-located on site.

Officials have previously supported the executive in direct discussions with potential investors at the company's request and stand ready to do so, should this be appropriate and beneficial to the achievement of the objective of delivering the GCRE project. Naturally the nature of market engagement is a commercially sensitive matter however should further information be required on the specific engagement undertaken by GCRE Ltd this information could be separately provided on a confidential basis to the Committee.

To date, Welsh Government has invested £44.9m in GCRE.

With regard to progress against the masterplan, project specific construction has yet to commence and will not until there is contractual commitment to provide the necessary investment. Works on site have though been taken forward in order to deliver site enhancements required following the cessation of coal extraction from Nant Helen.

Recommendation 5.

We recommend that the Welsh Government provides the following information relating to the Optimised RetroFit Programme:

- When the Intelligent Energy System (IES) devices that were identified during 2023-24 as being defunct had been obtained/installed.
- The overall cost of the contracts involved in procuring the IES Kit for the Optimised RetroFit Programme to put the scale of the loss into context.
- How the Welsh Government has disseminated any lessons learned ensuring all its agreements with stakeholders clearly set out reporting and escalation requirements.

Accept

The Intelligent Energy System (IES) devices identified as defunct were originally obtained between May 2022 to February 2023.

The overall cost of the contract that involved the procuring of the IES kit for the Optimised Retrofit Programme was for £14.06million.

Findings and outputs of the lessons learnt process was disseminated by officials within the Welsh Government to the supplier and Registered Social Landlord; reporting and escalation requirements were subsequently put into place.

This included weekly operational meetings between Welsh Government officials and the supplier to facilitate reporting and transparency alongside monthly programme board meetings to ensure an escalation process was established using mechanisms such as risk register reporting.

Recommendation 6.

We recommend that the Welsh Government explains the changes it made to Welsh Government 2025 when, given budgetary pressures, it refocused the programme. This should include information about the implications of the changes for the programme's overall objectives and the related impact on the organisation itself. Additionally, it should provide information about the six key areas it wants to address under the Welsh Government 2025 programme and how these link to the three workstreams, as well as any plans for the future of the programme beyond 2025.

Accept

When we launched WG2025, our ambition was to build an organisation fit for the future, one that could respond to the needs of Wales in a post-pandemic, post-EU context. The initial phase was shaped by wide-ranging conversations with staff, leading to a new Values and Behaviours framework and a suite of changes, from smarter working pilots to digital innovation and estate rationalisation.

When we refocused WG2025 into three workstreams in response to budgetary pressures, it wasn't just a matter of shifting priorities on paper, it meant rethinking what we could realistically achieve and how we'd get there. The original ambition was broad, but the financial constraints meant we had to take decisions around pausing or scaling back initiatives, and we concentrated our efforts on areas where we could deliver the greatest impact with the resources available. This inevitably changed the shape of our objectives: instead of pursuing every improvement at once, we focussed in on what was essential for organisational resilience and public value.

Each of the three workstreams was designed to tackle the most pressing organisational challenges.

- **Resize** was about living within our means. We tightened recruitment processes, reviewed temporary contracts, and ran a voluntary exit scheme. These weren't easy decisions, and we didn't take them lightly. The aim was to protect jobs where possible, but also to ensure we could balance the books without compromising our ability to deliver.
- **ReSpace** looked at our estate, finding ways to reduce operational costs and make better use of our buildings. We closed offices, onboarded new tenants, and rethought how space could support collaboration across the public sector. The savings were real, but so were the challenges, moving

people, changing habits, and making sure no one was left behind in the process.

- **ReShape** started the process of helping us understand how our staff and resources aligned to ministerial priorities and what a future proofed, resilient organisation needs to look like.

For the organisation itself, the changes have been significant. We've had to adapt quickly, sometimes letting go of projects we were unable to properly resource, and sometimes redeploying people to new priorities.

Teams have had to work differently, sharing responsibilities, absorbing new tasks, and finding ways to maintain morale through uncertainty. There's been a real emphasis on transparency and honest communication, both with staff and with our partners. While these adjustments have been challenging, they've also made us more agile and focused.

As we moved into Phase Three, our focus sharpened. The six key areas we're now addressing:

- Ensuring we're ready for Senedd Reform
- Improving our processes, systems and data
- Creating a better place to work for us all
- Being an organisation which enables change and encourages continuous improvement
- Driving efficiency, enhancing governance and empowerment
- Optimising our estate

Each of these areas is led by a Director and underpinned by ongoing staff engagement. The links between the six priorities and the three workstreams are direct. Resize, ReSpace, and ReShape provided the foundation; the six areas are how we're building on it. For example, the work on estate optimisation started with ReSpace and now feeds into broader collaboration and efficiency goals. Our efforts to right-size the workforce began with Resize and continue as we prepare for the demands of Senedd Reform.

Looking beyond 2025, the Welsh Government does not intend to simply conclude the programme and consider its objectives fulfilled. The experience of delivering WG2025 has underscored the importance of building flexibility into our plans, so we're better equipped to respond to changing circumstances and emerging challenges.

Our approach to open and transparent communication has reaffirmed the importance of maintaining trust as evidenced by our 2024 People Survey scores which demonstrated improvements across nearly all areas. Supporting staff through periods of change has been vital, and we're committed to keeping wellbeing and engagement at the forefront as we move forward.

Collaboration across the public sector, such as shared office space and digital collaboration, has unlocked new opportunities and efficiencies, and we'll continue to seek out shared solutions wherever possible. Above all, we recognise that improvement is an ongoing process, not a one-off event. As we look to the future, we'll keep refining our processes and systems, embracing innovation, and reporting candidly on our progress, so our plans remain grounded in reality and genuinely serve the needs of Wales.

Recommendation 7.

We recommend, going forward, the Welsh Government sets out in its accounts a clear and balanced commentary about delivery against its change programme. This should include information about any significant changes to the programme, explaining why the Welsh Government has made them and the implications for the delivery of, and objectives for, the programme.

Accept

Over the past three years, the change programme has been a central driver of organisational transformation, and its evolution has been shaped by both ambition and necessity. As we've moved through each phase, initial engagement, refocusing in response to budgetary pressures, and now preparing for Senedd Reform, we've learned that transparency about our journey is essential, not just for accountability but for genuine organisational learning.

In future accounts we will provide a more detailed and balanced commentary on the delivery of WG2025 and what follows it. This will include a clear account of any significant changes made, the reasons behind those decisions, and the practical implications for our objectives and day-to-day operations.

We are committed to reporting not only on what has gone well, but also on the challenges and setbacks encountered along the way. By doing so, we aim to give a fuller picture of the change process, including the rationale for decisions and the impact on staff, partners, and the public. Our intention is to ensure that the accounts reflect the real story of organisational change: one that is honest about complexity, open about risks, and clear about the outcomes for Wales.

WG2025 has shown us that change is rarely linear, and that meaningful progress depends on ongoing reflection and adaptation. We will continue to apply these lessons, making sure our reporting is candid, specific, and genuinely useful for scrutiny and improvement.

Recommendation 8.

We recommend that the Welsh Government provide information about the roles undertaken by staff who left the organisation under the Voluntary Exit Scheme and how this scheme supported any workforce re-design beyond simply reducing the staffing budget.

Accept

The Voluntary Exit Scheme (VES) was one of the tools used to help manage the pressures within the CSA MEG. With WG2025 being the vehicle for change and continuous improvement, through which there is a continued and concerted focus on strategic workforce planning at organisational, group and profession level. The refocused and streamlined WG2025 programme as noted above comprised of three interconnected workstreams, ReSize, ReSpace, and ReShape.

The Resize workstream has helped to reduce the overall staffing costs and develop an affordable workforce plan that means the organisation can live within its budget, whilst also being informed by WG Values, prioritising fairness, people and jobs as far as possible, and aligned with work to ReShape and ReSpace.

The VES approach was designed to support organisational development, with criteria weighted so as not to lose skills and experience that are essential for the future, for example in areas such as Digital, Data and Technology, Legal Services, Procurement, Economists and Finance, and where we have recruited individuals for their specialist knowledge or expertise in certain areas.

This VES scheme supported workforce re-design beyond reducing the staffing budget through several approaches. These included and was not limited to actions including:

- Removing a post occupied by an applicant being released
- Releasing an applicant and realigning activity and capability (either in Directorate or Group)
- Releasing an applicant and recruiting (no direct group saving but potential wider organisational saving identified)

For the most part, releasing applicants meant the direct removal of a post resulting in a saving. Where an applicant was in a post that was not able to be removed and alternative savings were required to be made elsewhere, in all instances, organisation design work supported these changes to structures and role re-design where appropriate.

We are content to share more detailed information and will include wider context within that response. This is because information relating to the roles alone is unlikely to be of use without wider context, knowledge and understanding of requirements of role design.

A number of larger workforce re-design exercises have subsequently been undertaken alongside the VES including redefining portfolios within Groups and Profession led organisational reviews to further embed the use of 'job families' i.e. consistent naming conventions and responsibilities within similar fields of work. We will also include an update of relevant work in this space, within our response to be provided by the end of November 2025.

Recommendation 9.

We recommend that the Welsh Government explain what factors informed its decision-making about its current and future skills requirements as part of the recent voluntary exit scheme.

Accept

As noted above, the VES Scheme aimed to ensure that posts were removed from organisational structures, that people with key skills that the organisation needs to maintain were not exited, and that no agreed departure would have an adverse impact on business continuity.

A number of factors informed the recommendations made by line managers, Deputy Directors and / or relevant Heads of Professions, which were then further considered at Group level before the WG Panel convened to inform the decisions taken.

Decisions were based on current and future skills requirements and informed by Group led strategic workforce planning, this included; the key skills of an applicant and whether these skills could be replaced elsewhere within the organisation, whether there were skills the organisation did not want to lose or skills that are no longer required. In order to manage expectations, it was clearly communicated to prospective applicants from the outset that applications from staff with essential skills were likely to be unsuccessful.

In assessing key skills, consideration was given to where there are declining needs for certain skills that may once have been 'new' or 'novel' to the organisation. There were some areas identified where efforts are required to continue to grow and develop in house, and others where only 'buy-in' of expertise would provide the skill set. Scoring was based on this and aligned to where skills form part of our Professions. It was also clearly established that if the applicant's post formed part of a wider 'job family' that there would likely be others within the organisation who also possess equivalent knowledge and skills to undertake the role or to be upskilled to do so. The impact on business continuity, an assessment of risk and replaceability of posts were also considered.

Recommendation 10.

We recommend the Welsh Government set out what wider assessment it has carried out about the roles within its organisation that may be surplus to requirements.

Accept

The Welsh Government acknowledges the importance of regularly assessing the alignment between its workforce and the evolving needs of public service delivery. This is an ongoing assessment as part of our strategic workforce planning approach where we actively review functions and roles across the organisation to ensure they are affordable (using our delegations framework to ensure accountability), remain fit for purpose and focussed on delivering organisational priorities.

This ongoing and regular assessment is not solely about identifying surplus roles, but about understanding how roles must evolve to meet future demands—particularly in areas central to government business such as policy development, legislative functions, and the growing reliance on digital, data, and emerging technologies.

We are embedding workforce planning across departments to anticipate future skills needs, identify potential gaps, and ensure we have the right capabilities in place. This includes scenario planning and horizon scanning prepare for workforce impacts, particularly those related to opportunities for automation, AI-assisted analysis, and improved digital infrastructure.

Where there are roles the organisation does not require in the future, we will consider redeployment, reskilling, and redesigning roles to align with strategic priorities in the first instance.

Recommendation 11.

We recommend the Welsh Government informs the Committee when it expects to complete the corporate systems road map and provides an update when it has done so.

Accept

The Corporate Systems roadmap was completed on the 31st March 2025. This will remain a living document that will be regularly reviewed to be used and maintained to ensure Organisation oversight and horizon scanning in planning future IT upgrade and replacement.

Recommendation 12.

The Committee recommends the Welsh Government shares information on its review of its performance management arrangements, including the scope and the timescales for completion.

Accept

We undertook a light touch review of our performance management arrangements considering our People Survey insights on the regularity, focus and value of performance check-ins and wider practice across the UK Civil Service.

We retained a set of underpinning core principles to enable high performance including:

- A continued focus on regular, strengths based, coaching style conversations to support individuals to be at their best.
- Retaining performance rating categories of Succeeding, Strengthening and Underperforming.
- Requiring a written development plan required for all.
- No forced distribution or rating quotas.
- An emphasis on support to develop line manager capability.

We made a number of adjustments to strengthen performance management and check-in conversations, including:

- Adjusting routine check-in themes to wellbeing, performance, priorities, learning and development and values. The additional of a clear focus on 'values' supported our work to embed the published WG2025 Values & Behaviours Framework.
- Strengthening the focus in guidance on assessing the "what" and "how" of performance and delivery, bringing a strongly link to the established Cabinet Office arrangements for Senior Civil Service.
- Providing a new, simple form to record check-in discussions to encourage more consistency.
- Retaining a focus on short-term priorities to enable a more agile way of working, but making a stronger link in our guidance to core role responsibilities.
- Requiring performance ratings to be updated on our corporate system on an annual basis, as a minimum, unless there is a change sooner.
- Further detail on L&D opportunities available.

- Additional guidance to encourage everyone to have a focused objective on a corporate contribution, beyond their routine objectives and priorities.
- A stronger emphasis on supporting a dip in performance, including examples of support available, and setting an early timeframe for interventions (changed from 6 months to 3 months).

Our People Survey 2024 findings showed comparatively positive responses across performance management indicators. In particular, responses around colleagues feeling empowered by line managers, and one-to-one conversations helping colleagues to fulfil their potential, were 6% higher than the wider Civil Service benchmark. 72% of colleagues said they receive regular feedback on their performance, 69% reporting that that feedback helps them to improve their performance, and 75% reporting that they believe their performance is evaluated fairly.

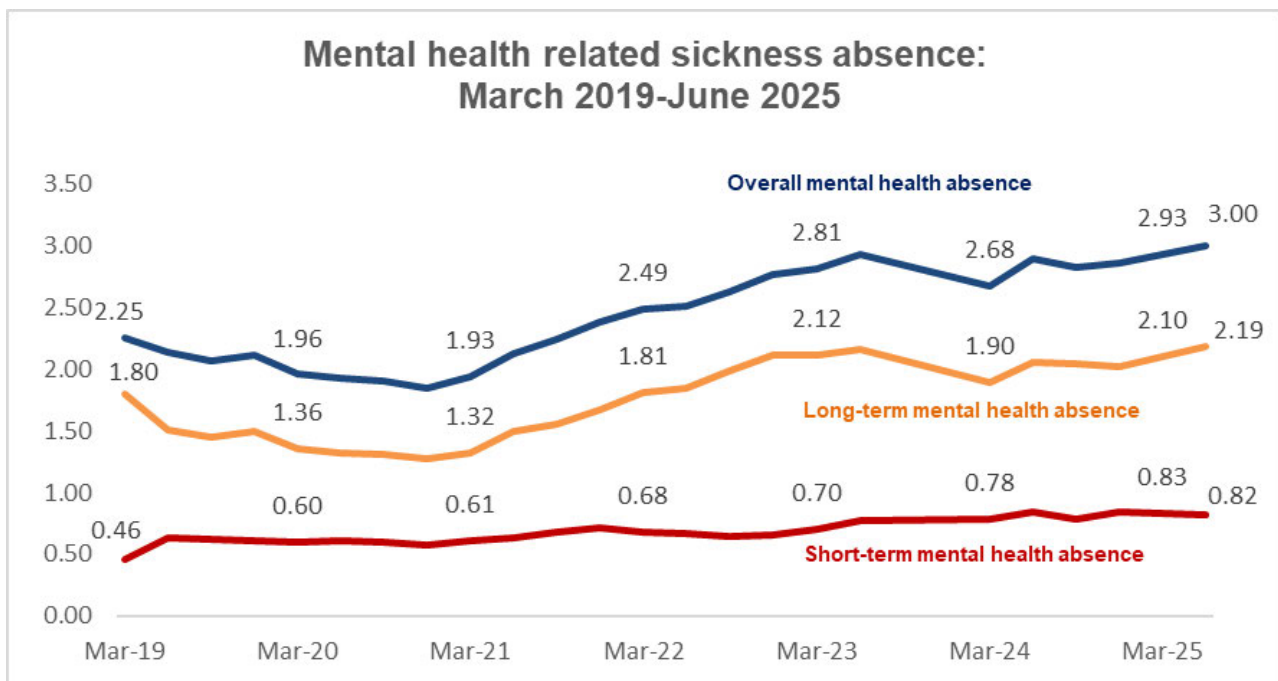
Recommendation 13.

The Committee requests that the Welsh Government provide data for the prevalence of short-term staff absence due to mental health issues and provides trend data for short and long-term absences due to mental health issues to show how this may have changed over time.

Accept

The graph below shows the prevalence of short-term staff absence due to mental health issues, alongside trend data for both short- and long-term absences. This will enable the Committee to assess how patterns of mental health-related absences have changed over time within the Welsh Government workforce.

In this response, absence due to mental health issues (including stress) is presented in average working days lost (AWDL). This is different from the way this information will be presented in the annual accounts, which uses the total number of days lost in a 12-month period (consistent with existing sickness absence accounts disclosures). AWDL is a preferred measure for looking at absence trends, since it accounts for Full Time Equivalent changes over time, and therefore provides a more consistent measure of mental health-related absences.



Mental health-related absence has seen a general increase over time, although it has fluctuated. Lowest levels of overall mental health-related absence in recent years were seen in the year up to December 2020 (1.84 AWDL) and highest in the

year up to June 2025 (3.00 AWDL). This is mainly due to an increase in long-term mental health-related absence (also lowest in the year up to December 2020 at 1.27 AWDL and highest in the year up to June 2025 at 2.19 AWDL). Short-term mental health-related absence has seen a smaller increase, from 0.46 AWDL in the year up to March 2019. Highest levels were seen in the year up to June 2024, as well as the year up to December 2024, at 0.84 AWDL.

We recognise the importance of transparency in understanding the impact of mental health on staff wellbeing and organisational capacity. Monitoring trends in mental health-related absence allows us to identify emerging issues, evaluate the effectiveness of existing support mechanisms, and inform the development of future policies aimed at improving staff wellbeing.

Our specialist HR case advisory team provide regular data and analysis to Director Generals and Directors on the absence position with their Directorates and Divisions, with comparison data spanning the previous year both for their own areas and Welsh Government wide. This is based not only on data recorded within our HR systems but also on real time information gained through line manager and employee engagement with our absence procedures. This has led to us being able to apply interventions such as bespoke wellbeing awareness sessions in areas where a spike in mental health absences has been observed.

In line with our broader commitment to supporting wellbeing and positive mental health in the workplace, Welsh Government wide wellbeing awareness sessions have been rolled out which provides a deeper dive into the access to occupational health services and employee assistance programmes available to all staff. We are also currently reviewing the support offered by our fully trained Mental Health Allies.

As noted above, the Accounts will include analysis of short and long-term absence due to mental health issues from 2024-25 onwards and trend information from that point forwards will be developed within the standard annual absences reporting content of the Accounts.

Recommendation 14.

We recommend the Welsh Government provides information about the data breach in the Pobl system and what sort of data line managers were able to view, which they should not have been able to see.

Accept

The incident was assessed as a high-risk personal data breach and was reported to the Information Commissioner's Office (ICO) within the required 72-hour timeframe. The ICO concluded that no further action was necessary and we have put in place appropriate governance and mitigations

The result of the breach was that fields which are normally restricted to Human Resources were available to line managers. This included details such as the individual's education history, number of dependents, ethnicity, native language, military veteran status, expatriate information and country of birth for both the individual and their parents.

Recommendation 15.

We recommend that the Welsh Government reviews the presentation of the salary of the Director General, Health and Social Services/Chief Executive NHS Wales in its Pay Policy Statement for 2024 and ensures, in future, the information is not misleading and is consistent with the remuneration information in the annual accounts.

Accept

On review of the presentation for this individual circumstance, a more relevant disclosure treatment would be similar to those who joined mid-year where a footnote explaining change of employment status and working pattern is used.

Additional attention will be taken for future publications to assure alignment with the Annual Report and Accounts Remuneration Report disclosures for consistency and transparency.

Recommendation 16.

We welcome the additional disclosures about risks in the Welsh Government's 2023-24 Accounts, which sets out the information in a clear and engaging way. However, we recommend that the Welsh Government also include, in its annual accounts, commentary about the new risks added during the year and ensures it follows best practice in reporting risks.

Accept

In the 2024-25 Accounts we have continued to review and enhance our disclosures on risk. In the 2025-26 accounts we will provide further commentary on new risks added during year, recognising that we will need to balance transparency in our reporting with the safeguarding of sensitive information.

Recommendation 17.

We recommend that the Welsh Government explain why its decision not to restart its Tailored Review programme is the result of the UK Government's decision to stop its corresponding programme.

Accept

The UK Government withdrew "Tailored reviews: guidance on reviews of public bodies"¹ from 15 August 2023 and published "Guidance on the undertaking of Reviews of Public Bodies"² in its place. It noted that only 34% of the planned Tailored Reviews of UK public bodies had been completed between 2016 and 2020, a percentage which may be lower for the years since 2020, despite a prioritisation of bodies by their parent departments. As a result, the UK Government's new guidance is based on self-assessment and a more flexible and proportionate approach to regular reviews, based on governance, accountability, efficacy and efficiency.

Given this change of direction from the UK Government, and the difficulties that the Welsh Government and its public bodies were having in completing Tailored Reviews quickly and effectively, it was decided that the Welsh Government would adopt a similar approach in order to be more flexible and complete reviews more quickly.

¹ <https://www.gov.uk/government/publications/tailored-reviews-of-public-bodies-guidance>

² <https://www.gov.uk/government/publications/public-bodies-review-programme/guidance-on-the-undertaking-of-reviews-of-public-bodies>

Recommendation 18.

We recommend that the Welsh Government alert this Committee when any sale of the shares is concluded, including details of the level of return, and kept the Committee updated on the leasing arrangement as and when any tenant is found. We ask that any updates include information about whether the expected level of income from any lease has been secured.

Accept

The refurbished property (now known as Tech Valleys House) which TVR Automotive Limited had previously expressed an interest in was placed on the open market with appointed agents in March 2024.

Since March 2024, this large property has attracted between 10 and 15 enquiries with around 3-4 parties having actively engaged on it. Our agents are currently in discussions with two large businesses, with lease terms under negotiation with one of the parties. Matters are on-going.

In August 2024, Cabinet Secretary for the Economy, Transport and North Wales approved the sale of all shares held by Welsh Government in TVR Automotive Limited at 'Fair Market Value" (FMV), as per the Shareholders Agreement.

The work of establishing the FMV is not straightforward. TVRA are still a pre-revenue-based entity with very little asset value beyond branding and there is little by way of industry comparatives and a business plan that is still to be achieved. The sale is yet to conclude.

3. Annex 1 – Supplementary Responses

Strategic Road Network

47. The Committee notes the Permanent Secretary's response about the special payment to reach contractual settlement agreements for the SRN projects. We would welcome more information about it, we recommend that the Welsh Government explains how the special payment of £13.1m (excluding VAT) to reach contractual settlement of the Strategic Road Network projects compared to the overall value of the schemes and whether it represented a negotiated settlement below the total value of the claims advanced by the contractors.

Response

Further information is provided under separate confidential cover as it includes matters of commercial confidentiality.

Development Bank of Wales

127. We welcome the publication of the Outturn Report in sufficient time for the Committee to scrutinise it alongside the annual accounts. We are interested to know why the Development Bank of Wales underspent against its fiscal DEL budget. We welcome the commitment from the Welsh Government to provide further details on this issue and look forward to receiving this information.

128. In line with its commitment to do so, we recommend that the Welsh Government explains, with a detailed commentary, why the Development Bank of Wales recorded an underspend of £27.1m against its fiscal Departmental Expenditure Limit budget.

Response

The £27.1m figure referred to by the Committee as an underspend against the Fiscal Resource budget within the Economy MEG is the result of the posting of the £26.1m credit relating to the net DBW revenue expenditure position for the year, the result largely being dominated by the interest and other income earned during the period more than offsetting the operating costs of the company. The published Fiscal Resource Budget was made up only of a specific allocation of £1.0m for the Green Business Loan Scheme where there was limited spend in the year.

Covid-19 Business Grants

173. We welcome the Permanent's Secretary's commitment to provide an update, and include information in its accounts, about the level of fraud and error in its COVID-19 business grants once the Welsh Government has finished Post Completion Monitoring. The Committee recommends the Welsh Government provide information about the number and the overall value of the Economic Resilience Fund grants for which it has issued, or is going to issue, a formal notice for the recovery of grant having not received from the recipient the monitoring information required

Response

Summary

The Economic Resilience Fund (ERF) commenced in April 2020 in response to the Covid 19 Pandemic. There were 8 phases of grant given to businesses. The Welsh Government response was measured and much pre work eligibility, fraud and assurance checks were undertaken to ensure the risk was as low as possible and thus lower than other schemes which were run in the UK. They were also very different to the UK response and were complimentary to and not instead of the UK schemes. Therefore, while there are parallels, they should not be compared in the same way.

Covid 19 – ERF Exit Strategy

The ERF Exit Strategy was agreed by the ERF oversight group and Additional Accounting Officer in February 2025

Exit Strategy

In agreement with the ERF Oversight Group and the Additional Accounting Officer (AAO), due to diminishing returns and the passage of time (five years post ERF phase 1), the team ceased undertaking any further work on PCM from the end of March 2025 and ERF was passed to the business-as-usual function.

We have sufficient evidence to support this exit strategy and to support all the work which the PCM team have undertaken in relation to contacting and working with businesses to supply the relevant information.

Exit Actions by PCM team

- Every business was contacted at least 3 times for outstanding information. No further work will be undertaken to chase down the businesses which

have not replied or have stopped interacting with Welsh Government PCM team.

- All cases received our 'breach to conditions' formal letter that states that following all attempts to obtain the required monitoring information, an invoice will be issued if no response is received and the outstanding information provided.
- The PCM team will submit all business information to the Grants Centre of Excellence Due Diligence Hub so that this can be checked by other grant managers in line with Welsh Government policy.
- Invoices will be raised by the PCM team who will continue to liaise with the central debt team. They will be on the Welsh Government finance system known as SAP.
- No further Dunning process will be undertaken by the central debt team given that sufficient time has elapsed, and that all businesses have already been given many opportunities to respond aligned to Dunning.
- The PCM team will complete the formally undertake close-down process of the PCM by the end of March 2026.

Outstanding Post Completion Monitoring - Cases where applicants have not provided evidence to meet terms of their offer

As noted above within the exit strategy the material cases which have not been completed reached a level where the activity would be included as part of our business-as-usual function rather than as a standalone unit. Although activity has continued through the year the process is essentially almost complete with the team working to close off the remaining cases.

As at end October 2025 across all eight phases of ERF 428 awards to a value of £21,710,303 (of £1.6bn) are still to provide all monitoring information, and of this figure £14,441,721 has been invoiced and noted as such on WG finance systems.

As a result, these have not been released from conditions as not ALL monitoring information has yet been received. This can be due to several reasons, and we have contacted each business on at least three occasions seeking discussion and provision of information. It is worth noting that where a business has failed to provide post completion monitoring evidence it does not mean that the business was ineligible to receive funding, but we have been unable to determine satisfaction of the award obligations.

As previously noted we have contacted 100% of the businesses supported and this is the value of those that have not yet responded although this figure is expected to reduce as further information is provided by the businesses.

ERF Fraud Position

The latest position shows no fraud identified as part of the Welsh Government ERF. The Local Authority delivery was overseen by the Section 151 officers following their standard guidelines within individual Authorities, which are required to notify Audit Wales and are separately audited, and to date no further issues than was reported in mid-2024 have been recorded by the Local Authorities. The LA process was linked to Non-Domestic Rates to verify businesses as part of their application which contributed to this position.

In the 2024 return there were 3 potential fraud cases being brought forward by Local Authorities and this was reported to the committee, further confirming previous reporting that the actual rate was negligible.

Next Steps

We will provide a final closing position report to the committee no later than March 2026 and aligned to above updates.

Agenda Item 4.2

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Agenda Item 4.3

By virtue of paragraph(s) vi of Standing Order 17.42

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Agenda Item 5

By virtue of paragraph(s) vi of Standing Order 17.42

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Agenda Item 6

By virtue of paragraph(s) vi of Standing Order 17.42

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