

Agenda – Public Accounts Committee

Meeting Venue:	For further information contact:
Committee Room 3 – Senedd	Fay Buckle
Meeting date: Tuesday, 1 March 2016	Committee Clerk
Meeting time: 09.00	0300 200 6565
	SeneddPAC@Assembly.Wales

1 Introductions, apologies and substitutions

(09.00)

2 Papers to note

(09.00 – 09.10)

(Pages 1 – 3)

Cardiff Airport: Additional information from Simon Jones, Chair of Holdco (19 February 2016)

(Pages 4 – 5)

Cardiff Airport: Welsh Government Response to the Auditor General's Report (22 February 2016)

(Pages 6 – 7)

Cardiff Airport: Letter from the Football Association of Wales (24 February 2016)

(Page 8)

Cardiff Airport: Additional information from Chris Cain, Northpoint Aviation (23 February 2016)

(Page 9)

Cardiff Airport: Letter from the Welsh Rugby Union (24 February 2016)

(Page 10)

Cardiff Airport: Letter from James Price, Welsh Government (26 February 2016)

(Pages 11 – 45)

3 Scrutiny of Accounts 2014–15: Consideration of responses to the Committees Report

(09.10 – 09.30)

(Pages 46 – 68)



PAC(4)-08-16 Paper 1 – National Library of Wales

PAC(4)-08-16 Paper 2 – National Museum Wales

PAC(4)-08-16 Paper 3 – Assembly Commission

PAC(4)-08-16 Paper 4 – Sport Wales

PAC(4)-08-16 Paper 5 – Welsh Government

PAC(4)-08-16 Paper 6 – Letter from the Auditor General for Wales

4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

(09.30)

Items 5 & 6

5 Consideration of the draft revised memorandum of understanding relating to the BBC Charter Review

(09.30 – 10.00)

(Pages 69 – 74)

PAC(4)-08-16 Paper 7

6 Wales Life Science Investment Fund: Briefing from the Auditor General for Wales

(10.00 – 11.00)

(Pages 75 – 81)

PAC(4)-08-16 Paper 8 – Letter from the Chair to the Auditor General for Wales (24 November 2015)

PAC(4)-08-16 Paper 9 – Letter from the Auditor General for Wales to the Chair (7 November 2015)

Agenda Item 2

Concise Minutes – Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Tuesday, 23 February
2016

Meeting time: 09.04 – 10.53

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/3381>

Attendance

Category	Names
Assembly Members:	Darren Millar AM (Chair) Mohammad Asghar (Oscar) AM Mike Hedges AM Sandy Mewies AM Julie Morgan AM Jenny Rathbone AM Aled Roberts AM Alun Ffred Jones AM (In place of Jocelyn Davies AM)
Witnesses:	Sir Derek Jones, Welsh Government Gawain Evans, Welsh Government Peter Kennedy, Welsh Government David Richards, Welsh Government
Committee Staff:	Fay Buckle (Clerk) Claire Griffiths (Deputy Clerk) Huw Vaughan Thomas (Auditor General for Wales)



Transcript

View the [meeting transcript](#).

1 Introductions, apologies and substitutions

- 1.1 The Chair welcomed the Members to the meeting.
- 1.2 Apologies were received from Jocelyn Davies. Alun Ffred Jones substituted.

2 Papers to note

- 2.1 The papers were noted.
- 2.1 **Committee Correspondence: Letter from Harriet Harman, Chair of the Joint Committee on Human Rights (27 January 2016)**

3 Grants Management in Wales: 2015 Welsh Government Annual Report

- 3.1 The Committee scrutinised the Permanent Secretary on the Welsh Government's Annual Report on Grants Management.

4 Ways of Working: Discussion with the Welsh Government's Permanent Secretary on the work of the Committee in the Fourth Assembly

- 4.1 The Committee discussed and reflected on its work during the Fourth Assembly with the Permanent Secretary of the Welsh Government and looked ahead to the Fifth Assembly.
- 4.2 The Permanent Secretary agreed to explore further whether HEFCW receives financial information from universities during the year that raises concerns among the Welsh Government.

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

- 5.1 The motion was agreed.

6 Grants Management in Wales: Consideration of evidence received

6.1 Members considered the evidence received and agreed to write to the Permanent Secretary with some recommendations to further improve future Annual Grant Management Reports.

7 Ways of Working: Consideration of evidence received

7.1 Members discussed the comments made by the Permanent Secretary.

Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth
Department for Economy, Science and Transport

WGC Holdco



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair, Public Accounts Committee
National Assembly for Wales

c/o committeebusiness@wales.gsi.gov.uk

19 February 2016

The Welsh Government's Acquisition and Ownership of Cardiff Airport

Dear Chair,

During my appearance at Public Accounts Committee on 9 February 2016, I undertook to provide the Committee with further information on a number of matters. I agreed to consider four issues in particular, namely to clarify:

- (i) whether BA had received any financial incentive from the Welsh Government to locate its maintenance facilities at Cardiff Airport;
- (ii) data on how passengers arrive at Cardiff Airport;
- (iii) the current value of Cardiff Airport;
- (iv) names of the loan providers to the airports referred to in the evidence session in receipt of loans.

The history of the British Airways Maintenance Centre in Cardiff (BAMC) predates the creation of the National Assembly for Wales and the establishment of the Welsh Government. However, my understanding is that public sector financial support did play a part in the initial investment locating the facility at Cardiff, with £36m offered in the early 1990s.

The Committee also sought clarity on the current commercial value of Cardiff Airport. Notwithstanding, the emphasis that Welsh Government places on the airport as an economic driver, over and above its commercial value, as part of the annual process of filing the audited accounts of WG Hold Co, a commercial value is placed upon Cardiff Airport. The latest audited Hold Co accounts prepared by Grant Thornton LLP place a current value on Cardiff Airport of £55 million.

At Committee, I also reflected on examples of debt being carried by commercial airports in the UK, including Bristol (£243m debt), Belfast City (£45.3m debt), and Newcastle (£180m debt). As the Committee will be aware, there are a number of forms in which a commercial

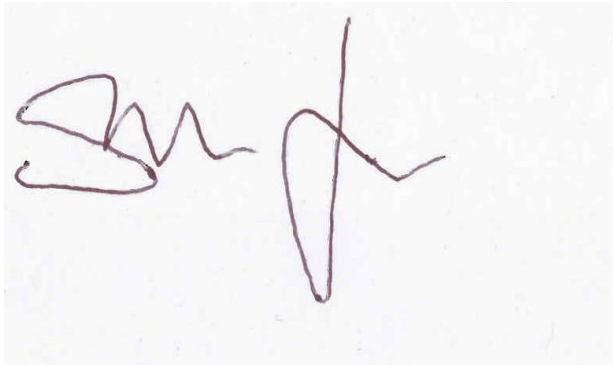


business can access debt financing. These include commercial loans from either public or private sector sources, the issuing of bonds as securities, and intra-company loans in cases where an airport is held as part of a much larger group. For these reasons, it is extremely difficult to be precise as to the individual source or sources of each airports debt. However, I would suggest that the illustrative point is that many commercial airport operations carry significant debt to help finance their activities and realise business development objectives. Cardiff Airport is far from unique in that regard.

Finally, the Committee asked for some further data in terms of which surface access mode passengers arrive at Cardiff Airport. I believe this data is better provided by Cardiff Airport who has some quite sophisticated means of understanding their market. I have therefore asked Debra Barber, the Managing Director and Chief Operating Officer at Cardiff Airport to write to you on this point.

I hope that you find this response of assistance.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'SJ', is centered on a light-colored background.

Simon Jones
Chair, WGC Holdco

Grwp yr Economi, Sgiliau a Chyfoeth Naturiol
Economy, Skills and Natural Resources Group

Dirprwy Ysgrifennydd Parhaol • Deputy Permanent Secretary

Darren Millar AM
Chair, Public Accounts Committee
National Assembly for Wales

c/o committeebusiness@wales.gsi.gov.uk



Llywodraeth Cymru
Welsh Government

22 February 2016

The Welsh Government's Acquisition and Ownership of Cardiff Airport

Dear Chair,

I am writing to set out the Welsh Government's response to the Report and its recommendations. I note the Report's central conclusions that the Welsh Government had a clear rationale for purchasing Cardiff Airport; took appropriate due diligence; paid a purchase price that was informed by a range of commercial and public asset valuations; and has put in place sound governance arrangements.

Cardiff Airport is now in a stronger and more stable position than it was when the Welsh Government took ownership of it. The Report's recommendations will help inform our future approach and that of Welsh Government Hold Co (Hold Co).

Many of the Report's recommendations relate to Hold Co rather than to Welsh Ministers. PAC will appreciate the important distinction between Welsh Government and Hold Co, a distinction that safeguards the 'arms length' relationship between Welsh Ministers and the Board of Cardiff Airport. I have therefore discussed the Report's recommendations with Hold Co and can advise that both Welsh Government and Hold Co broadly accept in principle all seven recommendations.

In respect of each recommendation I can confirm the following proposed actions.

Recommendation 1: We continue to keep governance arrangements under review to ensure they are appropriate and fit for purpose. In particular, we will reflect upon the Report's recommendation and consider whether the skills and experience mix of the Hold Co Board might be better improved by appointing an additional external member. However, we note that the Chair of Cardiff Airport is currently considering the composition of his Board, and any changes to Hold Co will follow the completion of that exercise, so as to ensure appropriate fit.

Recommendation 2: With the agreement of the Cardiff Airport Board, we will amend the Management Arrangement, both to formalise current practice whereby the Cardiff Airport Chair is invited to attend Hold Co, and to place an obligation upon the Chair to do so.



Recommendation 3: Hold Co will discuss and agree principles for appointing non-executive directors to the Cardiff Airport Board. We will reflect any such changes in the Management Arrangement as appropriate.

Recommendation 4: Hold Co will discuss with Cardiff Airport the merits of the airport producing an annual report summarising progress. Separately, the Cardiff Airport Board are currently in their business planning process. Following its conclusion and the agreement of the 2016/17 business plan, a range of key performance indicators will be agreed.


Recommendation 5: Two-year horizons offer greater certainty on which to base decisions. Conversely longer-term projections can be notoriously inaccurate and misleading. Nevertheless, there is merit in also having regard to a longer-term horizon and as such Hold Co has confirmed they will consider Cardiff Airport's five year projections alongside the annual review of the airport's business plan.

Recommendation 6: We recognise that now that the airport's immediate future is secure, attention must turn to maximising its commercial and economic impact. As such, delivery of a Master Plan is a priority action for this year.

Recommendation 7: We will continue to evaluate the performance and relevance of the shuttle bus service as part of a good contract management process.

I hope the Committee will find this information useful.

Yours sincerely

A handwritten signature in black ink that reads "James Price," with a comma at the end.

James Price



FA WALES | CBD CYMRU

24th February, 2016

Mr Darren Millar AM,
Chair - Public Accounts Committee,
National Assembly for Wales,
Cardiff Bay,
Cardiff
CF99 1NA



VAUXHALL
THE WALES TEAM SPONSOR

11/12 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

11/12 Cwrt Neifion
Ffordd Blaen y Gât
Caerdydd
CF24 5PJ

T 029 2043 5830
F 029 2049 6953
www.faw.org.uk

Dear Mr Millar

I refer to your correspondence dated 9th February regarding the Public Accounts Committee inquiry into the Welsh Governments acquisition and ownership of Cardiff Airport.

I am pleased to confirm that the Football Association of Wales ("FAW") has always had a strong and positive working relationship with Cardiff Airport. Over recent years, the FAW has worked closely with the airport in relation to the planning for UEFA Super Cup 2014. The airport also featured prominently in the FAW's UEFA EURO 2020 bid.

In just under 16 months' time, Cardiff will stage the 2017 UEFA Champions League Final ("UCL Final 2017") – not only will this will be the World's single biggest sporting event in 2017 but also the biggest sporting event to have ever been staged in Wales. Based on surveys of recent host cities, the event will also generate an economic impact of £45m for Cardiff and the surrounding region.

In summary, without Cardiff Airport's support, the FAW wouldn't have been able to submit its successful bid to stage UCL Final 2017.

Following the announcement by UEFA's Executive Committee at the end of June last year, the FAW has been working closely with Cardiff Airport and Bristol Airport as it sets out to deliver the considerable air operations plan for UCL Final 2017.

Please do not hesitate to contact me should you require any further information.

Yours sincerely

Jonathan Ford.



Public Accounts Committee

Cardiff Airport

Additional Information from Chris Cain, Northpoint Aviation (23 February 2016)

The Chairman of the Committee also asked whether there were any other airports that could act as current or future benchmarks for Cardiff other than Newcastle. I have given some thought to this and would suggest the following:

Belfast International – c4mppa, mainly low cost and charter carriers a long haul route, strong competition from Dublin, a military enclave, a catchment of similar size but with a higher propensity to fly.

Leeds Bradford – serves a core and secondary city, acquired five years ago by Bridgepoint Capital for £160m; passenger numbers have increased to over 3 mppa, mainly through low cost growth; are some regional business networks and charter activity. Short runway makes long haul difficult, although mid haul is possible.

Aberdeen – currently 3.26mppa, was 3.75mppa from a catchment population smaller than Cardiff but with propensity to fly buoyed by the energy sector. Interesting mix of network carriers serving their hubs, regional operations to domestic centres and Norway, charters and low cost to holiday destinations. Airport 'City' under construction.



Darren Millar AM
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

24th February 2016

Dear Darren,

Further to your letter dated 9th February, please find below the WRU / Principality Stadium comments with regards to our engagement with Cardiff Airport.

In the planning and delivery of major events, the WRU and Principality Stadium works closely with all stakeholders promoting proactive dialogue and engagement to ensure all transport operators are able to maximise operating capacities and meet the specific demand profiles of the events.

In relation to the delivery of WRU/Principality Stadium events (6 Nations, Autumn Series etc), the WRU and Principality Stadium provides accurate event information for the forthcoming fixture via the "Stadium Events Liaison Group" (SELG.) It is via this group that the airport is provided with all relevant information from which to plan their event specific operation. The airport in turn provides the SELG with up to date inbound and outbound flight information, to ensure these crowd flows are captured in the wider event mobility plan.

For third party "World Events", which include Olympics, RWC 2015 and the UEFA Champions League 2017, the Local Organising Committee (LOC) for the event manages the external stakeholder engagement including the transport operators as part of its event specific mobility planning. The airport representatives play a critical role in this process, as all parties align their respective service levels and identify and prioritise core event delivery responsibilities.

We continue to have an excellent relationship with the staff at Cardiff Airport and are happy to explore other methods of communication with them in the future.

Kind regards,

Mark Williams
Stadium Manager – Principality Stadium

Grwp yr Economi, Sgiliau a Chyfoeth Naturiol
Economy, Skills and Natural Resources Group

Dirprwy Ysgrifennydd Parhaol • Deputy Permanent Secretary



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair, Public Accounts Committee
National Assembly for Wales

c/o committeebusiness@wales.gsi.gov.uk

24 February 2016

The Welsh Government's Acquisition and Ownership of Cardiff Airport

Dear Mr Millar,

During my evidence to Public Accounts Committee on 11 February, I undertook to provide a note on a number of matters. I address each point in turn and hope that the Committee find this additional information helpful.

A list of the Anchor Companies in Wales together with the criteria required to be an Anchor Company:

An Anchor Company is generally considered as:

- a company which is a global or international organisation;
- a company that has Welsh Head-Quarters or significant corporate presence in Wales.

I attach a brochure which outlines the Welsh Government's Anchor Company programme and gives examples of many of the companies with which we work.



WG23938 Anchor
Companies Broc...

Further information, including a list of Anchor Companies is also available on the Welsh Government website at:

<http://gov.wales/topics/businessandconomy/sector/anchor/?lang=en>

A note of the passenger figures over the last 25 years:

By the end of 1992 annual passenger numbers at Cardiff Airport stood at 743,219. The 1990s were a significant growth period, with annual passenger numbers doubling by the end of the decade, and 1 million passengers a year was achieved for the first time in 1994-95.

The list below provides annual passenger numbers for every year since 1997; information prior to 1997 concerning passenger numbers at Cardiff Airport, flights and other data is available at the Civil Aviation Authority website - <https://www.caa.co.uk/Data-and-analysis/UK-aviation-market/Airports/Datasets/UK-Airport-data/Airport-1983---1997/> .

Year	Pass. No
1997	1.15m
1998	1.26m
1999	1.33m
2000	1.51m
2001	1.54m
2002	1.42m
2003	1.91m
2004	1.88m
2005	1.77m
2006	2.02m
2007	2.11m
2008	1.99m
2009	1.63m
2010	1.40m
2011	1.20m
2012	1.01m
2013	1.07m
2014	1.02m
2015	1.16m

A plan and inventory of what the Welsh Government acquired:

The Welsh Government acquisition included all of the share-holding, assets and operations of Cardiff Airport. These matters are covered in some detail in the Auditor General for Wales Report. A map of the Cardiff Airport site, in addition to potential ideas of what can be done to maximise its economic impact, is included within the recent report by Public Policy Institute Wales – (<http://ppiw.org.uk/files/2016/01/PPIW-Report-Maximising-the-Economic-Benefits-of-Airports.pdf>).

An explanation of the urgency as to why the purchase had to be completed within a short timeframe and why the S128 procedure contained within the Government of Wales Act 2006 was used:

The Auditor General for Wales Report indicates how Abertis envisaged two phases to the sale process and set this out in their 'Process Letter' dated 3 December 2012. This indicated that phase one (formal non-binding offer) would need to be completed by 14 December 2012. Acceptance of a formal non-binding offer would enable exclusivity to continue. Abertis required phase two (due diligence) and the sale process to be completed by end March 2013.


Full details of the various valuations carried out prior to the acquisition; confirmation as to whether the original land value was carried out on the site as an airport or the Residual Land Value of the airport site prior to the time of purchase; if the calculations on the Residual Land Value are available?

The process of commercial and public asset valuations, the methodology used and the impact of varying assumptions on values is outlined by the Auditor General in his Report. Having re-read the report, I have no further detailed information to add =.

A note on which valuation method is used to value the assets in the Holdco annual accounts:

As part of the annual process of filing the audited accounts of WG Hold Co, a value is placed upon Cardiff Airport. I understand that the latest audited Hold Co accounts prepared by Grant Thornton LLP place a current value on Cardiff Airport of £55 million. Grant Thornton relied upon discounted cash flow of projected EBITDA as a basis for their audit opinion of the airport's value. This was cross referenced to the earnings multiple that broadly came out in line with the discounted cash-flow valuation.

Yours sincerely

A handwritten signature in black ink that reads "James Price," with a comma at the end.

James Price



Llywodraeth Cymru
Welsh Government

www.gov.wales

Engaging our Anchor Companies



The Welsh Government's Anchor Company programme is all about working with key companies to create jobs, growth and wealth within the Welsh economy.

Anchor Companies are major employers with a focus on research, development and innovation that create and underpin growth in their various sectors. At a local level, their presence generates knock-on effects that benefit the local economy and supports smaller enterprises, thereby strengthening Welsh supply chains.

As major employers, Anchor Companies foster high levels of employee engagement and invest in staff training. Their apprenticeship and training programmes provide opportunities for talent to thrive and their decision to locate in Wales demonstrates their confidence in the level of skills and capability available here.

They promote all aspects of Corporate Social Responsibility and have strong links with their local communities. Anchor Companies are role models for other employers and companies looking to locate here and the Welsh Government values the close two-way relationship we have with them.

I am committed to continuing and strengthening our partnerships with all Anchor Companies and building close relationships at the highest level both in Wales and with head offices overseas. By working together we can deliver our shared objectives of creating economic growth and jobs in Wales.



**Edwina Hart MBE CStJ AM Minister
for Economy, Science and Transport**

Introduction

1 // Our promise to you

Support

3 // What is an Anchor Company, and what support will I receive?

Sectors

7 // Advanced Materials & Manufacturing; Construction; Creative Industries; Energy & Environment; Financial & Professional Services; Food & Drink; Information & Communications Technology; Life Sciences

Success

28 // Why businesses come, stay and prosper in Wales



Welsh Government considers Anchor Companies of key strategic importance to the economy of Wales.

As one of our Anchor Companies, we will work with you to develop your business in Wales and beyond based on a partnership approach.

As an Anchor Company, your business can access a range of products, financial and non financial and a personally focussed one to one service.

We will provide you with an Account Director and an Account Manager, a dedicated Welsh Government team who will work closely to ensure that you receive tailored packages of support, and benefit from a whole Government approach – enabling your company to achieve its objectives.

As an Anchor Company we will take every opportunity to promote your business in and outside Wales. We ask that you work with us to help promote and showcase Wales in your business activities and that you work with other Anchor Companies to help create a network of sharing expertise, solutions and best practice. We will facilitate you as a community, enabling linkages, so that together we can confidently take Wales forward.

What is an Anchor Company and what support will I receive?

The Welsh Government considers an Anchor Company to be:

- A company which is a global or international organisation
- Has Welsh headquarters or significant corporate presence in Wales
- A company committed to people development and innovation
- A company that wants to work with us to develop the Welsh business environment

We will make a joint investment in the Welsh economy

We will actively seek opportunities to work with each Anchor Company, or group of Anchor Companies, to further the economy of Wales, and the company's wider objectives here. This could include, for example:

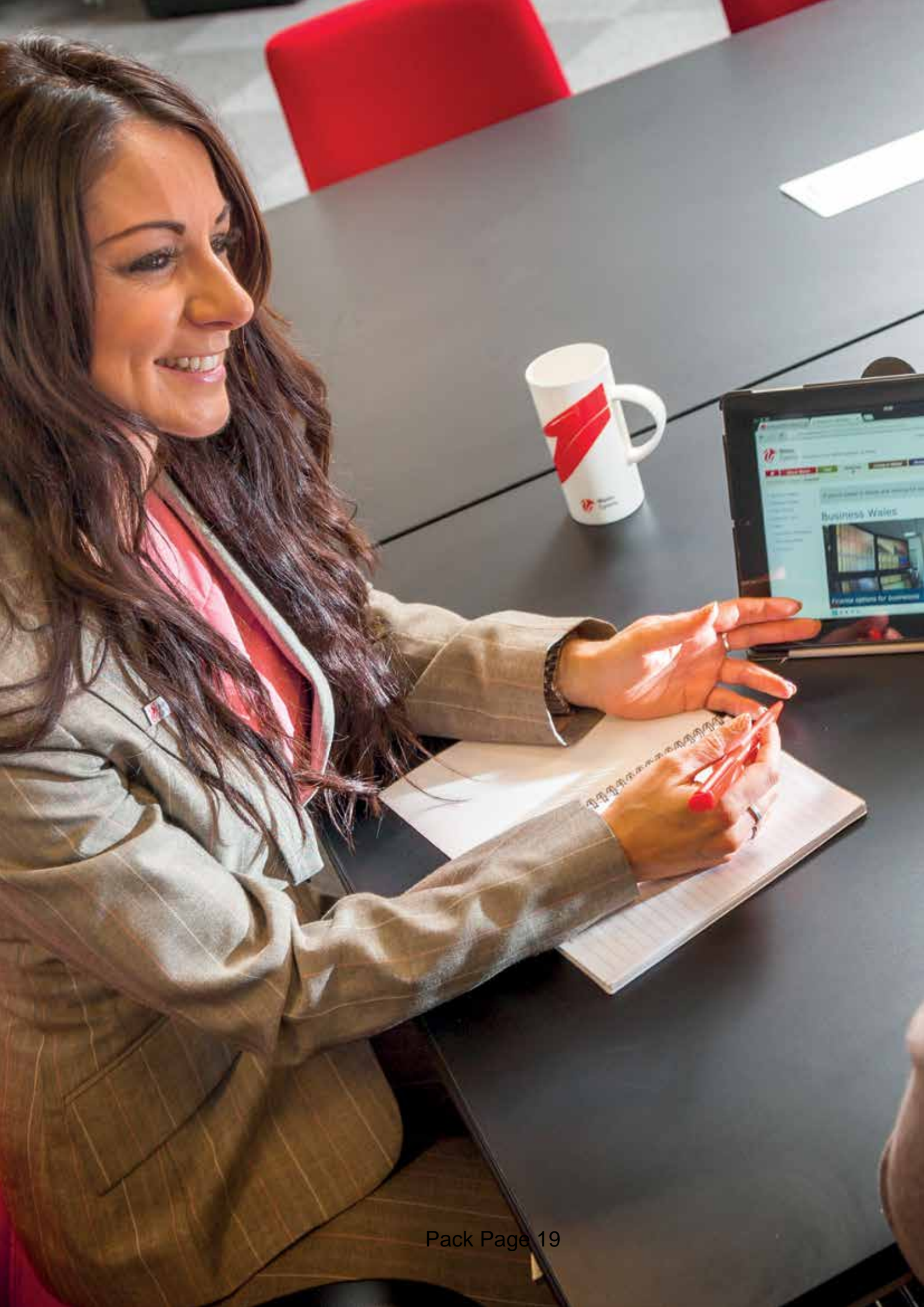
- Work to develop and strengthen supply chains
- Pooling of skills development
- Showcasing best practice
- Supporting CSR programmes

Access to Ministers

As an Anchor Company you will benefit from fast and easy access to Welsh Government and Ministers, and you will have the opportunity to input into policy in development.



The Senedd (the National Assembly building), Cardiff Bay.



One to One Account Management service

You will have an Account Director – a senior contact in the Welsh Government who will work with your senior management and an Account Manager who will manage day to day business with your company. With you they will deliver a jointly agreed account plan and put in place regular meetings including a formal annual review.

Your Account Manager will develop a deep understanding of your company, and can spend dedicated time with you immersing themselves in your business if you would find this of value.

Tailored package of support

We will develop a package of support tailored to your company needs, subject always to our legal powers, state aid regulations and value for money criteria.

Support can vary from financial assistance on major capital projects; advice and assistance with property and land transactions; skills and training advice and support; supply chain optimisation; facilitating access to all parts of the Welsh Government, and appropriate specialists and experts. The package of support developed with your Account Manager will enable you to pursue your business objectives whilst working to benefit the Welsh economy.

We will work with you to support your operation in Wales within the context of your wider parent or group management structure.

Anchor Company Network

As part of the Welsh Anchor Company Network you will be invited to meet with fellow Anchor Companies and input into regular Anchor Company meetings and events to share your best practice and expertise, network and benefit from expert business speakers.

We will keep you up to date to ensure that you are aware of changes that may affect your business, and we will involve you in policy development through timely consultations, formal informal discussions.

Measuring your satisfaction

In order to continuously improve our service to you we will undertake an Anchor Company Customer Satisfaction Survey. This will allow us to continuously seek to improve our Account Management service. We will listen to you and align our service to your feedback, to maximise the benefits to you of being an Anchor Company.

Other Anchor Companies

Control Techniques Drives Ltd
Ford Motor Company Ltd
Meritor Heavy Vehicle Braking
Systems UK Ltd
Qioptiq Ltd
Zodiac Seats (UK) Ltd



Advanced Materials & Manufacturing

Our companies and universities are collaborating to develop advanced materials for a range of sectors including aerospace and defence and automotive, produced at some of the world's most advanced manufacturing facilities.

Global players have major bases here, from Ford, who has produced 18 million engines in Wales, to Airbus which has the biggest aerospace manufacturing operation in the UK right here.

In addition, British Airways, GE Aviation, Marshall Aviation Services, Nordam and Toyota have all recognised just how productively they can manufacture in Wales.

Airbus Operations Ltd

Airbus is a leading aircraft manufacturer with the most modern, comprehensive family of airliners on the market, ranging in capacity from 100 to more than 500 seats.

Airbus is a global company, headquartered in Toulouse, with design and manufacturing facilities in France, Germany, the UK and Spain as well as subsidiaries in the U.S., China, Japan and in the Middle East.

- Airbus champions innovative technologies and offers some of the world's most fuel efficient and quiet aircraft.

- Airbus has delivered more than 8,600 aircraft to 369 customers worldwide and boasts a healthy backlog of more than 5,800 aircraft for delivery over coming years.

British Airways Engineering South Wales

British Airways is especially committed to Welsh expertise, with three dedicated facilities across a 50 km radius:

- BA Avionics provides end-to-end maintenance of electrical, electronic and electro-mechanical components.
- BA Interiors carries out advanced maintenance works on cabin interiors and safety equipment, as well as working with manufacturers on new product developments.
- Located at Cardiff Airport, British Airways Maintenance Cardiff handles major maintenance and cabin interior conversions for BA's entire long haul fleet. Set in one of the largest facilities of its kind, expert teams overhaul, repair, modify, test and inspect BA's Boeing 747, 767 and B777-300 aircraft.



BAMC St Athan – Cardiff Airport Enterprise Zone.

Celsa Manufacturing (UK) Ltd

Acquired in 2003, Celsa Steel UK is the largest producer of reinforcement in the United Kingdom and one of the largest manufacturers of other steel long products. Its facilities in Cardiff produce around 1.2 million tonnes of finished product each year. The facilities consist of a state of the art melt shop built in 2006, and two production facilities: one for reinforcing products and wire rod, the other for merchant bar and light sections. The company employs over 500 staff directly and several hundred through their supply chain.

GE Aircraft Engine Services Ltd

GE Aviation Wales specialises in the overhaul, repair and maintenance on a range of jet engines, providing maintenance, repair and operations (MRO) services for more than 90 customers worldwide.

Chris Doherty, Human Resources leader says "As one of the largest aircraft engine maintenance facilities in the world, GE Aviation employs a highly skilled workforce to work on some of the most complex engines in the industry".

The facility based in Nantgarw, just North of Cardiff, is an example of a global business with a successful Welsh operation that innovates to succeed.

Occupying over 1.2 million square feet of workshop space, it has two state-of-the-art engine test facilities and employs a highly skilled workforce of over 1,200 people.

With a turnover in excess of \$2 billion, the company services over 450 engines a year. Since the acquisition of the General Electric Company site in 1991 and with support from the Welsh Government GE Aviation has continued its inward investment and funding, ensuring business growth, securing new product introduction and the creation of several Centre of Excellences, and has firmly established its position as a global leader.

JCB

JCB is the third largest construction equipment manufacturer in the world by volume and is market leader in the UK, Europe, Russia and India. It is a family-owned company with 22 plants worldwide and a global workforce of



Tata Steel – finished strip steel rolls.

12,000. JCB manufactures over 300 different machines, including the world-famous JCB backhoe loader and Loadall telescopic handler, as well as a range of compact and heavy excavators.

JCB has been manufacturing in Wales since 1979 and now has two factories on the Wrexham Industrial Estate making gearboxes and axles, which are used in over 80% of the machines that it manufactures in Staffordshire.

Tata Steel Europe

Tata Steel is the second largest steelmaker in Europe. The Wales-based operations form a critical community of operations with a network of business partners. Part of the UK's largest manufacturing group, Tata Steel's operations are largely focused on strip steel applications: serving dynamic markets in the automotive, engineering, lifting & excavation, construction, energy & power and consumer products sectors.

As an Anchor Company, Tata works with the Welsh Government for mutual benefit supporting the development of the economy, community and

our physical environment. Through relationships with the higher education sector and research bodies Tata innovates to develop new products, processes and collaborations to maintain a competitive edge on the international stage.

Toyota Motor Manufacturing (UK) Ltd

Toyota Manufacturing UK established its engine production facility in Deeside, North Wales in 1992 and employs around 570 staff. As the first overseas plant to produce Toyota's class leading hybrid engines, the 115 acre Deeside site manufactures over 230,000 petrol and hybrid petrol engines annually. These are built for the British market, and for export to Toyota production centres overseas.

Toyota's production processes include aluminium casting, machining and assembly before final inspection and despatch to vehicle plants.

Over the years Toyota has been supported by the Welsh Government with a dedicated account management service which has enabled investment in plant, machinery and staff development.

Construction

Wales' construction industry plays a vital role in delivering a vibrant economy and a quality environment.

In Wales there are approximately 13,000 companies involved within the sector, employing more than 130,000 people. This includes professionals such as planners, architects, surveyors and building engineers as well as the traditional construction companies responsible for 'new build', maintenance and upkeep of our historic and heritage buildings.

Recent Office of National Statistics (ONS) figures, published in January 2014, show that Wales is outperforming the sector in the UK as a whole. In addition, the Construction Industry Training Board (CITB) predicts that nearly 18,000 new construction jobs are expected to be created in Wales over the next five years.

Dawnus Group

Dawnus is an international civil engineering and building company with headquarters in Swansea. Since its establishment in 2001 it has grown to deliver projects across the whole of Wales and England, as well as undertaking major civil engineering schemes in West Africa. Its staff numbers have consistently grown year on year; with the number of UK employees increasing from 240 in 2005 to 1,024



currently with a further 1,300 employees in West Africa. Group turnover grew from £2m in 2002 to £206m in 2013.

The company embarked on its first overseas project (iron ore mining) in 2010 and the success in delivering international projects was recognised by the award of the Queen's Award for Enterprise in 2014, for outstanding achievement in International Trade.

Dawnus has based all its operations on the principle of direct works delivery, employing an in-house labour force of operatives and tradesmen, and maintaining significant plant holdings, which are used to deliver the majority of their projects.

The company aims to employ on a career basis, rather than only for the length of a project, and provides training and development opportunities to allow employees to develop their careers.

Nuaire Ltd

Nuaire prides itself on being at the forefront of innovation in ventilation technology. The company employs over 446 staff at its 250,000 square foot complex in Caerphilly including a team of over 20 engineers in its research and development unit. It has the largest and most advanced air movement test facility in the UK. Nuaire's systems are to be found in most iconic British buildings constructed in recent years including multi-million pound landmarks such as the Wales Millennium Centre on the Cardiff Bay waterfront.

The green mission is very important to the company and Nuaire's technology is making great contributions towards the achievement of zero carbon buildings. With a supply chain largely located in Wales and ultralow energy machinery, its own carbon footprint is among the lowest for a firm of its kind.

Redrow PLC

Celebrating its 40th anniversary in 2014, Redrow is one of the country's largest and most respected house builders, with a reputation for quality and innovation.

Redrow was founded in 1974. The firm moved into house building in 1982, building its first new homes in Denbigh, North Wales. A year later, with 1,500 employees, Redrow opened new offices in Alltami, not far from the present-day St David's Park headquarters in Flintshire.

Today Redrow employs around 1,300 people, with 11 operating divisions across England and Wales, including a rapidly expanding London business. Redrow currently has 17 developments in Wales and is the lead developer for the Plasdwr development, North West of Cardiff, which will become the largest new community in Wales.

With a strong emphasis on high quality family housing in prime locations, Redrow has won numerous awards over the years, including most recently, the 2014 Building Awards 'Housebuilder of the Year'. Redrow was also awarded for the fourth consecutive year the Five Star rating for Customer Satisfaction by the Home Builders Federation (HBF).



Creative Industries

Welsh creative companies span software and app development, TV and film production, games, music, digital marketing and more, employing over 49,000 people in over 4,685 enterprises with a further 25,000 in creative occupations outside the sector and generating over £1.6 billion annual turnover.

With some 11,500 more working in creative roles in other sectors, there is a strong commitment at Government level to education and skills development.

Every year our Welsh universities feed the sector with some 5,000 graduates who bring really diverse skills, from scriptwriting and visual effects to digital and mobile technology development, including gaming, coding and animation. Around 68% of the talented Creative Industries workforce hold a Bachelor's degree or higher.

Success

Wales is home to internationally significant creative content production companies such as Tinopolis and Boom Cymru, two of the UK's largest independent production groups outside London.

Ron Jones, Executive Chairman, Tinopolis and Chair of the Creative Industries Sector Panel states "Wales is full of creative people..we want to engage with these companies and creative talents to make sure we are offering them a support package that works for them".



Other Anchor Companies

Boom Cymru
Pinewood Studios Group
Tinopolis PLC



Pinewood Studio Wales

The Pinewood Studios Group is a leading provider of studio and related services to the global film and television industry. Synonymous with world class British and international productions, the impressive heritage of its UK-based Pinewood and Shepperton Studios, home to some of the most successful feature films and TV shows ever made, dates back to the early 20th Century.

Pinewood Studio Wales is a TV, film and entertainment studio complex comprised

of two 20,000 square foot stages and an additional 30,000 square foot multi use shooting floor. Office space and production support facilities are also available on site.

Situated near Cardiff Bay, Pinewood Studio Wales is ideally located for its proximity to stunning natural scenery, heritage and national parks in addition to transport links, via the motorway and Cardiff Central Railway Station, to international airports including Cardiff, Bristol and Birmingham.



Other Anchor Companies

Sharp Manufacturing Company
UPM Shotton

Photograph courtesy of RWE Innogy.

Energy & Environment

Wales's natural assets plus our longstanding skills and experience in the Energy and Environment sector stretch back to the industrial era of coal and other fossil fuels.

Wales is looking forward to the future by developing clean, efficient energy generation and by taking specialist environmental technologies across the world.

Innovation is the key as companies strive to work smarter, while new projects demand advanced materials and supply chain support. The Welsh Energy and Environment sector employs 58,000 people within 2,100 companies and generates over £4.8 billion in sales per annum.

Utility companies are investing in new sites to help the transition to more sustainable energy sources. The whole nation is working to eliminate landfill by 2050. The Welsh Government has pledged to make Wales a Low Carbon Economy – to maximise energy and environmental investment and bring economic benefits to our businesses and communities. Our universities are creating centres of excellence, working with industry partners to develop new technologies and establishing Wales as a test-bed for innovative ideas in sustainability.

British Gas

British Gas, the UK's largest energy provider, supplies gas and electricity to 375,000 homes and 50,000 businesses in Wales. It employs more than 2,200 people in Wales – 1,300 at its award winning contact centre in Cardiff.

More than 600 British Gas engineers work across Wales, keeping homes warm and safe, and smart energy apprentices are trained at the British Gas Academy in Tredegar.

British Gas manages Nest – the Welsh Government scheme working to help reduce the number of households in fuel poverty and make Welsh homes warmer and more energy efficient through free home energy improvements, advice and support.





Pembroke Power Station, Europe's largest and most efficient combined cycle gas turbine.

Dŵr Cymru Welsh Water

Dŵr Cymru Welsh Water aims to provide over three million people with a reliable source of high quality tap water whilst also protecting public health and the environment in their care by removing wastewater safely and responsibly. With no shareholders, the Dŵr Cymru Welsh Water unique ownership model in the water industry in England and Wales enables all gains to go to its customers. Its work with key stakeholders, such as the Welsh Government, is crucial in helping the company to ensure that they maintain and improve their services both for today's customers and future generations.

RWE

RWE supplies electricity and energy services to over 130,000 households and 6,000 businesses across Wales, including major customers such as TATA steel and Dŵr Cymru Welsh Water. RWE recently invested over £3 billion in Wales to create a diverse portfolio of power generation. These include including the highly efficient coal fired power station at Aberthaw; Europe's largest, most efficient combined cycle gas power station at Pembroke; major off shore wind farms at Gwynt y Môr, Rhyl Flats and North Hoyle and also numerous on shore wind and hydro stations with many more in the development pipeline. In

total RWE has over 500 direct employees in Wales and a Welsh supply chain supporting many thousands of jobs.

RWE is committed to helping vulnerable customers manage their energy costs. It provides over £3 million for energy efficiency measures through the Welsh Government's Arbed initiative as well as helping a further 5,000 Welsh households install correct heating and insulation in their homes through the RWE Health Through Warmth Scheme.

SSE

SSE is a FTSE 100 company, employing 20,000 staff and investing £4m per day in the UK and Ireland's energy infrastructure. SSE is the largest generator of renewable energy in the UK, maintaining and operating energy network businesses, as well as providing industry-leading customer service through its retail arm. SSE has a proud history in Wales, serving over 1 million Welsh customers through the retail brand SWALEC. The Enterprise business provides comprehensive business-to-business support, including electricity, gas, contracting, and communications solutions. SSE has partnered with Welsh Government on a number of projects in recent years, from training to boost the skills of our 1,500 Wales-based staff, to energy efficiency projects which help customers save money and reduce CO₂ emissions.

Valero

Valero's Pembroke refinery is one of the leading employers in South Wales and is one of Europe's largest and most complex refineries. Valero Energy Ltd, a subsidiary of Valero Energy Corporation, markets fuel in the UK and Ireland under the Texaco brand. There are around 800 Texaco-branded service

stations in the UK and 230 Texaco-branded service stations in Ireland.

Valero Energy Corporation, through its subsidiaries, is an international manufacturer and marketer of transportation fuels, other petrochemical products and power. Valero subsidiaries employ approximately 10,000 people, and assets include 15 petroleum refineries with a combined throughput capacity of approximately 2.9 million barrels per day, 11 ethanol plants with a combined production capacity of 1.3 billion gallons per year, a 50-megawatt wind farm, and renewable diesel production from a joint venture. Through subsidiaries, Valero owns the general partner of Valero Energy Partners LP (NYSE: VLP), a midstream master limited partnership. Approximately 7,400 outlets carry the Valero, Diamond Shamrock, Shamrock and Beacon brands in the United States and the Caribbean; Ultramar in Canada; and Texaco in the United Kingdom and Ireland. Valero is a Fortune 500 company based in San Antonio, Texas.

Wales & West Utilities

Wales & West Utilities (WWU) manages and maintains the gas network throughout Wales and the south west of England. To make sure WWU delivers outstanding levels of gas safety, reliability and customer service, they continually look for ways to improve standards for the 7.5 million people they serve every day. A partnership with Welsh Government is helping WWU to develop relationships with a number of organisations so that they can deliver on this, offering customers sustainable energy both now and for the future.

This includes a focus on making energy more affordable. Last year WWU

connected 11,000 new homes to their gas network through the Warm Home Assistance scheme, offering savings of more than £500 a year in fuel bills.

Western Power Distribution

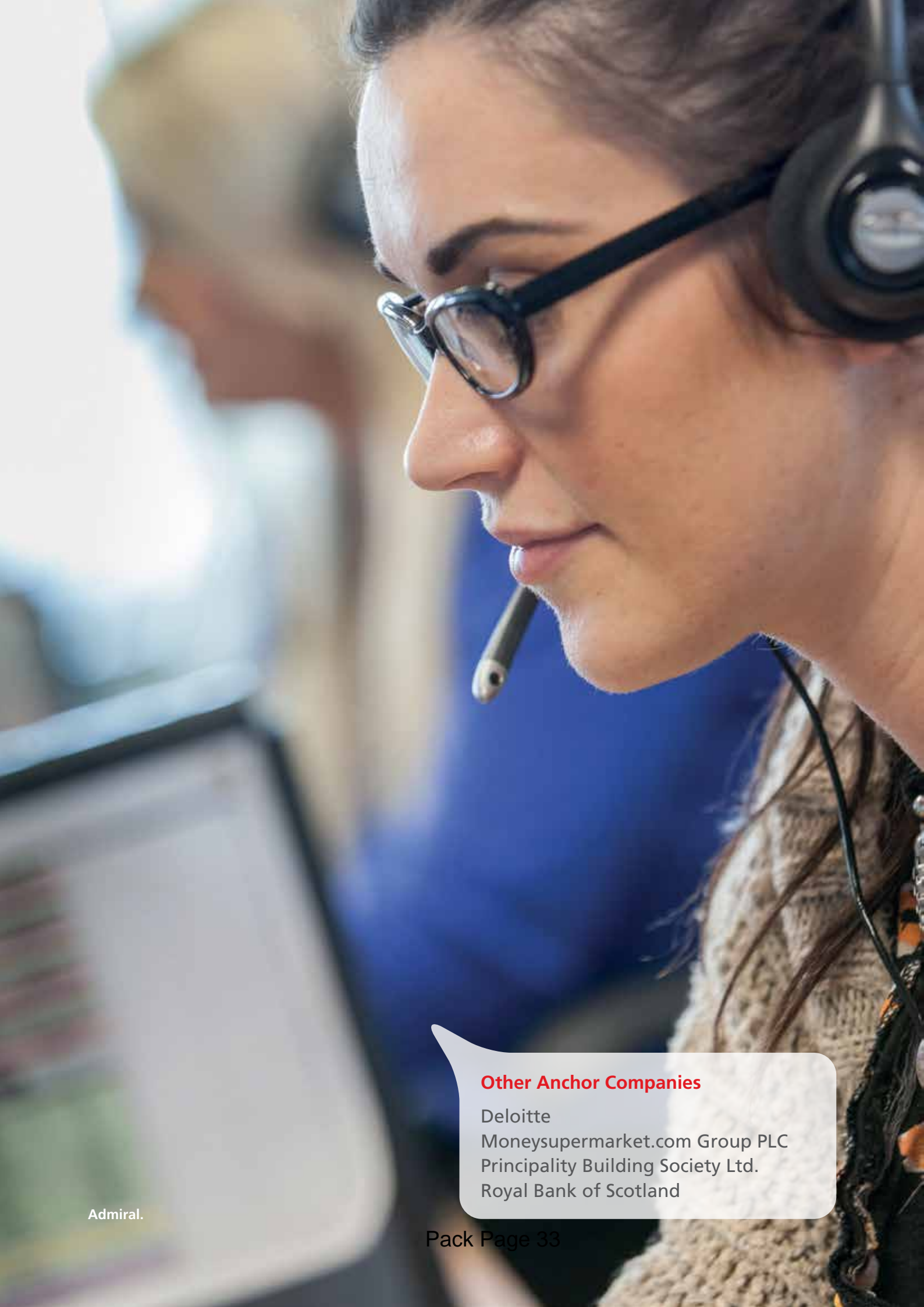
Western Power Distribution (WPD) is the electricity distribution business for South and West Wales, where over 900 staff serve around one million customers.

It is responsible for ensuring the power network of poles and pylons, cables, wires and substations – the infrastructure that we all rely upon to live our lives to the full – and delivers electricity to homes and businesses around-the-clock.

WPD invests many millions of pounds annually to operate and maintain its Welsh infrastructure effectively, while also actively pushing forward the boundaries of innovation as it strives to develop a network in harmony with a low carbon future.

To this end, initiatives like its South Wales Network Templates project are designed to help the UK power industry plan, develop and operate networks for the years ahead. The project has involved working closely with the Welsh Government and others, and it evaluated the impact of low carbon, demand-side technologies as they are connected to a low voltage network.

WPD is widely regarded as its industry's leader, particularly in terms of supply reliability and customer service excellence. Recognised for its efficiency, it is also the only UK gas or electricity distribution business to be fast-tracked through Ofgem's demanding regulatory business planning process.



Other Anchor Companies

Deloitte
Moneysupermarket.com Group PLC
Principality Building Society Ltd.
Royal Bank of Scotland

Financial & Professional Services

Wales' Financial Services sector has an impressive foundation in retail banking and general insurance. The growth in asset finance, wealth management, life insurance and pensions and advisory services has broadened the sector more recently.

The Professional Services sector includes Legal, Accountancy and Corporate Services. They are increasingly working in different ways to respond to regulatory and market changes through the deployment of advanced technological solutions.

This fast-growing sector already employs over 135,000 talented individuals in Wales, and is looking to increase this to 200,000 by 2021.

Admiral Group PLC

Admiral insurance came to Wales in 1993 and started without a customer base and just 57 staff. Working with the Welsh Government from the beginning, Admiral had no problem finding hard-working, enthusiastic people. Admiral's Group HR Manager Ceri Assiratti says this was a key factor "One of the reasons we're committed to Wales is the calibre of the staff. Where are we now? We've almost 3 million customers worldwide and 4,500 staff here in Wales." Admiral continues to find good people. A training programme, created in partnership with the Welsh Government, is equipping people with job-ready skills.

Deloitte

Deloitte is one of the world's largest professional services firms, providing audit, consulting, financial advisory, risk management, tax, and related services to clients across the globe. In Wales, the Cardiff office has been working with clients for over 100 years. More recently, Deloitte has started to centralise some of their core business functions in Cardiff alongside client facing teams. This proved very successful so Deloitte has replicated the business model to create other teams supporting other parts of the firm and clients. Deloitte in the UK has ambitious strategic growth plans and sees the expansion of operations in Cardiff as a key enabler for those plans. They have therefore formally established the Cardiff Delivery Centre which is expected to create several hundred new jobs. Most of these roles will be different from traditional graduate and accountancy pathways, enabling Deloitte to offer rewarding careers to people who might not otherwise have pursued opportunities with Deloitte. Why Cardiff and Wales? Ross Flanigan, Director in charge of Deloitte's Cardiff Delivery Centre says that mostly it is due to the



people here. “The local universities, business schools and further education establishments are prolific and there is a large network of businesses in the FS sector. Our experience is that we have access to a large, capable and loyal workforce who quite simply do a very good job for us, delivering high quality work. For our people, good transport links, the city infrastructure and quality of life locally make a difference. Support from the Welsh Government has helped us offer our colleagues extra training and qualifications, building their skills and the collective capability of the local workforce. Combine all this with the chance to work in a great environment with Deloitte, as part of a thriving team helping the best clients, and it all adds up to a pretty good outcome for us, our staff and for Wales.”

HSBC

HSBC is one of the largest and most trusted banking and financial service organisations in the world, with an international network extending to 9,500 offices in 85 countries and territories. Swansea is HSBC’s International Banking Centre, and services the bank’s Premier Customers

around the globe, as well as servicing the organisation’s UK Business Banking customers. It also houses a Complaints and an Advised Mortgage Department, and specialist teams assessing HSBC’s risk across its UK operations.

John Trace, Contact Centre Director at Swansea says “I have found the Welsh Government to be very proactive and positive in terms of keeping us in the loop on any new support initiatives and training opportunities open to us. I have worked in similar roles across the world, from India & Brunei in Asia, to The Netherlands & Eire in Europe, and all over the UK in terms of support and satisfaction, nothing beats Swansea”.

Lloyds Banking Group

Lloyds Banking Group is one of the UK’s largest financial services brands, and has a significant presence across Wales. One of the Group’s largest operations in the region is St William House in Cardiff, which houses staff from a variety of its brands including Consumer Finance, Corporate and Wealth and International. As a well established financial services base, Cardiff offers a rich source of talented and well trained individuals with strong sector experience.

Food & Farming

The Food and Farming sector encompasses producers, processors, retailers and consumers.

The food and drink supply chain is important to the Welsh economy in terms of employment, income and the contribution it makes to tourism.

'The Welsh Food and Drink Skills Project', conducted in collaboration with the Sector Skills Councils and industry partners, estimates that the supply chain makes up around 18% of the total Welsh workforce equating to around 230,000 people and 27,515 local business units.

Boparan Holdings Ltd

Boparan Holdings Ltd., the parent company for 2 Sisters Food Group Ltd., processes and supplies chicken products to the retail, food service and manufacturing sectors. Ranjit Singh, CEO, 2 Sisters Food Group said: "Our skilled workforce and specialist production sites in Wales are very important to 2 Sisters and we're proud to be a Welsh Anchor Company. Having a strong presence in Wales delivers a number of benefits for our business. We have poultry, red meat and ready meal sites, along with a strong agricultural base and all of this gives us a strategic foothold that strengthens the supply chain and supports our wider business in Wales and beyond. Welsh Anchor status has also helped

us invest in and develop our businesses in Wales when opportunities arise."

"Food is a priority for the Welsh Government and we are supporting the industry to develop and move in positive new directions, embracing technology and advancements in research and development to put Wales at the forefront of food production.

Towards Sustainable Growth – An Action Plan for the Food and Drinks Industry 2014-2020, aims to grow output for the industry by 30% and increase the profile and reputation of Welsh food and drink. The Welsh Government is committed to supporting the industry to take advantage of the natural and human resources that we have, with unrivalled business and technical support."

Edwina Hart MBE CStJ AM, Minister for Economy, Science and Transport

Anchor Companies

Boparan Holdings Ltd



Other Anchor Companies

British Telecommunications PLC
General Dynamics UK
IR Newport Ltd
Pure Wafer PLC
SPTS Technologies Ltd

Photography courtesy of IQE.

ICT

Some 25,000 people in Wales work in the ICT sector, contributing over £2 billion a year to the Welsh economy, with thousands more professionals performing technical roles within other sectors.

Every year, 3,500 graduates leave our eight universities and 16 FE Colleges with qualifications in Computer Science and other ICT-related disciplines. And the IT and Telecoms industry alone contributes in excess of £1.2 billion or 5% of the Welsh GVA.

Airbus Defence and Space

Airbus Defence and Space is a Division of Airbus Group formed by combining the business activities of Cassidian, Astrium and Airbus Military. The new Division is Europe's number one defence and space enterprise, the second largest space business worldwide, the second largest defence company in the UK and among the top ten global defence enterprises. It employs some 40,000 employees generating revenues of approximately €14 billion per year, with 4,500 highly skilled employees in the UK generating £1.2bn revenue per annum. It has a significant operation in Newport, south Wales, which manages the UK MoD's Defence Information Infrastructure (DII) global secure network to deliver network services to over 300,000 defence users world-wide. It also provides network security for the UK Houses of Parliament to protect against cyber attack.

CGI

CGI is the 5th largest independent IT Services company in the world and one of the largest ICT employers in Wales. CGI delivers a range of outsourcing, application services and infrastructure services to clients in the public and commercial sectors across the UK from South Wales.

CGI's Waterton based Service Desk is recognised for its extremely high levels of client service. It has received 5 star accreditation from the Service Desk Institute – the first 5 star to be awarded in the world. It was awarded Best Outsourced Contact Centre at the Welsh Contact Centre Forum Awards in 2014.

CGI's Welsh team is at the heart of delivering cutting edge services to their clients to help them become more efficient and focus on growing their businesses. This includes CGI's Secure Government Cloud and Commercial cloud services, the new Cyber Security Operations Centre and developing mobility solutions, healthcare and smart meter technology.

CGI has benefited from significant funding from the Welsh Government's

'Skills Growth Wales' programme to assist in the continued development of their highly skilled workforce, helping CGI to continue to grow its business in Wales.

IQE PLC

With manufacturing sites now also in the USA and Singapore, IQE first set up in Wales in 1988. Today, with a global customer base of chip manufacturers, its advanced semiconductor wafers end up in a range of high-end technical products including smartphones, tablets and lasers for DVD and Blu-ray players all over the world. IQE's product for inclusion in wireless components is world-leading, with around 60% of the global market.

Chris Meadows, IQE advises that Government support with establishing the Welsh site was key to choosing Cardiff as the company's UK location, but wasn't the only reason...

"Proximity to the universities – the chemistry and physics departments have a lot of technology relevant to IQE's work. Between 30% and 40% of our staff are graduates and about half of those have higher level degrees such as PhDs. There is also the infrastructure for exporting: being on the M4 corridor gives us good access to Heathrow which is still the major hub for distributing our products worldwide."

Sony UK Technology Centre

The Sony Centre initially specialised in colour television and cathode ray tube manufacturing before the rise in flat screen technology. Now, it has remodelled the entire business by embracing diversification and innovation. Sony has embraced four main activities at the UK Technology Centre in Pencoed; manufacturing broadcast equipment, third-party manufacturing, business incubation and product service.



Using its link to universities in south Wales, the business incubation centre offers graduates who are looking to start their own company a start up centre where Sony can share knowledge and support.

In 2013 Sony won the Best Factory Award. Managing Director, Steve Dalton, says: "We were overjoyed to win the Best Factory Award for 2013. It's fantastic to become the first Welsh organisation to have won the award as it demonstrates how we are excelling in our manufacturing techniques. As technology has changed, we've learned to diversify our manufacturing techniques too. Before, we were told what to make and when. Now, with the support of the Welsh Government, we have been able to expand our manufacturing into new markets and expand our operations at Pencoed to take on new clients. The support we have received, and continue to receive, from the Welsh Government is vital to us and is one of the key reasons why Wales is a great place to do business."

Life Sciences

Wales is the only nation with a £100m dedicated Life Sciences Fund plus world-leading academic expertise, a talent-drawing £50m initiative and a Life Sciences Hub based in Cardiff.

The Hub provides a central Government-backed resource for the whole sector in Wales, connecting commercial, academic, clinical and funding organisations. Our devolved National Health Service means that clinical trials here can access over 3 million people with a single, co-ordinated permissions process.

Welsh researchers are leading the world in areas including wound healing, stem cells, neurosciences, e-health, in vitro diagnostics, medical devices among others.

Behind every thriving Life Sciences sector there's always a strong academic network – collaborating, researching and training a new generation. Welsh universities are home to almost 160,000 students – 12,000 of these in Life Sciences – and participate in all kinds of research and technology projects. They have excellent knowledge transfer and commercialisation capabilities, and offer attractive partnering opportunities for Life Sciences businesses with potential to access considerable European funding.

GE Healthcare

GE Healthcare, a £10bn unit of General Electric, has its Life Sciences International Centre of Excellence for Consumables in south Wales, with a 430-strong workforce providing medical technologies and services used around the world. Its Cardiff location is the company's chosen international centre for ground-breaking work in stem cell technologies for new drug discovery.

The Consumables business, managed from Cardiff, also includes operations based in Kent, Germany and China. GE Healthcare has further strengthened its Cardiff facility through growth and with the relocation of some production from Oxfordshire and the US, plus some employees relocating from overseas.

One location had to be selected as GE Healthcare's global Consumables Centre of Excellence – and several factors led to that being Wales, with skills having the deciding vote.

Ortho Clinical Diagnostics (OCD)

Recent years have seen Ortho Clinical Diagnostics' flagship diagnostics centre in Pencoed, Bridgend becoming a key location within its global network.



Other Anchor Companies

Biomet UK Ltd

Norgine Ltd

Packaging Coordinators Inc

Siemens Healthcare Diagnostics

Products Ltd



Ortho Clinical Diagnostics' flagship diagnostics centre.

To help secure output growth of 80% since 2007, OCD has worked closely with the Welsh Government and has received advice, funding, and backing for skills development. The company's move to Pencoed from its previous Cardiff base in 2010 represented a major vote of confidence in Wales. OCD particularly valued the skills and commitment of its workforce and the highly productive working relationships it had forged with local universities.

The extraordinary reach of the Ortho Clinical Diagnostics is underlined by the fact that almost every blood transfusion in the world is touched in some way by one of its products. Its 'total solutions' help ensure that every patient receives blood that's safe.

Matthew West, General Manager UK Operations at OCD explains how important this relationship was when they needed to move site.

"In 2005 the decision was taken to invest in a new site. Locations were discussed across the globe, and many in the company were all for relocating abroad. However, our roots were in Wales and, when we considered the strong case put forward by the Welsh Government to stay, along with the knowledge and expertise of our staff and our links with local organisations, particularly Cardiff University, we decided our future lay in Wales. There is no doubt in my mind that the Welsh Government played a pivotal role in this decision – their support and enthusiasm was impressive."

Wales is already home to thriving global, international and national companies as well as a myriad of local innovators.

Our Anchor Companies include...



Success



TOYOTA MOTOR
MANUFACTURING (UK) LTD





For more information contact the
Welsh Government

Email: businesssupport@wales.gsi.gov.uk

Tel: +44 (0)3000 6 03000

Web: business.wales.gov.uk

OGL

Print ISBN 978 1 4734 2880 5
Digital ISBN 978 1 4734 2881 2
© Crown copyright 2015
WG23222



Llyfrgell Genedlaethol Cymru
The National Library of Wales

Llyfrgell Genedlaethol Cymru
The National Library of Wales
Aberystwyth SY23 3BU

un o lyfrgelloedd mawr y byd
one of the great libraries of the world

Ffôn/Tel: +44 (0) 1970 632800
Ffacs/Fax: +44 (0) 1970 615709
Epost: www.llgc.org.uk/holi
Email: www.llgc.org.uk/enquire
www.llgc.org.uk

5th. February 2016

Dear Chair

National Assembly for Wales Public Accounts Committee Scrutiny of Accounts 2014-2015 Report

Thank you for the opportunity to respond to the Public Accounts Committee Scrutiny of Accounts 2014-2015 Report. The National Library always welcomes opportunities to review and discuss its important work for the people of Wales. In response to your acknowledgement of the good work being taken forward to implement the recommendations of the PwC Report (2015) in Recommendation 1, I am pleased to confirm that rapid progress has continued to be made. As the Committee is aware, a Task Force of Board members and senior staff reviewed all relevant policies and practices during 2015. Trades Union representatives were invited to comment on the revised policies. The Board of Trustees agreed the implementation of the strengthened policies at a Board meeting held on 6 November 2015. The Board will continue to monitor the effectiveness of the Library's work and has recently established a Governance and Performance Committee to support this aspect of its responsibilities.

In relation to Recommendations 2-4, the Board of Trustees identified at an early stage following the fire in April 2013 that any expenditure in pursuit of legal address needed to have a chance of success and financial return. As the Welsh Government requested that the Library investigate the options for legal action, guidance has been requested from Ministers regarding the pursuit of any further litigation to recover the costs of the fire. The arrangements regarding the Government Indemnity scheme are longstanding and we acknowledge that the Library is dependent on these arrangements for insurance purposes. The Board of Trustees has repeatedly sought further clarification from the Welsh Government regarding the scheme, however, ultimately this is an issue for the Welsh Government to consider in the broader context of its relationship with its sponsored bodies.

Finally, in response to Recommendation 5, the Library currently is operating a fully funded pension scheme, in sharp contrast to other similar organisations. The Board of Trustees regularly reviews the pension scheme and a separate Board of Pension Trustees provides oversight. The Library acknowledges the importance of the effective management of its resources in the current financial climate. The arrangements for severance are being actively reviewed by management and a commitment for management and Trades Union representatives to discuss existing arrangements formed part of the pay offer for 2015-2017 which was agreed in December 2015.

Once again, thank you for the opportunity to respond to the Committee's Report. Both the Board of Trustees and the Library's executive are fully committed to the task of ensuring that the National Library

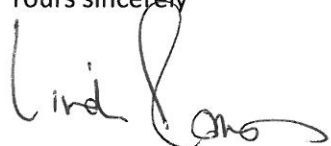


Rhif Elusen Gofrestredig 525775
Registered Charity Number 525775



of Wales has the wherewithal to continue to provide relevant, sustainable and exciting services for the people of Wales.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Linda Tomos'. The signature is fluid and cursive, with a large loop at the end.

Linda Tomos
National Librarian

National Assembly for Wales Public Accounts Committee

Scrutiny of Accounts 2014-15

February 2016

Amgueddfa Cymru's response to the Recommendations

Amgueddfa Cymru	Comment / Response
<p>Recommendation 6. The Committee notes that the National Museum's financial report includes seven high level indicators relating to a key objective from the Museum's "Vision Map". However, we are concerned that some of the performance targets are not sufficiently challenging particularly where targets have been lowered from last year. (Page 35)</p>	<p>Amgueddfa Cymru has a new 10 year Vision which includes strategic commitments and objectives. As part of producing Strategic and Operational Plans for 2016-17, targets will be reviewed and discussed with MALD our sponsor</p>
<p>Recommendation 7. Although we note the changes faced by the National Museum, and the impact these have had on performance, we recommend that the National Museum review these targets next year and set aspirational targets that are more challenging in order to drive forward improvement and change. (Page 35)</p>	<p>Amgueddfa Cymru is reviewing targets for 2016-17, with view to setting more challenging targets, as part of Operational Planning process.</p>
<p>Recommendation 8. The Committee acknowledges that consideration is being given by the National Museum to charging for specific services but we believe that any charges must not impact of this on the Welsh Government's policy on free admission to Museums in Wales. We accept and fully endorse the reassurances provided to us by witnesses that the National Museum will maintain its commitment to inclusion and diversity. We recommend that revenue should not replace income the Museum might lose in the form of grant aid from the Welsh Government and that there should be transparency regarding how it is used by the Museum. (Page 36)</p>	<p>Amgueddfa Cymru remains fully committed to free admissions to our museums, and our commitment to inclusion and diversity.</p> <p>Amgueddfa Cymru is actively exploring opportunities. Plans are in place to increase income generation through investment funding from an Invest to Save application.</p> <p>Amgueddfa Cymru has taken into account all revenue streams when setting budgets following requirements of Managing Welsh Public Money</p>

<p>Recommendation 9. The Committee notes the National Museum’s pension and severance scheme appears to be an outlier in relation to other Welsh public sector organisations. Setting this against the current pay dispute with the Museums lowest paid staff, the Committee are concerned about the negative impact this has had on the public’s perception of the National Museum particularly in light of recent pay outs to the Museum’s senior staff while there appear to be cuts in pay to the Museum’s lowest paid staff. We acknowledge the work being undertaken by the National Museum to resolve disputes over pay and to improve equal pay across the organisation. (Page 36)</p>	<p>Amgueddfa Cymru with agreement of Pension Trustess has taken action to greed to reduce the cost of severance.</p> <p>A new Severance Scheme has been developed. It has been agreed by Prospect Union, and discussions continue with PCS union with view to Making changes to the scheme.</p>
<p>Recommendation 10. The Committee are concerned about some of the issues raised in the National Museum’s staff survey particularly in terms of bullying and harassment and the overall low level of staff morale. However, the Committee welcomes the work being undertaken by the Museum’s senior management team to address these concerns and the seriousness with which these matters are being addressed. The Committee recommends that the Museum continue with this work and undertake a further staff survey at an appropriate time to assess whether the actions being taken are leading to improvement and to identify areas if and where further improvement is required. (Page 36)</p>	<p>Amgueddfa Cymru will continue its work to address the findings of the staff survey. The full staff survey along with a detailed action plan was published to all staff. Implementation will be monitored by Senior Management Team, Staff Forum and Performance Review Committee on behalf of the Board.</p> <p>A further staff survey will be undertaken in 2017.</p>



Darren Millar AM
Chair of Public Accounts Committee
National Assembly for Wales
Tŷ Hywel
Cardiff Bay
CF99 1NA

Our ref: DPO/NC/NG

21 January 2016

Dear Darren

Public Accounts Committee Report on the Scrutiny of Accounts 2014-15

I am writing in response to the Public Accounts Committee report on the Scrutiny of Accounts 2014-15. I would like to thank the Committee for their positive remarks, especially the recognition of the improvements we have made to our Annual Report and Accounts. We will continue to develop our approach of our aim to deliver public accessibility and transparency.

I would also like to take this opportunity to assure the Committee that we remain as committed as ever to providing assurance through external scrutiny and audit as well as our internal governance framework. This work is vital in underpinning our confidence that we use resources efficiently, economically and effectively in delivering our services to the Assembly. Each of your Committee's recommendations concerning the Commission is addressed in full in the attached Annex.

Bae Caerdydd
Caerdydd
CF99 1NA
Cardiff Bay
Cardiff
CF99 1NA

Ffôn/Tel: 0300 200 6232

Ebost/Email: david.melding@assembly.wales

If you would like any further information on any matter covered in the Annex, please do not hesitate to let me know.

Yours sincerely

A handwritten signature in black ink that reads "David Melding". The signature is written in a cursive style with a long, sweeping tail on the final letter.

David Melding AM
Deputy Presiding Officer

cc Dame Rosemary Butler AM, Presiding Officer
Peter Black AM, Assembly Commissioner
Angela Burns AM, Assembly Commissioner
Sandy Mewies AM, Assembly Commissioner
Rhodri Glyn Thomas AM, Assembly Commissioner
Claire Clancy, Chief Executive and Clerk of the Assembly
Nicola Callow, Director of Finance

Recommendation 11

The Committee are pleased with some of the changes the Assembly Commission has made to the presentation of its accounting documents to improve public accessibility and transparency. The Committee welcomes the use of a traffic light system to show performance at a glance and the use of infographics and ‘digestible pieces of information’. However, we recommend that the Assembly Commission gives consideration to including a summary document as part of its future presentation of its accounts.

We are proud of our work in the Assembly and our Annual Report outlines our progress in delivering the Commission’s priorities. A comprehensive Annual Report and Accounts, together with the annual budget document and reports on corporate performance measures, showcase our achievements. We endeavor to be as transparent and as clear as possible.

There is significant benefit in producing a separate stand-alone document for users to gain an insight into the activities, future plans and finances of the Commission, without needing to tackle the entire Annual Report and Accounts. Such an approach would be consistent with the additional standalone documents that we produce, for example, on sustainability, equalities, official languages, and the annual budget.

The latest HM Treasury guidance on streamlining reports and accounts (more information in Recommendation 12) will result in a three-part Annual Report and Accounts for 2015-16, with a:

- Performance Report;
- Accountability Report; and
- Financial Statement.

Specifically, the Performance Report will be a summary of our achievements and activities, the risks and issues we have faced, a summary of our performance along with more detailed analysis, including our corporate performance indicators. We will be developing this first section of the Annual Report and Accounts with enhanced infographics and key messages and we will publish it as a concise summary document, providing a useful synopsis of our work over the year.

Recommendation 12

The Committee welcomes the work being undertaken by the Assembly Commission to meet the requirements of the Treasury in terms of ensuring reports are more streamlined and transparent. The Committee recommends that this work is closely reviewed and monitored to ensure these objectives are met.

The Commission's Annual Report and Accounts is an important part of our governance and accountability, as well as being a significant tool to communicate the Commission and the Assembly's work. Each year we aim to improve the clarity and transparency of the report.

For the coming year 2015-16, we will take account of new HM Treasury (HMT) guidance (see our response to Recommendation 11). We will closely monitor and review the work to revise the format of the Annual Report and Accounts. The Assembly Commission Audit and Risk Assurance Committee (ACARAC) is part of this process, along with Wales Audit Office who are reviewing a draft as part of the interim audit work carried out in January 2016. Any suggestions for improvement from this interim work will be incorporated into the preparation of the Final Annual Report and Accounts for the year ended 31 March 2016.

Recommendation 13

The Committee considered concerns raised regarding the accessibility of the Assembly's website, particularly given the importance of the online information in terms of engaging with the public. The Committee welcomes the Assembly Commission's commitment to addressing this issue and recommends that this work be undertaken as a matter of urgency to ensure the Assembly's website is as user friendly and accessible as possible.

We want to be recognised as a parliament that is open, accessible and easy to engage with. The website is an important part of that and the Commission is committed to ensuring that the website delivers what Members and the public need.

The Commission is undertaking a major revision of the website and has completed the first phase to provide a new content management system to deliver information and improve the search capability.

The current phase of change to May 2016 will see the delivery of further improvements, including:

- a new, more dynamic, website homepage providing easier access to the latest news, Assembly business and topical information;
- improved navigation from the home page to regularly looked for information on the work of the Assembly and its Members;
- improved and increased availability of useable video and imagery;
- further improvements to the general search capability;
- continuing improvement to the usability of data and information available online; and
- more focused information about the work of Assembly Members.

We also plan to make organisational changes to how we publish our information online, as well as changing how data is stored. This is a significant undertaking for the Commission, but the planning work is under way for this. Our aim is to transform the way we produce, use and make available all Assembly information and the services around it, with a firm focus on what our customers need from us - connecting and engaging all the people of Wales with trusted parliamentary information whenever, however and wherever they choose.

Our reasons for initiating this digital transformation programme for Assembly Business services are to respond to our customers' expectations and adapt to the challenges of a fast changing world:

- Pressures on Members and our services are expected to continue to increase in the next Assembly;
- People's rapidly increasing expectations of their digital experience in their everyday lives;
- How people engage with the political environment is changing, including expectations of transparency and accessibility of information;
- Whilst there are pockets of good practice, the Assembly's current approach to digital is fragmented and insufficient.

We believe that:

- Digital transformation has the potential to play a key role in the achievement of the Assembly's strategic goals: excellent service provision, and democratic engagement will increasingly require excellence in digital and information management;
- Digital has the potential to significantly increase the efficiency and value for money of Assembly Business Services;
- We have an ambitious, clear and shared view of what success looks like.

A programme of digital transformation can realise a number of important benefits for Assembly Members, the people of Wales and Assembly staff, to enable us to respond effectively to the challenges we face. It should certainly transform our online engagement with the public.

Recommendation 14

The Committee focused on its previous concerns regarding the Assembly Commission's continued ambition to always spend within one per cent of the budget. The Committee pursued this matter again and heard the explanation for this approach given by the Assembly Commission's Chief Executive. The Committee notes that this approach is being maintained but is unconvinced that the approach is delivering maximum efficiency in the use of resources. The Committee recommends that the Assembly Commission carefully monitors this approach and where significant inefficiencies are found these resources should be returned to the public purse.

We share PAC's objective, which is ensuring the Commission delivers high quality service at best value to the public purse. We ensure this happens with expert, thorough, transparent budget planning, a comprehensive governance framework and regular financial reporting. These are all subject to scrutiny. We believe our approach delivers value to the taxpayer in a way that is open and effective.

Our 1% target is just one measure of whether we are managing our business and delivering what we say we will. We have a full suite of measures providing comprehensive information by which we can be judged. We regularly monitor and report on progress of these performance measures.

We can demonstrate a considerable level of scrutiny in all areas of financial performance. For example, in addition to PAC's scrutiny of the Annual Report and Accounts, we are subject to scrutiny by Finance Committee, the Assembly Commission Audit and Risk Assurance Committee (ACARAC), the Commission's independent advisers and by the WAO. All these elements provide assurance that we use resources efficiently, economically and effectively, entirely in line with best practice set out in HM Treasury guidance.

During the year, expenditure decisions are taken by the Commission's Investment and Resourcing Board (IRB), which has responsibility for ensuring that the Commission's budgets are used as effectively as possible to deliver the Commission's priorities and achieve value for money. Any funds that are identified by IRB as surplus to the Commission's requirements would be returned to the Welsh Block via a Supplementary Budget.

Recommendation 15

The Committee discussed the Assembly Commission's approach to staffing, while staff sickness absence is below the public sector average, we are concerned that levels are above the Assembly Commission's target. We note the Assembly Commission's disappointment with these figures but welcome the introduction of Human Resources business partners to work with line managers to improve absence management. The Committee recommends that sickness absence levels continue to be carefully monitored to ensure action being taken is having a positive impact and to identify where further work may be necessary.

Process improvements, in particular the introduction of strategic HR business partners, mean that we are now in a better position to understand the causes and seasonality of absence. We have also introduced a process to revisit previous quarter figures in order to ensure that retrospective notification of new or closed absences are reflected.

Our review and process improvements have informed us of the various reasons for the increase in the sickness absence rates since January 2015. One concern that has been identified is an increase in the number of absences relating to stress and anxiety. We can attribute a proportion of these absences to the pro-active management of underperformance, together with related grievance and disciplinary cases. Whilst arrangements are made to support the employees involved, some individuals felt unable to attend work and cited stress and anxiety as reasons for their absence. HR have proactively worked with these individuals.

The review has also raised our awareness of the challenging caring responsibilities that some of our employees have, particularly for elderly relatives. In some cases, employees struggle to manage both their home and work life and this can impact on their health. We know that a number of our employees have cited caring pressures as reasons for absence due to stress and anxiety and this has also contributed to the increase in the absence rates since January 2015. As a consequence, we are re-visiting the support available. This further supplements our current work on a Mental Health Management Programme, which now includes mental health first aid courses and stress related health and wellbeing events.

Sickness absence levels continue to be carefully monitored to ensure action being taken is having a positive impact and to identify where further work may be necessary.

Recommendation 16

In giving oral evidence the Assembly Commission informed the Committee that there were no plans to run a severance scheme, although we understood that the future running of a scheme was not ruled out. In a further letter to the Committee, we have been informed that the Assembly Commission will be running a severance scheme in this financial year. The Committee welcomes the assurances it has been provided with in terms of the work that has been undertaken to consider whether a scheme is necessary and the purpose of the scheme. The Committee recommends that it be provided with an update by the Summer of 2016 on the progress of the scheme and further detail of how the planning of the scheme has taken into account the recommendations arising from the Assembly Commission's Internal Audit review of its previous schemes and from the Value for Money study undertaken by the Wales Audit Office on severance schemes.

When the Commission provided evidence to PAC in September there were no plans to run a Voluntary Exit Scheme. The Accounting Officer and the Investment and Resourcing Board (IRB) subsequently made the decision to run a Voluntary Exit Scheme and we wrote to the Finance Committee and PAC in November 2015, indicating our intention to do so.

The Voluntary Exit Scheme builds on our capacity planning work to ensure that the Assembly Commission is in a strong position to meet the needs of the Fifth Assembly. The Scheme will allow the Commission to respond to shifts in skills requirements, facilitate organisational change, improve workforce efficiency and deliver long term savings where possible.

We will ensure that all previous audit recommendations have been taken into account. These include recommendations raised by the Head of Internal Audit in his audit of the 2010 and 2012 Voluntary Exit Schemes and the recommendations raised in the Auditor General for Wales's Report on 'Managing early departures across Welsh public bodies', published in February 2015. The Commission's Audit and Risk Assurance Committee (ACARAC) will receive a full report on the progress of the scheme.

The scheme is due to close in March 2016 and the Commission will, of course, provide the update information requested by Committee. We will also be disclosing information in the Annual Report and Accounts to meet accounting standards and to provide transparency in our use of public funds.

Recommendation 17

The Committee considered the fraud incident that occurred in 2013-14 and the subsequent impact this had on the 2014-15 accounts; specifically a loss of £29,000 in 2013-14 and £71,000 in 2013-14. The Committee is disappointed that only a small amount of these losses can be recuperated and remain concerned that the processes in place at the time were insufficiently robust to prevent the fraud from occurring. The Committee were particularly concerned that it took a period of three months before the fraud was detected. However, we note the action taken by the Assembly Commission to strengthen its controls around the recording of and verification of its suppliers' data. The Committee recommends that Assembly Commission regularly monitors and reviews its controls within this area to ensure that such controls remain robust. We recommend that communication is maintained with other public sector organisations to ensure intelligence and good practice is shared to assist in preventing fraud incidents occurring in the future.

Assurance

Immediately following the identification of an incidence of fraud in May 2014, we further strengthened our processes and control environment. These additional checks have been reviewed by the external and internal audit teams and are confirmed as robust and fit for purpose.

The Commission also regularly monitors its key financial controls, as well as continuing to find ways to improve processes and instil best practice across the organisation in all matters of financial management, including combatting fraud. Internal Audit and WAO provide assurance that our processes continue to be fit for purpose. Our most recent assurance (January 2016) covered key financial controls and was an audit carried out by TIAA concluding with the highest audit rating. A regular annual audit on data is also currently underway. As detailed below, improvements resulting from this monitoring are communicated across the organisation to ensure their effectiveness.

Communication

The Head of Internal Audit belongs to the PwC (PricewaterhouseCoopers) Wales and the West Heads of Internal Audit Forum. From September 2015, this provided access to the PwC Fraud Academy including experts with knowledge about fraud, corruption and integrity risks. Information is then shared more widely with Commission colleagues. He also meets with

counterparts from the other UK Legislatures at Intra Parliamentary forums and regularly discusses fraud at their six monthly catch ups.

During 2014-15, the Head of Internal Audit attended a series of team meetings across the Assembly Commission to raise awareness of teams' duties in relation to good governance, including the responsibility of being alert to potential fraud. A member of the Governance and Audit team also provides an induction presentation to all new starters, which encompasses a section on the importance of raising awareness of the risk of fraud. Regular bulletins are also posted on our intranet on fraud topics to ensure continued awareness of threats and to highlight the importance of staff remaining alert to the risk of fraud.

In November 2014, ACARAC reviewed the work undertaken by the Head of Internal Audit in updating the Fraud Response Plan. This plan sets out how staff should respond to any attempted or perceived threat of fraud in a swift manner.

During 2015-16, our Internal Audit partners, TIAA, delivered a fraud awareness course to members of the Financial Services team in January 2016. The training is made available to others in the Assembly Commission through the staff intranet. This is further supported by topical updates and guidance to assist staff throughout the Commission in handling queries in a way that minimises fraud risk.

The Commission has a constructive working relationship with the Wales Audit Office who have an overview of the whole of Welsh Public Sector – and receive occasional updates and thoughts from the WAO audit team. Internal Audit and External Audit also have a joint working protocol in place that was endorsed by the Commission's Audit and Risk Assurance Committee (ACARAC). ACARAC encourages WAO and internal audit to continue to work closely on raising awareness in respect of fraud.

Public Accounts Committee

Scrutiny of Accounts 2014-15

Sport Wales's response to Recommendation 18

R18: The Committee welcomes the work being undertaken to achieve this and recommend that Sport Wales maintains its commitment to improving the diversity of its board and achieve its target of a 50:50 gender ratio balance by 2020.

Response: As noted in our letter of 19 October 2015, we have already surpassed this target as the gender ratio balance at the time of giving evidence was 57% female.

Extract from letter of 19 October 2015

Sport Wales have been proactive in this area, not to meet any target but because we recognise we have a duty to reflect the communities we represent. Our current board is 57% female and 15% BME, so progress has been made, but there is much more to do throughout the sector.

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Darren Millar
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

2nd February 2016

Dear Darren,

Public Accounts Committee Report on the Scrutiny of Accounts 2014-15

Response to the report

Please find enclosed a copy of the response to the above report which will be laid before the Table Office.

I would like to thank you and the Committee for the careful and considered way in which you undertook the investigation and produced the report.

Yours,
Derek

Response to the Report of the National Assembly for Wales Public Accounts Committee Report on the Scrutiny of Accounts 2014-15

I welcome the findings of the report and offer the following responses to the five recommendations that relate to the Welsh Government Accounts for 2014-15

Recommendation 21. *In following up its recommendations from its scrutiny of the 2013-14 accounts, the Committee considered the Welsh Government's approach to improving the presentation of its accounts to ensure that information is readily understandable and accessible to the public. The Committee notes that the Welsh Government has not yet made any major changes to the presentation of its accounts but note its intention to deliver on its commitment to do so. The Committee recommends that the Welsh government focus on streamlining its accounts to meet its commitments to produce a simpler set of accounts with a stronger narrative by the next account period. The Committee expects to see significant changes arising from the Welsh Government's streamlining project and recommends that more detail, in appendices if necessary, is needed within the accounts regarding expenditure analysis and that future accounts should include more details of grants awarded by the Welsh Government listed under programme expenditure. (Page 68)*

The Welsh Government remains committed to producing simplified and streamlined accounts in line with the new accounting guidelines issued in December 2015 by HM Treasury and is working closely with the Wales Audit Office to agree and deliver the necessary changes. Regarding details of grants awarded, the Welsh Government produces an annual Grants Report which contains substantial details on grants. Links to this report will in future be included in the Annual Accounts.

Recommendation 22. *In terms of improving public accessibility to and transparency of the Welsh Government's Accounts, the Committee recommends that the Welsh Government give consideration to adding links to its online accounting documentation that demonstrate the flow of funding from Welsh Government to other public sector organisations to enable the public to be able 'to follow' the money and identify how the Welsh Government allocates funding. (Page 68)*

The Welsh Government will add links and supplementary content to its online accounting documentation to demonstrate the flow of funding to other public sector bodies.

Recommendation 23. *The Committee gave consideration to the Welsh Government's approach to sustainability and note that while the majority of indicators contained within the Welsh Government's accounts show a continued reduction in carbon emissions or waste tonnage, apart from a large fall in electricity consumption, energy consumption has not been reduced in recent years. Although the committee were told that waste figures contained in the accounts were reasonable we believe additional work should be*

undertaken to ensure that the Welsh Government is operating sustainably. We recommend that Welsh government review its approach to reducing energy consumption across its estate and explore innovative options to achieving this. (Page 68)

The Welsh Government is driving an ambitious carbon management strategy for the whole of our administrative estate which includes a wide range of activities aimed at reducing our energy use and carbon footprint. Our Strategy is implemented by means of explicit annual action plans each year designed to target areas of inefficiency.

The approach has proved very successful to date. As at 1 April 2015, a 32% reduction in carbon emissions had been achieved since 2010/11; a significant contribution to the delivery of this Government's Climate Change objectives. Electricity and gas consumption have also reduced significantly since 2010/11. We anticipate further reductions in carbon and energy consumption by the end of 2015/16. Our principal activities include a robust system of collecting and analysing energy/carbon data; adopting a sustainable approach to the design of all building refurbishment projects, incorporating energy efficient measures and renewable technologies in our improvement schemes and further rationalisation of our estate. Examples of current initiatives include:

- Incorporation of energy efficient design in refurbishment/upgrade schemes including more efficient lighting and lighting controls.
- Implementation of heating/cooling temperature set point policy across the administrative estate designed to deliver energy, emissions and cost savings.
- Renewables installed on the administrative estate including biomass and solar panels.

The efficiency and performance of the Welsh Government's administrative estate is demonstrated through the annual publication of our State of the Estate report, which includes data on energy/carbon emissions performance within the context of our wider environmental achievements. The latest State of the Estate Report (2014/15) was published in November 2015.

The Welsh Government also remains committed to continually improving its waste management performance and further reducing the amount of waste it sends to landfill year-on-year. Notably waste production from our estate decreased by approximately 348 tonnes in the last four years, and we will look to further improve the management of our waste through 2015/16 and beyond.

Recommendation 24. *The Committee raised concerns regarding the Welsh Government's approach to project management and specifically issues relating to the processes it has in place for reviewing contracts prior to their expiration to ensure the best value for money options are identified and taken forward. The Committee notes that the Welsh Government has established a work stream under the 'Preparing for the Future' programme to establish and identify issues within the Welsh Government's procurement processes and to*

ensure best value for money is achieved. However, we agree with the Welsh Government that the work is ongoing and is an area where improvement is necessary. The Committee recommends that the Welsh Government provides the Committee with regular updates on the progress of this work. (Page 69)

The Commercial Governance work stream of the Preparing for the Future programme has recommended and already actioned the introduction of a live contract database that is being used to ensure that the Welsh Government regularly reviews contracts prior to expiration as a means of identifying efficiencies and cost saving opportunities. We will be training our contract managers and Corporate Procurement Services to ensure that they work together to plan re-procurements/exit strategies for contracts at least 12 months prior to expiry. The Welsh Government will be pleased to provide regular updates and is considering how this can be achieved.

Recommendation 25. *The Committee considered the Welsh Government's approach to Grants Management and believes that there are still examples where grant management processes need improving. The Committee will continue to monitor the Welsh Government's approach to Grants Management. (Page 69)*

The Welsh Government welcomes the Committees continued interest in grants management. Grant funding is an essential vehicle to deliver Welsh Government priorities as laid out in the Programme for Government.

The Welsh Government remains committed to improving grants management and improvements made will be reported in the Annual Report on Grants Management. The 2015 report was published in January 2016.

Archwilydd Cyffredinol Cymru
Auditor General for Wales

24 Heol y Gadeiriau / Cathedral Road
Caerdydd / Cardiff CF11 9LJ
Ffôn / Tel: 029 20 320500
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mr Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Date: 24 February 2016
Our ref: HVT/2511/fgb
Page: 1 of 4

Dear Darren

SCRUTINY OF ACCOUNTS 2014-15

The Deputy Clerk's letter of 9 February 2016 asked for my advice on the responses that the Committee has received to the recommendations in its report on *Scrutiny of Accounts 2014-15*. I have set out my observations on the responses to reflect the order of the recommendations and the organisations covered in the Committee's report.

In a number of cases, there appears to have been an issue with the template used for the Committee's report. Of the 25 numbered recommendations listed up front, there are several that reflect general commentary from the relevant 'Our View' sections of the report rather than being direct recommendations in their own right.

In addition to the responses received, the Committee could consider inviting a view from the Welsh Government, in its sponsor role, on some of the issues and recommendations raised in the report. For example, the Committee might wish to seek a view from the Welsh Government on the issues relating to the National Library's insurance arrangements and any wider implications for other sponsored bodies, or on the issues raised with the National Museum Wales regarding the approach to charging for events in the context of the wider pressures on their core grant. For both of these organisations, the Committee could raise a query with the Welsh Government about severance arrangements. The National Library was one of a number of organisations that had received Welsh Government invest to save funding to support its severance arrangements, as highlighted in my February 2015 report on [Managing early departures across Welsh public bodies](#).

National Library of Wales and National Museum Wales

As the Committee is aware, I am taking forward my own examination which will consider the overall governance of the National Library. My report will be available for further scrutiny by the new Committee in the fifth Assembly, when any residual issues arising from the scrutiny of accounts work could also be revisited. That work will also provide an opportunity to reflect on the National Library's response to the PwC report from 2015.

I have no further observations to make at this point about the responses from the National Library or National Museum Wales other than the suggestion above about seeking a view from the Welsh Government.

Assembly Commission

I can confirm that my audit team has been having a dialogue with the Commission in the context of the latest HM Treasury guidance on streamlining reports and accounts (recommendations 11 and 12).

Regarding the accessibility of the Assembly's website (recommendation 13), I note that the response focuses on general accessibility and ease of navigation issues. The Committee might wish to confirm whether the Commission is planning any action to make material on the website more accessible to those with particular requirements, such as the visually impaired. We have, for example, recently been through an external accessibility audit of the Wales Audit Office website, with a view to gaining an accessibility accreditation through validation of our site meeting the international [Web Content Accessibility Guidelines](#).

Sport Wales

While Sport Wales has not responded to recommendation 20 which was about risk management, my audit team is satisfied that Sport Wales's risk management arrangements are generally fit for purpose. Sport Wales's next annual report may provide an update on some of the issues and risks highlighted in its 2014-15 report.

Welsh Government

Turning to the Welsh Government (recommendations 21-25 in the report), the Public Accounts Committee will need to take a view in the fifth Assembly on changes to the presentation of the accounts. I can confirm that my audit team is continuing to have discussions with Welsh Government officials about this matter. Similarly, assuming that the new Committee continues with future scrutiny of accounts work, it will have the opportunity to consider the action that the Welsh Government takes in response to recommendation 22 in order to add links and supplementary documentation to its online accounting documentation to demonstrate the flow of funding to other public sector organisations.

As part of recommendation 21, the Committee recommended that future accounts should include more details of grants awarded by the Welsh Government listed under programme expenditure. The Welsh Government has indicated in its response that it proposes to include in its annual accounts a link to the annual grants management report. This approach risks creating confusion rather than providing the additional detail and clarity that the Committee was looking for. The annual grants report commentary would be on the prior year's expenditure rather than the year of expenditure for the annual accounts.

On recommendation 23, while the Welsh Government has provided details of its on-going action in respect of waste and carbon emissions, the specific action that the Committee called for was for a review of the approach to reducing energy consumption. It is not apparent that the Welsh Government will be doing anything different specifically as a result of the Committee's recommendation, but the response does provide some assurance of the Welsh Government's overall commitment to improving the energy performance of its estate.

In response to recommendation 24, the Welsh Government has agreed to provide an update on the development of its procurement and contract management arrangements through the 'Preparing for the Future' project. As part of my current pan-public sector value for money examination on the public procurement landscape, my study team will be engaging with the Welsh Government to better understand the scope of this development work and any underlying issues of concern. While the Welsh Government has not committed to a timescale for a further update, it would seem appropriate for this to be provided to support any future scrutiny of accounts work in autumn 2016.

I hope that this advice is helpful to the Committee. I am assuming that the Committee will take the opportunity through its legacy report to highlight the scrutiny of accounts work that it has undertaken on its own initiative. Among other bodies, there is an opportunity for the new Committee to include Natural Resources Wales in the coverage of any future work of this nature, notwithstanding potential future scrutiny by a successor to the Environment and Sustainability Committee. Any evidence session with Natural Resources Wales would provide an opportunity to revisit issues arising from my recent report on [The Development of Natural Resources Wales](#).

Yours sincerely



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Document is Restricted

Document is Restricted

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

Document is Restricted