



Welsh Government funding for the failed Porthcawl Maritime Centre

August 2025

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Audit snapshot

What we looked at

- 1 In March 2016 and January 2017, the Welsh Government approved a total of £2.7 million of potential funding towards a new 'Maritime Centre' on the Porthcawl harbourside. The £2.7 million was a mix of domestic Welsh Government match funding and European Regional Development Fund grant.
- 2 Credu Charity Ltd (Credu) led the Maritime Centre project, although it had worked closely with Bridgend County Borough Council in its development.¹ In November 2020, Credu went into voluntary liquidation. The Maritime Centre was not constructed.
- 3 Based on initial audit findings, matters relating to the Maritime Centre project, and Credu's involvement in it, were referred to South Wales Police. The police investigation concluded at the end of 2024, with no charges being brought. With the police investigation complete, we have been able to conclude our work and publish this report.
- 4 This report considers whether the Welsh Government managed its funding support for the Maritime Centre project effectively. It does not examine Credu's management of the project or its dealings with Bridgend County Borough Council about it. We refer to the involvement of certain other organisations but have focused on the Welsh Government's actions in approving funding, handling claims and payments, and monitoring project progress. Before publishing this report, we invited comments on its content from all named parties.

1 Credu Charity Ltd, company number 08612175 and charity number 1176908, should not be confused with Credu Supporting Young and Adult Carers Limited, company number 04779458 and charity number 1103712.

Why this is important

- 5 Between May 2016 and March 2020, the Welsh Government paid out £1.6 million to Credu for the Maritime Centre project. In August 2020, the Welsh Government told Credu that it was withdrawing ERDF grant funding and intended to recover all related grant payments. It did so amid concerns about rising project costs and progress with the project and its wider financing.
- 6 The liquidation of Credu is ongoing. The Welsh Government has registered a claim with the liquidator for just under £930,000 – the amount paid out initially as ERDF grant. With the project removed from the ERDF programme, any Welsh Government losses fall entirely on domestic funding. It looks unlikely that the Welsh Government will recover any of its claim.

What we have found

- 7 Even when grant funders have robust arrangements to manage risks, it is likely some projects will fail. However, in our view the Welsh Government did not put proper arrangements in place to manage the risks associated with the Maritime Centre. If it had, it might have decided not to fund the project or, when funded, it would have identified that the project was failing far sooner. Clear warning signs and opportunities to prevent or reduce the likely loss to the public purse were missed.

What we recommend

- 8 We are not making specific recommendations in this report. In part, this reflects the time that has passed since the events we describe, while the grant funding landscape has changed following the UK's departure from the EU. However, there are clear lessons to learn from this case. We set out at the end of this report action the Welsh Government has taken to address matters arising from our work since we shared our emerging findings.



Auditor General's view



All grant-funded projects involve an element of risk. But this is not the first time I, or my predecessors, have reported on weaknesses in the Welsh Government's management of its support to charities or private companies. While time has passed since the events described in this report, there were basic failings in this case and the lessons from it remain relevant today.

Adrian Crompton
Auditor General for
Wales



Key facts and figures

Welsh Government funding / payments

**£2.7
million**

Potential Welsh Government funding approved for the Maritime Centre:

- £0.6 million: domestic grant funding
- £2.1 million: ERDF

**£1.6
million**

Welsh Government payments to Credu for the Maritime Centre between May 2016 and March 2020; all now falling to domestic rather than EU funding.

Maritime Centre estimated costs

**£5.6
million**

Credu's estimate of the total cost of the Maritime Centre when the Welsh Government approved ERDF funding in January 2017.

**£7.7
million**

Credu's most recent estimate of the total cost of the Maritime Centre when the Welsh Government gave notice that it was withdrawing the ERDF funding award in August 2020.

Our findings

- 9 Our key findings about the Welsh Government’s management of its grant funding for the Maritime Centre project are:
- A lack of clarity over roles and responsibilities between the Welsh European Funding Office (WEFO) and Visit Wales contributed to ineffective monitoring and oversight.
 - Due diligence for the Maritime Centre project was not rigorous enough and was too late, with public money committed to a project that did not have full match funding in place and was high risk.
 - Weak controls around the processing of expenditure claims led to a range of issues, including overpayments for varied reasons and further missed opportunities to identify concerns about the project’s financing.
 - Visit Wales could have acted earlier to withdraw project funding if better grant monitoring arrangements had been in place to identify the project was failing.
- 10 **Paragraphs 60 to 61** set out action the Welsh Government has taken in response to emerging findings from our work. This has included an internal audit review of other grant funded projects being overseen by Visit Wales at the same time as the Maritime Centre project. It has also included some further development of grants management guidance and processes for the whole of the organisation.

A lack of clarity over roles and responsibilities between WEFO and Visit Wales contributed to ineffective monitoring and oversight

- 11 WEFO told us that it applied three project management models for the appraisal, approval, and on-going monitoring of ERDF funded operations in the 2014-2020 EU structural funding round. In the first model, WEFO worked directly with a ‘lead beneficiary’ – an organisation receiving funding – in all aspects of management of their operation. This included support through the expression of interest stage and development of a business case, monitoring progress post-approval, and project closure.

- 12 In the second model, WEFO approved the over-arching operation, awarded ERDF funding, and set indicators and targets at operation level. WEFO made a grant funding offer to an Intermediate Body. The Intermediate Body then took on the role of a 'mini-WEFO'. This included:
 - approving direct ERDF grant contracts with sub-projects;
 - due diligence work on sub-projects before awarding grants;
 - verification functions around expenditure claims by sub-projects; and
 - submitting operation level claims to WEFO for further verification and payment.
- 13 For this second model, WEFO provided guidance and approved the methodologies of the Intermediate Body to ensure compliance with EU funding requirements. It did not work directly with any sub-project. WEFO mostly applied one of these two models.
- 14 When it approved Visit Wales's Tourism Attractor Destinations (TAD) operation in March 2016, which included the Maritime Centre project, it adopted a hybrid model. In this hybrid model, WEFO worked directly with Visit Wales as the single, lead beneficiary. Visit Wales would then manage sub-projects within their operation. Partner organisations – 'joint beneficiaries' – would deliver the sub-projects. **Appendix 2** provides further context.
- 15 WEFO approved the over-arching TAD operation and agreed a provisional list of sub-projects. Visit Wales were then required to submit the sub-projects' business plans to WEFO for assessment before Visit Wales could issue a grant award letter to the joint beneficiaries for the sub-projects. WEFO did not intervene to the same extent as it would have done for an Intermediate Body.
- 16 In practice, we found this hybrid project management model resulted in a lack of clarity regarding the respective roles and responsibilities of WEFO and Visit Wales for the Maritime Centre project. This, in turn, led to a failure to implement an effective control environment. As described in later sections of this report, certain key checks were not undertaken properly.
- 17 In our view, WEFO and Visit Wales should, at the outset, have formally agreed and documented how the hybrid model would work. This should have included being clear on who was doing what, and on WEFO's expectations where specific functions fell to Visit Wales. That this did not happen is in sharp contrast to the approach WEFO took with intermediate bodies. WEFO and Visit Wales agree that roles and responsibilities for the Maritime Centre project could have been clearer and documented.

Due diligence for the Maritime Centre project was not rigorous enough and was too late, with public money committed to a project that did not have full match funding in place and was high risk

Due diligence checks were not undertaken before Visit Wales issued its ERDF funding award letter to Credu in January 2017, with public money committed to a project that was high risk from the outset

- 18 In March 2016, WEFO awarded Visit Wales ERDF grant of up £27.7 million for the TAD operation. Visit Wales's TAD Business Plan forecast that the overall TAD operation would cost £84.8 million to deliver.
- 19 Also in March 2016, Visit Wales awarded the Maritime Centre project £600,000 Targeted Matched Funding (TMF). Visit Wales used TMF to help projects with limited or no other income streams to meet costs until such time as EU funding was approved. This £600,000 was part of a £9.7 million TMF award to support the overall TAD operation. To assist with cash flow, Credu also received two short term loans from Finance Wales in May 2016 (£19,800) and January 2017 (£21,850). It repaid these loans in September 2016 and May 2017, respectively.
- 20 In December 2016, Visit Wales submitted Credu's business plan to WEFO, and WEFO agreed to the Maritime Centre being a sub-project of the TAD operation. Visit Wales then issued its ERDF funding award letter to Credu in January 2017. We have been unable to reach a clear understanding with WEFO and Visit Wales about who was responsible at the time for ensuring due diligence checks were undertaken in advance of the ERDF grant award and why these did not happen at that point. Such checks should have considered Credu's financial viability and legal eligibility, and Credu's business plan including its income and expenditure forecasts and assumptions.²
- 21 Visit Wales approved ERDF grant funding of £2.1 million. Credu's business case estimated the Maritime Centre project would cost £5.6 million in total. When also accounting for the £600,000 TMF grant, this left a funding gap of £2.9 million. Visit Wales had paid out £137,000 in TMF grant to Credu up to 31 December 2016, shortly before the ERDF grant award.

2 The administrative, financial, and operational capacity of Credu to fulfil the conditions for receiving EU funds, including the ability to secure third party match funding.

- 22 Credu's business plan said that other funding would cover the gap, specifically:
 - £1.15 million of grant funding from the Big Lottery Fund (now known as the National Lottery Community Fund);
 - £1 million loan from Unity Trust Bank;
 - £550,000 loan (of up to) from Charity Bank; and
 - £250,000 loan from the Wales Council for Voluntary Action (WCVA).
- 23 Soon after issuing the funding award letter, Visit Wales's TAD programme team approached its Tourism Investment Support Scheme (TISS) team for advice and assistance on conducting a due diligence assessment.
- 24 The TISS team considered the Maritime Centre project to be very high risk under its assessment criteria. In September 2017, the TISS team commented that Credu's forecasts to demonstrate financial viability and sustainability for the development period and beyond were difficult to follow and reconcile.
- 25 In our view, a robust assessment of Credu's business plan should have identified similar concerns in advance of ERDF grant award. Also, we have seen no evidence that in response to the TISS assessment action was taken to minimise the Welsh Government's exposure to financial loss should the project fail.

Visit Wales failed to obtain confirmation that Credu had secured all the match funding it suggested was in place and could have identified problems earlier if it had engaged with the Big Lottery Fund, which stopped providing capital grant to Credu from May 2017

- 26 The Big Lottery Fund awarded the Maritime Centre project grants of £1.15 million. The first amount of £50,000 was a development grant awarded in October 2015, for which the Big Lottery Fund paid £49,744 to Credu in May 2016. The second award of £1.1 million, made in October 2016, comprised of £800,000 capital grant and £300,000 revenue grant.

- 27 Credu's business plan suggested that the funding from Unity Trust Bank, Charity Bank, and Wales Council for Voluntary Action had been confirmed. However, documents submitted by Credu to Visit Wales relating to the banks were indicative terms of loan funding, not funding commitments. They were also subject to Credu satisfying various conditions. The documentation from the WCVA was a letter confirming Credu was eligible to apply for a loan of up to £250,000 under its Social Investment Cymru loan scheme. The letter was not an offer of a loan.³
- 28 In July 2017, the Charity Bank rejected Credu's loan application. Unity Trust Bank rejected applications for loan funding in October 2017 and April 2019. The WCVA did not receive an actual loan application from Credu. We understand Credu looked at other potential funding options following the rejection of the loan applications to the Charity and Unity Trust banks, but that these did not come to anything.
- 29 Even if the loans had materialised, it is unclear how the constructed asset could have been commercially viable given the debt Credu would have needed to service. Charity Bank expressed similar concerns when confirming that it would not be able to provide loan funding. It also expressed doubt about income projections for the Maritime Centre.
- 30 Neither Visit Wales or WEFO officials independently verified with Charity Bank, Unity Trust Bank, or the WCVA, the status of any funding indicated by Credu. We have, however, seen evidence that Visit Wales was continuing to make enquiries with Credu about the match funding. Charity Bank has told us that the letter provided by Credu to Visit Wales in support of its business plan had been changed from the letter it had sent to Credu.
- 31 Robust due diligence of the documents provided in relation to match funding would also have identified that it was doubtful Credu could satisfy the security required by the banks. Each bank's indicative terms were conditional on the loan being secured on the asset to be constructed. This meant both banks would have required a first legal charge over the Maritime Centre to secure the debt.

3 Social Investment Cymru supports social enterprises with a range of grants and loans. It invests in organisations that want to generate more income or expand their range of services, and organisations that have previously struggled to attract grant funding for new projects.

- 32 The Big Lottery Fund paid Credu £378,391 of the second of its grant awards between December 2016 and December 2019. Of this, £300,000 reimbursed revenue costs and £78,391 reimbursed capital costs. The Big Lottery Fund stopped processing Credu's claims for capital grant after May 2017 because Credu could not satisfy the standard terms and conditions of the grant award. Specifically, Credu had not secured a lease for the site for the Maritime Centre at that time. The effect of this was that Welsh Government funding supported the project's claims for capital expenditure from May 2017. The Big Lottery Fund told us that it was constantly asking Credu for, but never received, confirmation that the match funding from the banks and WCVA was in place.
- 33 Visit Wales did not engage with the Big Lottery Fund to discuss Credu's application for ERDF grant or to monitor Credu's progress in developing the Maritime Centre. Had it done so, it is likely that Visit Wales would have identified concerns about Credu's ability to deliver the project far earlier. In particular, it may have identified that the project's wider match funding was not in place and that some costs appeared to have been double funded. Documents we have seen indicate Credu received revenue grant from the Big Lottery Fund for accommodation expenditure that Visit Wales also funded.

Weak controls around the processing of expenditure claims led to a range of issues including overpayments for varied reasons and further missed opportunities to identify concerns about the project's wider financing

ERDF grant was initially intended to fund £150,000 of the project's revenue costs, but instead paid for £321,000 of revenue items, including items that this funding had not been expected to support

- 34 The financial profile supporting the Maritime Centre business plan from December 2016 shows ERDF grant would fund £150,259 of a projected £1.2 million in revenue costs. Credu submitted a revised financial profile to Visit Wales in April 2017, around four months before the first ERDF grant claim. The revised profile showed ERDF grant funding only £31,559 of projected total revenue costs of £560,361.

- 35 The financial profiles did not specify which revenue costs ERDF grant would fund, but they indicated that it would not pay for staff salaries. Based on approved claim forms, we have calculated that around £321,000 of the £929,380 ERDF grant paid by Visit Wales to Credu was for items of revenue expenditure, of which around £224,000 paid for salary-related costs.
- 36 Failure to monitor actual project spend against profiled spend meant Visit Wales did not explore why ERDF grant was funding revenue expenditure that Credu had planned to pay for with other funds. Understanding the reason for this deviation could have resulted in Visit Wales identifying that Credu had failed to secure the match funding it needed.

Visit Wales overpaid Credu TMF grant of £112,302, which it decided not to recover

- 37 As noted in **paragraph 19**, Visit Wales awarded £600,000 of TMF for the Maritime Centre. Credu claimed, and Visit Wales paid, TMF grant of £712,302. Weak controls to monitor expenditure on the TMF grant led to the excess payment.
- 38 The TMF grant was meant to fund capital expenditure, but Visit Wales allowed TAD operation sub-projects to use it to fund revenue expenditure until ERDF grant funding was confirmed. It did this to support projects that had limited, or no, other income streams but were incurring project-related costs or needed to spend money developing their business plans. Some £127,086 of the total TMF payments funded revenue expenditure on the project, mostly to meet Credu salary costs.
- 39 Visit Wales identified that there had been an overpayment in February 2018, by which time it had paid Credu TMF grant of £665,789. Visit Wales decided not to recover the overpayment from Credu on the basis that it would transfer revenue costs of £117,040 to the ERDF grant.
- 40 After this point, Credu submitted further TMF claims of £46,513, taking total TMF grant payments to £712,302. In the end, Visit Wales did not reassign any costs from TMF to ERDF grant and had not established how this would work in practice.

Visit Wales took no action to confirm that grant paid to Credu in advance of expenditure being incurred was then spent as intended

- 41 The Welsh Government's general policy is that grant payments should be in arrears after a grant recipient has incurred the expenditure. However, it recognises that most third sector organisations do not hold large reserves and do not have the financial resources available to pay for works, goods, or services up front before seeking reimbursement.
- 42 The Welsh Government will consider providing grant recipients with funding to meet committed expenditure in advance of those bodies having to make payment. However, it will only do so where the grant recipient provides evidence that this is necessary. It requests that grant recipients complete, annually, a payment in advance template.
- 43 Visit Wales made four advance grant payments totalling £470,534 to Credu. It was not able to provide us with a payment in advance template for a March 2019 payment.⁴ We are satisfied that Credu was not able to pay for the specified items from its own resources. However, this should have given cause for concern about the status of other match funding for the project.
- 44 Having made the advance payments, Visit Wales did not seek to confirm that Credu had used the advances to pay for the specified items. Our review of Credu's bank statements indicates that it did not always use the advances to pay for those items. In the case of the three ERDF advance payments, it is not clear how Visit Wales intended to draw down ERDF grant to cover them if it had not obtained evidence of expenditure.

4 Advance payments: £125,376 in May 2017 (TMF); £154,565 in March 2019 (ERDF); £97,306 in January 2020 (ERDF); £93,287 in March 2020 (ERDF).

Had Visit Wales adopted a different approach to meeting Credu's ERDF grant claims, this would likely have raised concerns about match funding at an earlier stage

- 45 ERDF grant generally provided only a proportion of the total costs of any project or activity supported. Specified intervention rates determined the proportion of eligible project costs that it covered.
- 46 Visit Wales paid ERDF grant to Credu on a 'needs' basis at a rate of 100% of the value of Credu's ERDF claims and not at the intervention rate. Initially, it did this at its own discretion. Later, when agreeing a revised funding package for the TAD operation in May 2018, WEFO agreed to this approach. The approach meant that ERDF grant was being front-loaded and paying for all the expenditure in Credu's claims. Once the ERDF grant had been exhausted, match funding would have had to cover later costs.
- 47 Had Visit Wales applied the relevant intervention rate to Credu's ERDF claims, it is likely that Credu would have experienced financial difficulties from the outset. Visit Wales may then have identified far earlier that Credu had not secured the necessary match-funding.

Credu claimed and received payment for some items of expenditure that did not appear to relate to the development and construction of the Maritime Centre

- 48 We have significant doubt whether certain items within the £121,000 in 'other costs' that Credu claimed reimbursement for (see **Appendix 2**) related specifically to the development and construction of the Maritime Centre. We questioned the eligibility of these items with Visit Wales officials. They told us that, in hindsight, they too have doubts about whether some of these items should have been accepted as eligible items for reimbursement. Examples include day-to-day expenditure related to Credu's marine education services, fees relating to preparation of annual financial statements, and rent and rates for a kiosk on the promenade operated by a separate tourism development company linked to Credu.⁵
- 49 Both Visit Wales and WEFO conducted checks to ensure Credu's claims did not include items that were clearly ineligible under WEFO's scheme rules. These checks were in accordance with standard, established arrangements. However, they were not designed to confirm all the items Credu claimed as eligible project expenditure related to the development and construction of the Porthcawl Maritime Centre.

5 These payments were to Experience-Porthcawl.Com Ltd, a company 100% owned and controlled at the time by Credu.

- 50 Visit Wales finance staff looked at the transactions included in each claim. Their involvement provided appropriate separation of duties for the approval of expenditure. They queried some specific items of expenditure with Credu that seemed unusual and not in line with the nature and spirit of the project. However, they did not have a detailed working knowledge of the project's activities and documents, such as the business plan and finance delivery profile.

Visit Wales could have acted earlier to withdraw project funding if better grant monitoring arrangements had been in place to identify the project was failing

- 51 Various meetings took place with Credu between 2016 and 2020 to discuss the Maritime Centre, including a site visit by Visit Wales officials in September 2018. We have seen evidence of action points recorded. However, the Welsh Government has acknowledged that, given the high-risk nature of the project, these meetings needed to be held more frequently.
- 52 Preparatory work started on site in December 2019. In April 2020, Credu was still waiting to gain a licence to allow construction to start.⁶
- 53 On 15 April 2020, Credu representatives met with Visit Wales officials. Credu informed Visit Wales that due to delays for several reasons they expected project costs to increase. Visit Wales subsequently reviewed the project. This review highlighted changes to the project's initial funding package and that delays had created additional financial pressures.
- 54 Following the review, Visit Wales asked for further information to consider Credu's request for additional funding and to establish the ongoing viability of the project. Credu had suggested that further re-design of the building, and additional ERDF and match funding, could address any overspend. Visit Wales's review questioned the viability of those options.

6 In November 2017, Bridgend County Borough Council granted a three-year lease on part of the site to enable Credu to set up portacabin showers and toilets as well as shipping containers for use by local groups. In November 2019, the Council granted a licence for Credu to install hoardings and set up a temporary compound. Earlier that same month, the Council had entered into an agreement to lease to provide Credu with certainty that they could access the site to carry out full construction works but dependent on certain conditions, including around funding and planning. With those conditions not met, the Council took back possession of the site in November 2020.

- 55 Failure by grant recipients to comply with conditions set out in funding award letters can result in the Welsh Government withdrawing its grant funding offer, suspending or ceasing further payments, and/or requiring grant repayment. On 18 August 2020, Visit Wales wrote to Credu giving notice of the withdrawal of ERDF funding and its intention to recover all payments from ERDF grant claims. Visit Wales's letter said that Credu had confirmed the total estimated costs of the project had increased by that point to £7.7 million.
- 56 In November 2020, Credu went into voluntary liquidation and has since been wound up. When Credu filed for liquidation, it had received £1.6 million of grant funding from Visit Wales between May 2016 and March 2020 (see **Appendix 2**). The liquidator's initial statement of affairs as at 11 November 2020 report stated that Credu had outstanding debts amounting to £1.3 million. That sum includes the Welsh Government's claim for just under £930,000, the sum paid out initially as ERDF grant.
- 57 With the project removed from the ERDF programme, any Welsh Government losses fall entirely on domestic funding. It looks unlikely that the Welsh Government will recover any of its funding given the overall position of Credu's assets. In our view, it is likely that better arrangements within Visit Wales to manage the grant funding and monitor the project could have identified far earlier that the necessary match funding was not in place and that the project was no longer viable. This, in turn, could have reduced the likely loss to the public purse.

The Welsh Government has responded to emerging findings from our work by seeking further assurances through internal audit work and adding to its grants management guidance and processes

- 58 We have not examined whether the weaknesses we identified in relation to the Maritime Centre project were more widespread within the TAD operation or other projects and programmes. Visit Wales has told us that it had strengthened aspects of its grants management at later stages of the TAD operation.
- 59 When sharing emerging findings with the Welsh Government, we noted that there were wider lessons to learn. We suggested that further work by the Welsh Government's Internal Audit Services or Grants Centre of Excellence might be merited to provide assurances around wider grants management controls, particularly within portfolios relevant to the funding of the Maritime Centre.

- 60 In response, the Welsh Government's internal auditors have looked at whether issues raised by our review of the Maritime Centre project could be seen more widely across the TAD operation. They have also provided advice and guidance on how these issues could have been avoided and/or managed earlier. Overall, like us, they found some grant management practices to be poor and controls to be weak. However, these did not lead to the same outcome and the circumstances of the Maritime Centre project are, as far as they can see, unique to it.
- 61 Meanwhile, the Welsh Government's Grants Centre of Excellence has been developing enhanced guidance to help support grant managers understand the different options available to them when developing schemes that involve match funding. This will be rolled out over the coming months. They have also been engaging with their colleagues in legal services to include additional obligations in grant terms and conditions.



Appendices

- 1 About our work
- 2 About the Maritime Centre project and the Welsh Government's support
- 3 Key terms in this report

1 About our work

Scope of the audit

The failure of the Maritime Centre project and the loss to the public purse came to our attention in early 2021 during our audit of Porthcawl Town Council's accounts. That audit work, which remains ongoing, was considering concerns related to payments the Town Council had made to Credu, unconnected to the Maritime Centre project. In examining those concerns, we became aware of the financial support Credu had received for the Maritime Centre project and the failure of the project.⁷

Based on initial audit findings, we discussed this matter with the Welsh Government's Head of Counter Fraud who, in early 2022, referred matters relating to the Maritime Centre project, and Credu's involvement in it, to South Wales Police. We had concerns that the issues identified may meet the threshold of criminality as defined in the Fraud Act 2006.

South Wales Police undertook a lengthy investigation into these concerns, and we shared evidence with them to support the investigation. The police investigation concluded that there would not be a realistic prospect of conviction and as such no referral was made to the Crown Prosecution Service. It is important to note that no charges have been brought as a result of the police investigation. With the police investigation ongoing, we were not in a position to determine the merits of and approach to our own reporting on this matter until early 2025. A similar situation applies to the above-mentioned audit work relating to the Town Council and its relationship with Credu.

This report considers whether the Welsh Government managed its funding support for the Maritime Centre project effectively, with a particular focus on events between early 2016 and late 2020. It does not examine Credu's management of the Maritime Centre project, including issues relating to Credu's dealings with Bridgend County Borough Council and the wider Porthcawl Resort Investment Focus project before and during this period. The Maritime Centre project was connected with that wider project, despite ultimately being a separate scheme for funding purposes (see **Appendix 2**).

7 While the Town Council has not itself been involved in the Maritime Centre project, certain officers and members of the Council were actively involved with Credu as employees or directors of the company while the company was operating. There have been various changes in staffing and membership of the Town Council since Credu went into voluntary liquidation in November 2020.

We refer to the involvement of certain other organisations because it is relevant context but have focused on the Welsh Government's actions. The report is not intended to provide an exhaustive account of events relating to the funding, development, and management of the Maritime Centre project.

When given the opportunity to comment on a draft of this report, one of the former directors of Credu raised several issues with us about the early development of the Maritime Centre project. These concerned events before the point of funding approval, and about Credu's dealings with Bridgend County Borough Council, including around the lease for the land. We have reflected on those comments to inform how we have described the wider context for the Maritime Centre project but the matters raised sit largely outside the scope of our examination.

Audit questions and criteria

Questions

Our audit work was investigatory in nature. Its overall purpose was to consider:

- Whether the Welsh Government put proper arrangements in place to protect the public purse.
- Whether there were lessons that the Welsh Government had, or could, learn from the project to improve future grants management arrangements.

Criteria

Informed by previous audit work on grant-funded projects, we looked for evidence of effective and timely due diligence regarding plans for the Maritime Centre, effective controls around claims and payments, and effective monitoring of project progress. We have focused on those issues specifically in the context of the failure of the project and the loss to the public purse.

Methods

We interviewed various Welsh Government officials, including from Visit Wales and WEFO. We also met with representatives from the National Lottery Community Fund, Wales Council for Voluntary Action, and Menzies LLP (the liquidator for Credu).

We reviewed relevant documentation. This included:

- Documents held by Visit Wales and WEFO relating to the award of funding for the TAD operation and the Maritime Centre project, processing of TMF and ERDF grant claims, oversight and monitoring of the project, and the withdrawal of funding.
- Documents from other relevant parties, including National Lottery Community Fund, Wales Council for Voluntary Action, Charity Commission, Unity Trust Bank, and Charity Bank.
- Documents obtained from open-source research, such as Companies House, the Charity Commission (including Credu's financial statements), Bridgend County Borough Council Planning Register and Development Control Committee papers, Sell2Wales procurement portal, and media outlets.

Our categorisation of the Welsh Government's grant funding for the Maritime Centre draws on the content of grant claim forms. However, in some cases we have applied our own judgement. Transaction lists supporting grant claims did not assign a category of expenditure to all transactions and in some the categorisation was not consistent across the claims. When distinguishing capital and revenue expenditure, we have used expenditure headings in financial delivery profile information held by the Welsh Government.

2 About the Maritime Centre project and the Welsh Government's support

The Porthcawl Maritime Centre project was intended to provide a range of public attractions, facilities, and services that would benefit the local population, attract tourism, highlight Porthcawl's maritime heritage, and help regenerate the local area. The Maritime Centre would include a coastal science and discovery centre, well-being facilities, a café and restaurant, group accommodation, and events space.

The Maritime Centre project was one of the 'sub-projects' that the Welsh Government's Visit Wales team included in its TAD operation. The TAD operation's purpose was to deliver a multi-million-pound iconic tourism investment programme supporting strategic regionally prioritised tourism projects that would raise the quality and perception of destinations in Wales. WEFO part-funded TAD from the ERDF programme. Visit Wales also provided match funding.

As the lead beneficiary, Visit Wales managed delivery of the TAD operation, including applying to WEFO for ERDF support. Joint beneficiaries delivered projects within the overall operation and were expected to comply with grant terms and conditions.

A regional prioritisation exercise – involving regional economic boards and key delivery partners – identified and selected the sub-projects. The sub-projects included 'Porthcawl Resort Investment Focus – Coastal Activities'. Initially, Bridgend County Borough Council was the intended joint beneficiary for the sub-project and the Porthcawl Maritime Centre, led by Credu, would have been one work package within that wider sub-project.

However, these arrangements later changed. Credu became the joint beneficiary for the Maritime Centre as a stand-alone sub-project within the TAD operation, meaning that it would enter into its own funding agreement for the project. [A report to Bridgend County Borough Council's Cabinet in January 2017](#) noted that the Maritime Centre project would continue to be delivered under the Porthcawl Resource Investment Focus programme banner, despite technically being a different scheme. The Council expected that it would continue to work closely with Credu during the delivery stage.

Overall, the Welsh Government paid CREDU grant funding for the Maritime Centre totalling just over £1.6 million (see **Exhibit 1**). After the Welsh Government confirmed that it was withdrawing ERDF funding for the Maritime Centre in August 2020, it vired around £1 million of ERDF funding to the Porthcawl Resort Investment Focus project instead. Bridgend County Borough Council used that funding to support a separate development on the site for the Maritime Centre. The Council set out some of the history of its involvement and plans for next steps in a [report to Cabinet in December 2020](#).

In February 2024, the Welsh Government published a [final evaluation report on the wider TAD operation](#). The report touched on developments regarding the Maritime Centre and other changes in the TAD project portfolio over time.

Exhibit 1: grant funding paid by the Welsh Government to CREDU for the Maritime Centre project, May 2016 to March 2020

Category ¹	ERDF grant ² £ million	TMF grant £ million	Total £ million
Professional fees and services ³	0.59	0.46	1.05
Staff costs ⁴	0.22	0.11	0.33
Development site office ⁵	0.02	0.12	0.14
Other costs ⁶	0.10	0.02	0.12
Totals	0.93	0.71	1.64

Source: Audit Wales analysis of grant claims

Notes

- 1 Our categorisation draws on the content of grant claim forms. However, in some cases we have applied our own judgement.
- 2 Although assumed to be ERDF grant when paid out, Visit Wales's decision to withdraw ERDF support means that domestic Welsh Government funds have met the £0.93 million shown above, as with the TMF grant.
- 3 Professional fees and services include costs relating to the design, development, and construction of the Maritime Centre.
- 4 Staff costs are actual payroll-related costs; that is, gross salary costs, national insurance contributions and employers' pension contributions.
- 5 Development site office costs relate to spend on the provision of portacabins for the site.
- 6 Other costs cover claims for a wide range of different items.

3 Key terms in this report

We make frequent use of the following terms, or their acronyms where relevant, across different sections of this report:

- **Credu:** Credu Charity Ltd – company number 08612175 and charity number 1176908 – was originally incorporated on 16 July 2013 as Porthcawl Harbourside Community Interest Company. It changed status and name to Credu Charity Ltd on 16 January 2018. We refer to the organisation as Credu throughout this report. It is not to be confused with Credu Supporting Young and Adult Carers Limited, company number 04779458 and charity number 1103712.
- **European Regional Development Fund (ERDF):** the largest EU funding programme relevant to Wales during the 2014-2020 EU funding round. The overall aim of the fund was to strengthen economic, social, and territorial cohesion in the EU. It provided grant funding to support various priorities in Wales. Examples of funded projects include support for key visitor attractions to drive growth in the tourism industry.
- **Targeted Match Funding (TMF):** Visit Wales domestic grant funding to support projects applying for EU grant funding support.
- **Tourism Attractor Destinations (TAD) operation:** a tourism investment programme led by Visit Wales that supported strategic regionally prioritised tourism projects.
- **Visit Wales:** the Welsh Government department that leads on tourism policy and on encouraging investment in, and improving the quality of, the visitor experience.
- **Welsh European Funding Office (WEFO):** part of the Welsh Government. Responsible for the shared management of EU structural funds in Wales, in partnership with the European Commission. As 'Managing Authority', WEFO is responsible for the efficient management and implementation of the programme. Spending under the EU structural funding programmes ended on 31 December 2023 but there is ongoing programme closure activity.

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