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*Dea Dan*

## **REGENERATION INVESTMENT FUND FOR WALES (RIFW)**

I am writing to update your Committee on various matters relevant to its consideration of my report on the Regeneration Investment Fund for Wales (RIFW), which I published on 15 July 2015. In this letter, I set out my comments on:

- the letter of 7 September 2015 to the Committee from Owen Evans, in which he provided the Welsh Government's formal response to my report and to each of the eight recommendations it makes; and
- the written submissions to the Committee by (i) the former RIFW Board members, (ii) Amber Infrastructure Ltd (Amber) and (iii) Lambert Smith Hampton (LSH) in advance of their respective appearances before the Committee.

### **The Welsh Government's response to my Report (the letter of 7 September 2015 to the Committee from Owen Evans)**

The Welsh Government's letter rightly sets out the constraints under which the Welsh Government operated when trying to respond to the emerging concerns about RIFW from October 2012 onwards. We fully recognised these constraints in our report (**Report, paragraph 4.10**). I should also like to acknowledge the value of the extensive communication and co-ordination that took place between the Welsh Government and my study team during the course of their work, which Owen references in his third paragraph.

The fourth paragraph of the letter refers to the Welsh Government having established a multi-disciplinary steering group, which has identified wider lessons to be learned from the case. The Committee may wish to request a copy of these lessons. In addition, the letter also refers to the Welsh Government developing revised guidance for establishing arms-length bodies. Again, the Committee may wish to request a copy of that guidance.

In paragraph six the letter acknowledges that, in the absence of market exposure, it is not possible to demonstrate that the best sale value was achieved. It then states the Welsh Government's belief that valuation evidence does not point conclusively to a sale under value. Clearly, it would be very difficult indeed to prove this point conclusively either way. However, I remain of the strong view that my Report provides a considerable and detailed body of evidence to support my central conclusion that neither the Welsh Government nor RIFW can demonstrate that value for money was achieved from the portfolio sale transaction.

My report fully recognises the constraints under which RIFW operated (**Report, paragraphs 3.14, 3.17 and 3.56**). It also questions the Welsh Government's decisions to provide assets (and particularly assets with significant future development potential) in lieu of cash (**paragraph 3.16**), and makes clear that RIFW did not in fact need to sell all of the assets before the end of 2015 (**paragraphs 3.27, 3.37**). In short, RIFW was not the appropriate vehicle for liquidating those assets in order to maximise sale returns for the public purse. If the assets were to be sold, then I consider that a different, better deal (or deals) should have been done, timed to generate greater returns.

### The Welsh Government's responses to my audit recommendations

Turning to the Welsh Government's specific responses to the Report's eight recommendations, I note that five have been fully accepted, two have been partially accepted, and it is unclear to me whether one has been accepted or not.

Specifically, it is unclear whether the Welsh Government has accepted **Recommendation 3**, to investigate whether an unlawful state aid has been provided and discuss with the UK Government the need to refer the portfolio sale transaction to the European Commission. The European Commission communication (97/C 209/03) on state aid requires notification to the Commission of:

*'...any sale that was not concluded on the basis of an open and unconditional bidding procedure...; and any sale that was, in the absence of such procedure, conducted at less than market value as established by independent valuers.'*

In this regard, the Committee will wish to note certain aspects of the sale terms (other than the sale price itself), that could give rise to a potential state aid, including the provision for payment of the sale proceeds by installments without interest, the limited application of overage, and the detailed overage terms.

**Recommendation 7** related to conducting a review of the effectiveness of the Welsh Government's internal quality assurance arrangements for providing Welsh Ministers with draft responses to Assembly Questions. The Welsh Government has offered a 'qualified welcome' to this recommendation, but it is unclear whether this equates to acceptance, partial acceptance or non-acceptance of the recommendation – or indeed whether the Welsh Government is going to review its arrangements or not. My point in making this recommendation was a general one, not specific to RIFW, and so the nature of the information and by whom it was provided, appear to me to be irrelevant.

**Recommendation 8** has been partially accepted, subject to the caveat that there may be circumstances in which a fact-checking process is not appropriate. The Committee may wish to seek clarification from the Welsh Government in relation to the circumstances in which they consider that fact-checking would not be appropriate.

The Welsh Government's letter concludes by assuring the Committee that the redacted sections of the Gilbert Lloyd report that they have provided to the Committee were made available to the Wales Audit Office. I can confirm that this was the case.

### **The former RIFW Board members' written submission to the Committee**

In their written submission to the Committee, the former RIFW Board members have highlighted the context within which the Fund was established and the constraints under which it operated. These are all factors which I have recognised within my Report, alongside the pressures on the Board members and most particularly on the three external members, who were unpaid.

The former Board members have incorrectly asserted in paragraph 6 of their submission that my review took place "*some years later*". However, my study actually commenced following the receipt of correspondence from an Assembly Member in March 2012 - the same month in which the sale of 14 of the 15 assets was completed (see the timeline in **Appendix 2** of the Report).

In paragraph 12 of their submission, the former RIFW Board members refer to two of the main elements of my value for money conclusion. Firstly, they refer to the actual sale proceeds (but do not refer to the flaws in the sale process that are identified in my Report); and secondly, to an alternative approach. They incorrectly state that such an alternative approach would be based upon "*the recovery of the property market*". In my

Report, I make it clear that an alternative approach based upon changes in the assets' planning status, and therefore increased values (not predicated upon general property market recovery), could have generated greater returns whilst still meeting RIFW's cash needs (**Report, paragraphs 8c and 3.27**).

In paragraph 13 and 17, the former Board members correctly point out that the Fund's prime purpose was not to be "*a property developer*". However, it is clear that the Welsh Government did expect the Fund to take appropriate steps to enhance the values of its property assets, and to promote those assets through the planning process in order to generate funds for investment (**Report, paragraphs 2.22 and 3.14**).

At several points in their submission, the former RIFW Board members question the District Valuer's valuation approaches:

- In paragraph 17, they suggest that the District Valuer should have considered the assets' values in the context of the Fund's Business Plan. However, and appropriately, the District Valuer's brief (**Appendix 4**) was to provide market valuations.
- In paragraph 18, they question whether the District Valuer has taken a different approach to valuation of the Lisvane site in his (separate) commission for Cardiff City Council. I am satisfied that the District Valuer's involvement in providing a viability assessment for the Council in relation to a present-day planning appeal is a different exercise to providing market valuations of assets as at 2012.
- In paragraph 20, they refer to the District Valuer's approach as "*unconventional*" and question whether it meets professional standards. My Report explains clearly where the District Valuer's valuations are justifiably based upon different assumptions to other valuations of the portfolio, and also where the assumptions of other valuers do not accord with our audit findings (**Box 11, pages 76 – 78**).

I am puzzled by the former Board members' statement at paragraph 20: "*Hope value or overage but not both*". 'Hope value' is a component of market value, which recognises that an asset may have a current value above its value in existing use. Conversely, 'overage' is a mechanism, negotiated between the parties, whereby a seller may benefit from a share of future value uplift when this occurs (usually from an onward sale and/or change of use). Hope value and overage are therefore not mutually exclusive. However, a buyer is likely to negotiate a lower sale price with overage (**Report, page 8 footnote 2 refers**), and overage clauses do not provide a guarantee of future returns. A prudent seller may secure elements of both. It is important to recognise that the RIFW sale took place in 2012 at a price (£21.74 million) below the assets' 2010 'hope value' of £25.58 million, and without any overage clauses on 13 of the 15 assets sold (**Appendix 3**).

In paragraph 22, the former RIFW Board members have stated that: “...it is important to note that even with such a [open marketing] campaign it does not automatically mean that the assets could have achieved a higher figure.” Whilst this is self-evidently correct, it is also the case that an open sale following proper marketing gives confidence in the resultant sale price achieved. The absence of such a marketing process is a key component of my overall conclusion that value for money cannot be demonstrated in relation to the sale transaction.

Paragraph 23 then claims that: “By the very fact of the sale, the Fund can demonstrate a willing buyer for the portfolio at the valuation price”. The reference to a ‘valuation price’ is erroneous, because RIFW did not obtain an independent valuation prior to sale. Furthermore, a willing buyer at the sale price does not in itself demonstrate value for money. A sale for £1 would have provided evidence of a willing buyer, but of course would not have been at market value.

Paragraph 23 goes on to say that: “The District Valuer has been unable to produce any plausible evidence of a willing buyer at his, much higher, valuation figure.” The District Valuer’s market value valuations followed RICS standards, reflecting an open sale supported by proper marketing. The RICS standards do not require the District Valuer to actually undertake marketing in order to secure a buyer.

In paragraph 26, the former Board members have commented on the appropriateness of the discount factor applied when calculating the net present value of sale receipts (**Report, paragraph 3.100 and Exhibit 8**). The discount rate of 8 per cent used in my Report was specifically chosen to be consistent with that used by LSH in the information it provided to the RIFW Board when appraising the offer from SWLD (**see page 72 footnote 70**).

Paragraph 27 suggests that not including the apportionment of sale proceeds to individual portfolio sites represents an omission within the Table in Appendix 3 to the Report. However, the Table does include the overage baselines for Lisvane and Monmouth. The Board members have rightly stated that a lower overage baseline value will generate additional overage receipts, assuming that the sale price and the net value uplift are the same. However, it is also important to recognise that payments in the future may not support RIFW’s cash needs, and there is also always the risk that overage clauses can expire without being triggered or that they could be circumvented or mitigated, thereby reducing or negating overage.

Paragraph 30 states that the valuation report commissioned by RIFW from Colliers supported the sale price RIFW achieved. The Colliers’ report, and the validity of the assumptions that underpin it, are all commented on in detail in **Box 11, on pages 76 – 78** of the Report.

Finally, I note that in paragraph 38 the former Board members have referred to the planning status of the Lisvane site. I understand that SWLD itself has put the development viability value per acre (which would normally be expected to be below the land's actual market value) at a rate that would value the Lisvane site at £39 million.

### **Amber's written submission to the Committee**

The written submission from Amber correctly identifies that the District Valuer's valuation of the portfolio: "...was not prepared on a like for like basis to the actual amount achieved for the sale." However, it is important to note that this does not reflect any shortcoming in the District Valuer's valuation, which was on the basis of market value and was conducted in accordance with RICS standards. Instead, the key difference between the valuation and the sale price arises because the portfolio transaction was not an open sale supported by proper marketing.

Amber has referred to the Collier's valuation commissioned by RIFW after the sale, which accords with the sale price. The Colliers' report is commented on in **Box 11 pages 76 – 78**. In particular, my Report highlights assumptions upon which Colliers based their valuations but which do not accord with my audit findings. Crucially, Colliers assumed that the assets' 'transfer value' from the Welsh Government to RIFW represented their market value, whereas this was in fact at existing use (**see Report paragraphs 3.56 – 3.63**), and also that the sale process involved both open marketing and a competing offer when neither was actually the case.

The Amber submission goes on to state that (on the basis of the Colliers valuation) no loss can be demonstrated. Even if it were the case that no immediate loss could be demonstrated, my overall value for money judgment would be unchanged, as explained in **paragraph 10 of my Report**.

A potential loss to RIFW (and hence to the public purse) may not be confined to the immediate sale proceeds, as is demonstrated by the example of the Pyle site:

- this site was sold without overage by RIFW in 2012, even though in 2009 King Sturge had identified the site's potential for future uplift prior to its transfer to RIFW, and had valued the site at £100,000 in existing use and at £450,000 with 'hope value';
- In October 2013, Colliers stated that inclusion of overage in the sale terms would have been inappropriate for the Pyle site;
- In January 2014, SWLD sold on approximately half of the site for £2 million;

- If RIFW had sold the site subject to overage in March 2012, they could have benefited from a share of the enhanced value in January 2014.

Amber expresses its belief that the Wales Audit Office accepts that no valuation evidence would establish on the balance of probabilities that RIFW suffered a loss on the basis of negligent advice. I can confirm that the Wales Audit Office has not made any such statement. Nevertheless, I recognise of course that a post-event valuation cannot provide the same level of assurance in relation to a sale price as is gained through an open sale process supported by proper marketing or by an independent valuation prior to the sale. However, for the reasons set out in my report my value for money judgment is not based upon an immediately quantifiable and legally recoverable loss. Indeed, because of the existence of the overage terms on the Monmouth and Lisvane sites, it may be many years before the portfolio sale transaction is finally concluded and the total return for the public purse can be determined.

Amber has suggested that my audit conclusions *"are of course heavily influenced by hindsight"*. I fundamentally disagree with this statement, as the flawed sale process that was adopted by the RIFW Board and the existence of alternative approaches to disposal that could have yielded better returns are significant components of my overall conclusion. Importantly, my study has also established that various parties to the asset transfer and subsequent portfolio sale transaction were not in possession of key pieces of information that should have been provided to them, did not act on available information or gave poor advice – none of this requires the application of hindsight.

My Report states that 'Amber and LSH both maintain that ERDF match-funding placed a requirement upon RIFW to sell all of the property assets in order to invest the proceeds in regeneration projects by December 2015' (**paragraph 3.33**). In its written submission, Amber has stated: *"AFML does not accept the attribution to it of that remark. AFML has never maintained that position and is unaware of any reason that would justify the WAO assuming it has."* However, in Amber's written comments on my draft Report, provided to me in January 2015, Amber expressly stated [with its own emphasis in capitals] *"The requirement of the Fund constitutional documents and therefore investment policy was to realise ALL of its £55m assets by the end of 2015."*

Amber has asserted in its written submission that, where it circulated papers to the RIFW Board relating to the land sale, these were *"prepared by LSH which were then on-sent by AFML to RIFW."* However, my study team possesses copies of drafts of the Portfolio Transaction Report dated 21 April 2011 which include extensive 'tracked changes' amendments by Amber to LSH's initial draft, prior to the final report's presentation to the RIFW Board.

Finally, Amber refers to reassurance in relation to state aid considerations, based upon legal opinions obtained by RIFW. My reasons for not placing audit reliance upon these legal opinions are clearly set out in **paragraphs 3.131 – 3.135** of my Report.

### **Lambert Smith Hampton's written submission to the Committee**

In its written submission, Lambert Smith Hampton (LSH) makes a number of points which are similar to those which I have already commented on above and so I will not repeat here. There are however several other LSH statements to which a response is merited.

In paragraph 1.7 of its submission, LSH outlines the terms of the SWLD transaction and compares the sale price with the transfer value of the assets to RIFW which was based upon their existing use (**see Report, paragraphs 3.62 – 3.63**). However, the transfer value that LSH has quoted of £19.83 million has been inappropriately adjusted to deduct the full transfer values of the three assets not sold to SWLD (these three assets were removed from the sale because their values had fallen).

This adjustment has had the effect of lowering the transfer value quoted in the LSH submission, thereby increasing the gap between this and the sale price and hence generating an unduly favourable comparison between the transfer value of the 15 assets sold and the sale price of £21.7 million that was achieved. My Report instead quotes a higher, more appropriate adjusted transfer value for the assets sold to SWLD of £20.04 million (**see footnote 74 on page 76 of the Report**), calculated with reference to the lower values for the undesirable assets that were retained by RIFW, and which LSH had itself provided to RIFW at the time.

In paragraph 2.3, LSH has stated that an LSH report entitled "RIFW Portfolio Transaction Report – Update for Audit Review" (dated 30 October 2012) was prepared for the Wales Audit Office. My study team has informed me that neither LSH nor Amber provided this particular document to the Wales Audit Office during the course of my study. However, I can also confirm to the Committee that the document contains no information that would have caused me to amend my study conclusions.

At paragraph 3.3, LSH has listed some of the services which the Investment Management Agreement required it to provide to RIFW. However, in addition to the services which LSH has included in that list, I should like to draw the Committee's attention to the following extract from Schedule 1 to the Investment Management Agreement. This Schedule states that, in liaison with the Fund Manager [Amber], the Investment Manager [LSH] should:

*"...identify value enhancement potential at a portfolio level and through planning consents... ...seeking services/utilities improvements/upgrades, and highway improvements, liaising with Local Authority Planning Departments; submission of planning applications; negotiating Section 106 agreements; preparation of site information packs for marketing; marketing and sale of assets in accordance with the objectives of the Fund and all Statutory obligations of the Welsh Assembly Government which apply to the transferred assets."*

The Schedule also specifies that the asset-specific business plans were to include a "Value Enhancement Plan" and an "Exit Optimization Strategy." It is therefore clear that the Welsh Government's intention from the outset of LSH's engagement as the RIFW Investment Manager was not for the assets simply to be sold at the first available opportunity, or to be sold at their existing use values.

In paragraph 4.4, LSH has stated that *"It was always acknowledged...that a portfolio sale may be a beneficial option for RIFW."* However, my study team found that the plans and papers provided by LSH and Amber to the RIFW Board made no mention of a portfolio sale until after the initial GST Investments [SWLD] offer had been received.

In paragraph 5.1, LSH has accepted that it did not engage in formal marketing of the assets.

In paragraph 5.3, LSH asserts that a portfolio sale was beneficial to RIFW because there was a clear risk that RIFW would otherwise be left with less desirable assets. However the fact is that, under the terms of the final deal with SWLD, RIFW has been left owning three undesirable assets.

In paragraph 5.4, LSH has identified several title defect issues that it considers could have precluded either individual sales or prudent lotting, and has compared these disposal strategies unfavourably with a portfolio sale. However, LSH has not explained why individual phased sales had in fact been their recommended disposal approach for the RIFW Board (per the approved Asset Realisation Plan prepared by LSH for the Board) right up until the portfolio offer was received. Nor does LSH explain why since the portfolio sale SWLD (who LSH is now advising) has pursued a strategy of individual disposals. I note in particular that that strategy has to date yielded total gross receipts for SWLD of £16.93 million from onward sales of just 3.5 of the 15 assets that they purchased from RIFW.

In paragraph 6.1, LSH has stated that overage was agreed on the Monmouth and Lisvane sites. They have not stated that this overage was included for Lisvane on Amber's recommendation, and was not instigated on LSH's advice (**paragraph 3.124**).

LSH has acknowledged in its submission that it is difficult to value development land with any degree of accuracy. This difficulty is precisely why the greatest assurance in relation to a sale price is achieved by properly marketing the assets, regardless of whether the subsequent sale is achieved through an open sale, an auction, or by sealed bids. LSH has also described the levels of uncertainty that exist around the planning status of the assets, principally the Lisvane site. Such uncertainty increases the risk of an inopportune disposal, which can only be mitigated to a limited extent by overage agreements. As my Report makes clear (**paragraph 3.27**), RIFW could have met its funding requirements whilst still retaining those assets that had the greatest potential for future increases in value, via phased disposals timed to maximise returns once greater planning certainty had emerged. To illustrate this point, I note that SWLD sold on the residential portion of the Monmouth site for £12 million in April 2015, following its inclusion in the Local Development Plan in February 2014 and the granting of planning consent for development of the site in December 2014.

LSH has correctly drawn a distinction between existing use and 'hope value' in its submission to the Committee, and in paragraph 8.17 has pointed out that existing use value is normally used for financial statements, disregarding any hope value arising from alternative uses. This is why in 2009 King Sturge provided valuations for the purposes of transferring the assets from the Welsh Government to RIFW and for EU match-funding that were based upon existing use. However, King Sturge also identified 'hope value' for those assets with future development potential. As explained in my Report (**paragraphs 3.56 - 3.63**) LSH should have used the higher, with 'hope value', King Sturge valuation which reflected the assets' market value (£25.58 million) as the comparator when evaluating both the initial SWLD offer of £23 million and also the eventual negotiated sale price of £21.747 million. It is appropriate for a valuer to identify 'hope value' separately when providing existing use valuations. However, and contrary to what LSH suggests, when providing market valuations hope value is incorporated rather than stated separately.

LSH's statement in paragraph 8.21 appears, incorrectly, to equate full development value (i.e. with planning consent in place) with market value, which can include a premium over existing use for a site with development potential in advance of achieving planning consent for development.

In paragraph 9.1, LSH states that: *"Common anecdotal opinion that has been expressed indicates that... the development value [of the Lisvane site] is close to £1m per acre."* However, such figures are not merely 'anecdotal'. As an example, in January 2012 Savills (acting for SWLD) stated that:

*"We are therefore confident that if land at Lisvane were to come to the market with planning consent in the current market we would expect to achieve offers of £2.0m per net acre (clean) for private housing.... We have*

*assumed a net payable land value of £1.0 million per acre for residential land reflecting deductions for all planning gain (including affordable housing), infrastructure and abnormal costs."*

LSH goes on to state that the developable area of the 121 acre Lisvane site is circa 60 acres (around 50 per cent). The District Valuer assumed a developable area of 59.7 per cent, whilst SWLD in their initial planning application assumed 60.27 per cent and, in their planning appeal, 53.72 per cent. In contrast, in June 2011 LSH reported to the RIFW Board that they considered that the developable area of the Lisvane site was only 30 acres (25 per cent). This statement could well have had the effect of very significantly understating the site's potential value in the minds of the RIFW Board. In general, my study team found that in LSH's reports to the RIFW Board, the company provided copious information and details on matters such as problems with the assets within the portfolio, market weakness and planning uncertainty, and rather less information on the potential for value uplifts and the risks of inopportune disposals.

In paragraph 9.21, LSH provides its assessment of the developable value per acre for the Lisvane site (£600,000) and states that this has since reduced to £400,000 per acre "*verified by the District Valuer*". This is factually incorrect. The District Valuer has not 'verified' City of Cardiff Council's land value of £400,000, which is in any case simply a benchmark land value against which to assess development viability. It is not a market value.

LSH has included comparisons with various other sites in South Wales and the West of England to support its assertions in relation to the difficult state of the property market and sale prices achieved, whilst seeking to contrast its views with the District Valuer's market valuations. I should therefore like to draw the Committee's attention to the following statement from Savills, in their valuation report for SWLD dated January 2012 (the month before contracts for the portfolio sale were exchanged):

*"Cardiff residential land values, particularly in the suburbs have recovered almost to pre crash levels in early 2007 and in most cases were sold by tender with competitive bidding."*

In paragraph 9.14, LSH states that the onward sale by SWLD of the residential portion of the Monmouth site for £12 million was achieved following open marketing with: "*a formal bidding process and offers received from five national house builders*". This statement begs the obvious question as to why a similar sale process (which was concluded well within the timescale for the December 2015 EU match-funding requirement) was not deemed to be appropriate for RIFW itself, given that:

- RIFW's sale of 14 assets (including the Monmouth site) to SWLD was completed in March 2012. The final site sale (at Brackla) was completed in March 2013;

- In May 2012, LSH (acting for SWLD), commenced formal marketing of the Monmouth site and sought formal financial expressions of interest;
- Multi-million pound indicative bids were received from three major house builders by the closing date in July 2012;
- Final bids were received in November 2012 with final clarification of terms in January 2013; and
- A preferred bidder was selected and legal contracts for sale were exchanged in October 2013 with final completion, following planning consent, in April 2015.

It is therefore clear to me that RIFW would also have had bidders immediately interested in purchasing Monmouth (at a potential price of many millions of pounds) if it had not been sold as part of a portfolio, and that these purchasers would themselves have been prepared to invest time and money in the pursuit of planning consent for the site.

In section 10 of their submission, LSH has commented on their handling of conflicts of interest. It is important for the Committee to be aware that LSH accepted instructions from SWLD on the day following sale completion of 14 of the 15 sites. At this point, although contracts had been exchanged, the sale of Brackla to SWLD had not completed and also that, under the overage clauses, RIFW retained an interest in both the Lisvane and Monmouth sites. The individual referred to by LSH in paragraph 10.3 was the named contact for the RIFW Board in relation to investment in regeneration projects and regularly attended RIFW Board meetings. I note that in its submission to the Committee, LSH has not addressed the specific point made in my Report (**paragraph 3.103**) that its management of this conflict of interest did not meet the requirements of the RIFW Investment Management Agreement, RICS standards or LSH's own company procedures.

Finally, in paragraphs 10.12 and 10.13, in relation to a potential investment opportunity in Mumbles, LSH has asserted that: *"We did not have a contractual or fee generating relationship with the parties involved and there was no conflict of interest."* However, in an e-mail from LSH to my study team dated 13 June 2013, LSH stated: *"LSH has acted for the... Project Sponsor."* In a further e-mail dated 14 June 2013, LSH also confirmed that: *"LSH is providing retail agency advice to the... scheme Project Sponsor."* In such circumstances, under the terms of the RIFW Investment Management Agreement, LSH was required to make a declaration to the RIFW Board. As noted in **paragraph 3.104 of my Report**, it did not do so.

I appreciate that this is a lengthy and detailed letter, but I do hope that these points are of assistance to the Committee when it considers the written submissions that it has received from the various witnesses.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized 'H' and 'V' followed by a horizontal line and a vertical stroke.

**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**

