

# Agenda – Economy, Infrastructure and Skills Committee

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Meeting Venue:	For further information contact:
Committee Room 5 – Tŷ Hywel	Gareth Price
Meeting date: 11 January 2018	Committee Clerk
Meeting time: 09.30	0300 200 6565
	<a href="mailto:SeneddEIS@assembly.wales">SeneddEIS@assembly.wales</a>

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- 1 Introductions, apologies, substitutions and declarations of interest**
- 2 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**
- 3 Consideration of draft report – Town centre regeneration: 5 years on**  
(09.30–09.50) (Pages 1 – 15)

Attached Documents:

EIS(5)–01–18(p1) Draft report

EIS(5)–01–18(p2) Draft report annexes – Stakeholder event notes

- 4 Consideration of Welsh Government response – City Deals and the Regional Economies of Wales**  
(09.50–10.10) (Pages 16 – 23)

Attached Documents:

EIS(5)–01–18(p3) Welsh Government response



## **5 Consideration of draft response – Transport planning at major events**

(10.10–10.30)

(Pages 24 – 38)

Attached Documents:

EIS(5)–01–18(p4) Draft response

EIS(5)–01–18(p5) Principality Stadium response

EIS(5)–01–18(p6) Cardiff Council response

EIS(5)–01–18(p7) Joint response from Great Western Railway, Arriva Trains Wales and Network Rail

EIS(5)–01–18(p8) British Transport Police response

## **6 Paper(s) to note**

### **6.1 Correspondence from the Chair to the Cabinet Secretary for Economy and Infrastructure regarding Finance Wales / Development Bank of Wales**

(Pages 39 – 43)

Attached Documents:

EIS(5)–01–18(p9) Correspondence from the Chair to the Cabinet Secretary for Economy and Infrastructure regarding Finance Wales / Development Bank of Wales

### **6.2 Correspondence from the Cabinet Secretary for Economy and Infrastructure to the Chair regarding Finance Wales / Development Bank of Wales**

(Pages 44 – 45)

Attached Documents:

EIS(5)–01–18(p10) Correspondence from the Cabinet Secretary for Economy and Infrastructure to the Chair regarding Finance Wales / Development Bank of Wales

**6.3 Correspondence from the Chair to the Department for International Trade (DIT) regarding ways in which DIT and the Welsh Government classify and record involvement in a project**

(Page 46)

Attached Documents:

EIS(5)-01-18(p11) Correspondence from the Chair to the Department for International Trade (DIT) regarding ways in which DIT and the Welsh Government classify and record involvement in a project

**6.4 Correspondence from the Department for International Trade (DIT) to the Chair regarding ways in which DIT and the Welsh Government classify and record involvement in a project**

(Pages 47 – 48)

Attached Documents:

EIS(5)-01-18(p12) Correspondence from the Department for International Trade (DIT) to the Chair regarding ways in which DIT and the Welsh Government classify and record involvement in a project

**7 Consideration of draft report – Apprenticeships in Wales 2017**

(10.30-11.00)

(Pages 49 – 76)

Attached Documents:

EIS(5)-01-18(p13) Draft report

# Agenda Item 3

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# Agenda Item 4

## Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled City Deals and the Regional Economies of Wales

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As the Committee recognises, City and Growth Deals offer Wales and our regions an opportunity to unlock additional UK Government funding to support interventions that can deliver economic growth. The Welsh Government has been clear that Deals are not simply project delivery and funding vehicles. They are critical tools in providing a framework that allows regions to drive a new way of collaborative working, setting priorities as a single voice which supports regional economic ambitions and objectives and delivering key functions at a strategic level.

It is important to recognise that Deals are led by the ambition of local authorities and based on regional collaboration amongst stakeholders, who identify their priorities for driving sustainable economic growth. The Welsh and UK Governments are co-signatories in the Deals, but City and Growth Deals were established with the key principle that the local partners develop and deliver proposals which will create regional economic growth.

### **Recommendation 1**

**There is a real danger that the creation of Regional Boards and structures to support them add an additional level of bureaucracy to economic development in Wales. It is vital that Regional Boards are set up in a way that allows them to streamline decision-making rather than increasing red tape for businesses seeking to invest in the area.**

### **Response: Accept**

It is not the intention to increase red-tape for businesses or introduce undue governance bureaucracy. We accept the need to streamline decision-making, however we must ensure there is full accountability of the public money being spent. Both City Deals in Wales are therefore underpinned by robust processes, but supported by governance to ensure the full engagement of wider stakeholders, including businesses seeking to invest in the area.

Working with the Welsh and UK Governments, the governance ensures the ambitions are realised and provide Government with the assurance that the authorities can deliver their plans and be held accountable for their success. Regional Boards play an important role in providing transparent, collective decision-making for the benefit of the region.

City and growth deals have a strong role to play in our regionally focussed approach to economic development. Our regional economic approach will ensure the different players in our economy - from the emerging City Deals and local government reform structures, to the new Development Bank of Wales and Regional Skills partnerships – work together on a clear footprint with businesses and other partners in a new, strategic and more collaborative partnership to support distinctive regional strengths.

**Financial Implications** – None. The governance costs of the Deals will be met from within existing budgets.

### **Recommendation 2**

**Governance arrangements for the Welsh Deals should ensure that the people of Wales can scrutinise who is responsible for decisions, what the deals are expected to achieve, where and how money is spent, who is accountable for outcomes, how they fit in to Welsh and UK strategies, and what happens if targets are not met.**

### **Response: Accept**

City Deals require local authorities to put in place robust governance arrangements at the outset and account for delivery at regular intervals. As we continue to work closely with the regions, we are actively considering how they can improve their governance and accountability arrangements in a way that promotes transparent decision making.

Whilst we are aware that Deal partners consider and take decisions on commercially sensitive issues, it is important that both City Deals continue to work closely with partners and stakeholders. Local authorities are also democratically accountable to their electorate for their use of public funds and will need to ensure it is clear to stakeholders and the public where responsibility and accountability for decisions lies.

It is the intention for Welsh and UK Government officials to put in place mechanisms to monitor delivery of the City Deals and to provide assurance that the Deals are progressing as planned.

**Financial Implications** – None. Financial implications for monitoring Deals will be met from existing budgets.

### **Recommendation 3**

**All Deal partners should work to ensure there are clear expectations for the initial Gateway Assessment and understanding of what success and failure look like. This should also apply to subsequent assessments.**

### **Response: Accept in principle**

The Welsh Government will continue to work closely with Deal partners and will ensure individual local authorities are supported during the review processes, reflecting the specific requirements of each Deal.

Continuation of Government funding for the Cardiff Capital Region City Deal will be subject to satisfactorily passing 'Gateway Reviews' at 5 yearly intervals, ensuring full accountability of the public money being spent by the region. As part of this gateway assessment, an independent review will evaluate the economic benefits and economic impact of the investments

made under the scheme, including whether the projects have been delivered on time and to budget.

Preparations are already underway for the independent review of the Cardiff Capital Region City Deal, giving the region early sight of the expectations of the Review. This gateway assessment process is being developed on a consistent basis with other similar UK City Deals, with the Cardiff Capital Region fully engaged in developments.

However, the Swansea Bay City Deal includes different arrangements to monitoring delivery rather than a formal Gateway Assessment. In line with other similar UK project based Deals, the Swansea Region is working with the Welsh and UK Governments to develop an agreed implementation, monitoring and evaluation plan which will set out the proposed approach to evaluating the impact of delivery. This will be publically available.

**Financial Implications** – None. Financial implications for monitoring Deals will be met from existing budgets.

#### **Recommendation 4**

**Deal leaders in Wales should draw up contingency plans to consider how they would adapt their plans for the second five year block, if funding from the UK Government was not forthcoming.**

#### **Response: Accept**

City deals involve local partners taking responsibility for driving sustainable economic growth across their region, being accountable for their success and managing the associated risks. Responsibility for delivery of the Deal is therefore on Deal partners and they must ensure they proceed as expected during each phase to ensure funding continues.

We therefore agree with the Committee that their contingency plans feature their response if funding is not forthcoming, but their plans should also detail their response to other scenarios. As there are a number of things that could change over the lifetime of the Deals, the requirement that Deal partners manage the funding within standard financial management practice includes scenario planning.

The governance of the Government funding within the Cardiff Capital Region City Deal is set out in the funding terms and conditions letter issued to the region and in the agreed governance arrangements for the Deal. The governance of the Government funding in the Swansea Bay City Region City Deal is being developed on a consistent basis.

**Financial Implications** – None, there are no additional financial implications for the Region above the existing terms of the Deals.

#### **Recommendation 5**

**The North Wales Growth Deal negotiators should continue to work constructively with partners and neighbouring authorities both within Wales and across the border to ensure there is effective collaboration on infrastructure and training opportunities.**

**Recommendation 9**

**The Welsh Government should continue to support plans for a North Wales Growth Deal and use the influence it has to accelerate this process.**

**Response: Accept**

The bid for North Wales was formally submitted to the Cabinet Secretary for Economy and Transport and the Secretary of State for Wales last month. We welcomed the UK Government's continued commitment in the 2017 Autumn budget to a growth deal for North Wales and both Governments will continue to work closely and constructively with local authorities and regional stakeholders to help bring forward and shape a growth deal to deliver the ambitions for the region. This could include maximising links such as on infrastructure and sectoral opportunities with regions in England, and also maximise strategic links with Ireland. However it remains important that partners identify a realistic, proportionate package of measures.

**Financial Implications** – No additional costs to accepting this in principle. Funding for the Deal is subject to a Deal being agreed between the Region and the Welsh and UK Government's.

**Recommendation 6**

**As tools are established to measure the effectiveness of City Deals, it is important that the responsibilities on Public Authorities under the Well-being and Future Generations Act are taken fully in to account in Wales.**

**Response: Accept**

As public authorities bound by the Well-being of Future Generations Act, we expect local authorities to account for their responsibilities under the Act in the development and delivery of City and Growth Deals. For example during the development of governance arrangements for the Swansea Bay Region City Deal, the region has engaged with the Future Generations Commissioner for Wales to ensure their proposals reflect the long term focus of the Act.

By their design, City and Growth Deals align with the sustainable principle within the Future Generations Act. At their heart is an integrated long-term vision developed by the region, for the region. In delivering the deal the regional partners need to collaborate together, involving wider regional stakeholders to address the challenges of the past, in a way that prepares the economy of the region for the future.

One of the principles behind all the city and growth deals is that the benefits will be spread across the region. In practical terms this means that

governance arrangements are developed and potential projects chosen to demonstrate regional benefits as well as addressing regional inequalities.

**Financial Implications**– None. Financial implications for monitoring Deals will be met from existing budgets.

### **Recommendation 7**

**The Welsh Government should put a duty on regional bodies to promote economic development/inclusive growth, with a discretion to spend a substantial amount of funding whether from Welsh Government, or raised within the region.**

### **Response: Decline**

While we don't dissent from the objectives of this recommendation, Local authorities already have a number of powers and duties as individual bodies in relation to economic development, strategic transport and land-use planning. They are subject to the duties placed upon them by the Well-being of Future Generations Act and many local authorities are already collaborating for the benefit of economic development in their regions through City Deal and other arrangements.

As part of our proposals for local government reform, the Welsh Government is already considering how we can bring a greater regional focus to certain services and functions including economic development. This process is intended to better align interventions to the different economic needs of each region of Wales and help ensure all parts of the country benefit from economic growth.

We will also be legislating to provide local government with a General Power of Competence which will provide local government with a broad power to act in the best interest of their communities and this could include promoting economic development. We have seen no evidence that local authorities require a 'duty' to promote economic growth: they do so all the time, as the City Deals demonstrate. We have set out our expectations that economic development must be a responsibility undertaken at the regional level.. The General Power of Competence will unlock any obstacles to spending money or other resources for this purpose.

Through the Economic Action Plan, the Welsh Government will work with regions in a way that best meets their economic requirements. We have begun developing stronger regional partnerships as well as re-shaping the advisory structures and business funding support processes to make them simpler to understand and more focused on delivering on our shared goals. Three Chief Regional Officers have also been appointed in North Wales, Mid and South West Wales and South East Wales to work with people and business across their regions to drive growth.

**Financial Implications** – None.

## **Recommendation 8**

**All Partners should work to ensure that the monitoring mechanisms for Deals allow for early lessons to be learned about the most effective way to structure future regional investment in Wales so that adjustments can be made in the face of changing circumstances over a 15-20 year timescale.**

### **Response: Accept in principle**

We accept that Deals in Wales should provide an opportunity to shape future regional investment in Wales and should include a degree of flexibility to adapt in the face of changing circumstances. Both City Deals in Wales are shaped around the economic analysis of the respective region, produced by the local authorities and partners and their proposals for how they could improve the economic performance. They therefore have solid foundations and a strong basis to achieve their ambitions.

However City Deals are long term investments and involve local partners taking responsibility for driving sustainable economic growth across their region. The true impact of the investment can only be evaluated in the longer-term. Whilst there are mechanisms in place to monitor progress during the lifetime of the deals, it is not considered that an accurate picture of the Deal's performance could be made in the immediate term. To do so, may lead to misleading conclusions and inaccurate adjustments to the investment.

**Financial Implications** – None. Financial implications for monitoring Deals will be met from existing budgets.

## **Recommendation 10**

**Regional boundaries – both for Growth Deals and the Welsh Government's broader Economic strategy – should be as flexible and "fuzzy" as possible, to allow communities close to the boundaries to choose how they engage with planning for economic growth. This would mean a Welsh local authority, or private sector partner, could choose to engage with more than one "region".**

### **Response: Decline**

We aim to have a flexible approach and recognise the economic and social links that exist across local authority boundaries, such as between Ceredigion and Gwynedd or Neath Port Talbot and Powys. However the priority must be for clear governance and accountability arrangements, which requires clearly understood regional boundaries.

In working with local partners and the UK Government, the Welsh Government has been sensitive to the relationship between the different City Deals and Growth Deals. It is important that the Deals are distinct and are not in competition with one another. The Welsh Government has also been clear that these regions must work together in a complementary way. The links

between economic regions in Wales will be cultivated and this will form part of the role of Chief Regional Officers, responsible for leading each of the three regions.

Our approach to regional economic growth involves building partnerships and commitments which will deliver more for the region than individual bodies could on their own. Regions therefore take a strategic approach, prioritising where they invest their efforts in effective, long-term partnerships and relationships. Our regional focus is also aimed at making engagement with the private sector and other partners more straightforward, enabling businesses to invest more strategically and in a more focused way – something which we recognise larger private concerns have been calling for.

Financial Implications – None.

#### **Recommendation 11**

**There should be a Growth Deal for mid Wales. The Welsh Government and Growing Mid Wales must engage with a wide cross section of communities between the Valleys and the A55 corridor, and along Wales' west coast, to decide what practical measure should be included in the Deal, and what footprint would be most effective to achieve those aims.**

#### **Response: Accept in principle**

We remain committed to working with any area of Wales that wishes to explore how City and Growth Deals might benefit them. We welcomed the UK Government's commitment to explore a growth deal for Mid-Wales in the Autumn 2017 budget and would welcome details from the Growing Mid Wales Partnership on how a Deal could grow the economy of mid Wales.

However, it should be noted that the geography described by the Committee includes areas already within the North Wales Growth Deal area. In line with the response to Recommendation 10 while we recognise a need for a flexible approach, the priority must be for clear governance and accountability arrangements, which requires clearly understood regional boundaries.

A thriving rural economy is fundamental to providing quality employment opportunities for people and help to secure the Welsh language in some of its heartlands in rural Wales. As part of our Economic Action Plan, we will ensure rural interests are protected and feature strongly. We will engage with the Welsh Local Government Association, rural businesses and others to consider the most appropriate means of supporting economic development in Mid and West Wales.

This includes encouraging regional collaboration to develop a growth deal proposal. This engagement will tie in closely with work to prepare rural areas for the challenges and opportunities of exiting the EU and the planning of investment streams once the UK no longer participates in EU funding

programmes. We are actively setting out the case for sustaining levels of structural funding after we leave the EU in our paper – Brexit and Regional Investment.

**Financial Implications** – No additional costs to accepting this in principle. Funding for the Deal is subject to a Deal being agreed between the Region and the Welsh and UK Government's.

**Prof Mark Drakeford AM, Cabinet Secretary for Finance and  
Ken Skates AM, Cabinet Secretary for Economy and Transport**

# Agenda Item 5

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19<sup>th</sup> December 2017

Dear Sir/Madam,

Further to your letter dated the 1<sup>st</sup> December 2017, I have outlined below the Principality Stadium's responses to the questions raised by the Committee in relation to the Anthony Joshua World Title Fight staged on the 28<sup>th</sup> October 2017.

**1. What steps have been taken since the Rugby World Cup 2015 to improve transport planning and delivery for major events in Cardiff?**

The Principality Stadium has an established pedigree in attracting and staging world-class major events. This was most recently demonstrated in the delivery of the UEFA Champions League Final in June 2017, which received critical acclaim from UEFA, the participating teams and the hundreds of thousands of fans that came to Cardiff over the event period. As I am sure you are aware, the planning of these events does not happen in isolation and is only possible with the adoption of the collaborative "Team Wales" strategic planning model which sees all partner agencies and stakeholders working together towards a common goal.

This ethos to major event delivery is long established and is fully supported by the Principality Stadium for all events staged at the venue. This collaborative planning framework can be evidenced in the major events planning meetings (Stadium Event Liaison Group "SELG"), which the stadium chairs on a monthly basis. This meeting consists of invited representation from from all core stakeholders (Welsh Government, Cardiff City Council, South Wales Police, British Transport Police, Network Rail and the respective Rail operators.) The purpose of this meeting is to provide the stakeholders with updated event information relating to (1) confirmed events (those that are launched in the public domain and are in the operational delivery phase), and (2) forecasted events (those events that the stadium is engaged in positive discussions with event owners with the aim of attracting to the stadium and Cardiff.) The overview of forecasted events is provided in as much detail as is possible at the time (prospective date, capacity, event timings etc), so that the respective stakeholders are able to review in the context of their respective areas of operations, providing as early a warning as possible in which to begin factoring these events into their planning.

**2. What arrangements were in place to meet the needs of those travelling to and from Cardiff on the 28<sup>th</sup> October?**

With regards to the boxing event on the 28<sup>th</sup> October, it had been in our projected long-term calendar since early June 2017, with the 28<sup>th</sup> October or the 9<sup>th</sup> December highlighted as

potential dates for it to take place. The stadium is always cognisant of the wider impact of the events that it hosts and will continue to collaborate with the stakeholders to ensure that events are planned and delivered effectively. The concerns raised around the potential impact of the planned main line possessions for electrification and upgrade works to eastbound travel post event, were not highlighted as a critical issue until the discussions with the promoter had progressed to a very advanced stage. We had been liaising with the promoter continuously since the event was confirmed, to work through the operational detail for the event and provided all stakeholders with regular updates so they were able adapt their operational planning accordingly.

In relation to the highlighted rail infrastructure challenges caused by the planned electrification works on the mainline between London and Cardiff and its impact on the event mobility plan, the following steps were taken to ensure all ticket purchasers had access to accurate event information in which to plan their journey to and from Cardiff on the night of the 28<sup>th</sup> October:-

- In conjunction with the broadcasters and Matchroom Sports, we were successful in being able to move the event start time for the main bout forward so that the enhanced services being offered by Arriva Trains Wales could be utilised to best effect post event. This resulted in the “ring walk” for Anthony Joshua taking place at circa 2215hrs and a fight start time of 2230hrs.
- Since the event was first announced, the Principality Stadium Events Communication Group had been in frequent contact to discuss, shape and disseminate the known transport advice to fans when they were purchasing tickets for the event. This has included a fan information guide (attached for reference) which was disseminated through the communications channels managed by the local steering group and the promoter. A travel warning was also posted on the point of sale when fans were purchasing tickets advising them to plan their journey well in advance, to compensate for limited rail capacity after the event. The wording was signed off by the communications group and this was electronically sent to all fans who purchased tickets for the event via the primary ticket agents.
- The event-specific fan guide has been a successful communication medium that the stadium has used for the past 18 months, promoting travel and safety advice for events staged at the venue. In addition to the guide being emailed directly to all ticket purchasers, the guide is hosted on the main event page on the Principality Stadium website, as well as being distributed across all digital platforms managed by the stadium, its partners and the promoter as part of the coordinated event communication strategy.
- From the on sale of tickets, we had, in partnership with Cardiff Council promoted the park and ride operation via an on line pre booking portal. [www.parkjockey.com/principality-stadium](http://www.parkjockey.com/principality-stadium)

- The promoter via their official travel partner also made available bespoke event ticket and bus transport packages for fans looking to attend the event. These were operated from Chelmsford and Reading and provided ticket purchasers with return bus travel for the event.
- The promoter also communicated to all ticket purchasers promoting National Express services to try and mitigate the limited eastbound services on the rail network.
- Arriva Trains Wales also supported the event through the provision of extended services along their Cardiff/Valleys and West-Wales routes, and also crowd management infrastructure around Cardiff Central Station. The confirmation of the earlier start time of the main fight also supported the additional post-event services the rail operators were able to put on.
- The stadium and the promoter provided regular updates on the postcode data of ticket purchasers to all stakeholders so they were able to understand the geography of the sales and possible high demand areas when finalising their respective event resource plans. I have attached to this letter, an example of the information that had been circulated which highlights the areas with the largest volume of sales.
- In coordination with Highways Wales and Highways England, event specific information was placed on all digital signs located on the main arterial routes to Cardiff as well as along the M4.

**3. What particular challenges did this boxing event present and how were these considered in the planning phase?**

From the Stadium-specific perspective, there were no real challenges in running this type of event and our internal planning assumptions were proven to have been correct and appropriate for the type of crowd demographic that this event attracts. The Stadium conducted an extensive pre-event review of its operational plans along with its main stakeholders, and the operation on the night received very positive feedback from the promoter, broadcasters and fans. Overall, the event was deemed a great success and certainly put Cardiff and the Stadium on the map for future world class events of this nature.

It was identified early on that, from an external standpoint, the planned electrification works and the impact this had on the post-event mobility plan (specifically rail movement to the East), presented the key operational challenge for this event. All stakeholders recognized this

and the measures put in place were felt (and were subsequently proven) to be sufficient to mitigate the challenges that the rail disruptions presented.

#### 4. How did development work on Capital Square affect operations?

The Stadium works very closely with Rightacres, Cardiff Council and Arriva Trains Wales regarding the Capital Square operations. Rightacres provide regular updates to us on the progress of the site. It is my opinion that the development work at Capital Square did not affect the event day transport operation in any way.

#### 5. What steps were taken to mitigate the impact of the works on the Severn Tunnel and Brynglas Tunnel?

See point 2 regarding rail mitigation measures.

#### 6. What was your assessment of the effectiveness of travel planning arrangements for the event? How many people were negatively affected by delays?

It is important not to lose sight of the fact that although the event on the 28<sup>th</sup> October was challenging, it was the coordinated planning across the primary stakeholders that ensured it was deemed a great success. The Stadium welcomed in excess of 70,000 people and our planning assumptions and operational strategies were appropriate and were subsequently proved to have been successful in delivering the event.

Regarding the effectiveness of the travel planning arrangements:

- **Arriva Trains:** In the post-event review, it was identified that of the circa 9,000 spaces made available on Arriva Trains Wales after the event, only 3,000 were taken up by passengers.
- **Park and Ride:** Although the Park and Ride operation was heavily promoted to the ticket purchasers there was still additional capacity remaining on the night of the event.
- **Highways Wales / England:** Having spoken with Welsh Government, there were no issues raised with regards to the volume of traffic on the M4 and associated trunk roads as a consequence of this event. The roads remained quiet.
- **Taxis:** The only negative point picked up by the press was regarding a couple of complaints about the queues for Taxi's in and around the city centre post-event. Having spoken with representatives from Cardiff City Council and South Wales Police (who have conducted their own reviews with regards to this specific area), the Taxi queue times reported in the press were grossly exaggerated. It appears that fans attending the event

took the decision to remain in the city centre and take advantage of the night time economy instead of making use of the available post-event transport operation. This personal choice by the fans, in addition to those members of the public who were already in the city on the night of the event, contributed to the overall taxi demand.

It is important to stress that the small amount of negative press before the event, forecasting “chaos” on rail and road infrastructure did not come to fruition at all. This was as a result of detailed and careful planning by all stakeholders in the build up to and during the event. From a stadium perspective the event was deemed a great success, supported by the fact that we only received a single complaint – which was not a transport related issue.

### **7. What lessons have been learnt from this event and how will any lessons be applied to future events?**

The event has certainly reinforced the importance of early engagement with all stakeholders to enable the identification of key issues relating to events. I believe that we have demonstrated that, as an experienced group of operational stakeholders, we are able to identify these key issues and put appropriate plans in place to mitigate them.

I feel that the only issue that could have been improved upon under the circumstances was the availability and marshalling of Taxis in the City Centre. I believe this is being looked at by other stakeholders moving forward. I would also say that the people queuing for those Taxis made a choice that night to remain later in Cardiff and to not take advantage of the undersubscribed methods of transport that were available to them for several hours after the event.

Even with the restrictions caused by the electrification work and other rail disruptions, we have shown that events of this nature are able to be delivered successfully. We will continue to work in partnership with our stakeholders and review and refine our planning models for major events to ensure they are fit for purpose and meet the specific demands for each and every event that the stadium hosts. It is within everyone’s interest that the Stadium, Cardiff and Wales are held in high regard as event venues and a tiny amount of poorly reported, negative press should not cause us to panic and be overly critical of what we currently do and the high standards that we collectively achieve.

Mark Williams  
Stadium Manager  
Principality Stadium

My Ref: NH/CLJ  
Your Ref:

21<sup>st</sup> December 2017



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FAO: Russell George AM

Chair of the Economy, Infrastructure and Skills Committee

National Assembly for Wales

I refer to your letter dated 1<sup>st</sup> December 2017 regarding transport planning and infrastructure impact on major events at the Principality Stadium.

I am able to provide a response to the questions asked as follows:

- **What steps have been taken since Rugby World Cup 2015 to improve transport planning and delivery for major events in Cardiff?**

The Principality Stadium chairs a monthly meeting which debriefs after stadium events, looks ahead to future planned events and also discusses potential events that the stadium is interested in hosting. The attendees consist of a number of key stakeholders such as the Council, Welsh Government, Network Rail & rail operator representatives, South Wales Police and British Transport Police.

- **What arrangements were in place to meet the needs of those travelling to and from Cardiff on 28<sup>th</sup> October?**

Throughout the planning process it was very clear that there would be restrictions on trains going back eastwards to London, and this was highlighted to the event promoter. The local South Wales rail network however was enhanced to provide additional services between Cardiff and the Valleys for the event. In addition, Park & Ride facilities were provided, and these were available to pre-book from the time that tickets for the event went on sale.

An event specific 'fan' guide was produced, which was emailed to all ticket holders. This guide gave clear advice in terms of rail restrictions and highlighted a need to plan travel arrangements in advance. Park & Ride was available for pre-book and information on National coach services and the additional local rail services was provided.

Advance electronic signage displayed the event date along the strategic routes in South Wales in advance of the event, so that regular road users were aware of the event and could therefore plan their journey accordingly to avoid peak event travel times.

- **What particular challenges did this boxing event present and how were these considered in the planning process?**

Cardiff City were playing at home on this date and the Motorpoint Arena had a full attendance event taking place. Therefore the transport planning sought to segregate those travelling to the Cardiff City football match from those traveling to the Boxing event. All football traffic was advised to leave the M4 at junction 33 and travel along the A4232 to the Leckwith stadium; whilst all boxing traffic was advised to leave the M4 at junctions 29 & 30 and use the Pentwyn Park & Ride facility on the A48. This left junction 32 and the A470 into the city centre for the Motorpoint Arena event traffic. This segregation worked well and the road network coped with all the events.

However, as with all major events in Cardiff the demand for taxis post event exceeded supply. CCTV footage has confirmed that there were queues for taxis on the lower section of St Mary St until 5am. Unfortunately this is not uncommon on major event days and whilst there are a large number of licenced taxis operating in the city centre, the Council has little control over what hours the drivers choose to work.

- **How did development work on Capitol Square affect operations?**

The development is subject to a planning condition that requires the developer to ensure that stadium events are properly managed. It is our assertion that the development did not create any additional impacts on the 28<sup>th</sup> October Boxing event.

- **What steps were taken to mitigate the impact of works on the Severn Tunnel and Brynglas Tunnels?**

This is a matter for Welsh Government, as trunk network manager to address.

- **What was your assessment of the effectiveness of travel planning arrangements for the event? How many people were negatively affected by delays?**

On the whole the event was well planned and managed effectively. The timeframe within which taxi queues were present was much later than has normally been experienced. The Council received one complaint regarding this event which related to the long wait for taxis.

- **What lessons have been learnt from this event, and how will any lessons be applied to future events?**

The advance discussions with the stadium and the resultant travel guide provided to those attending the event worked well. It is important to ensure that those attending the event have accurate information to allow them to plan their travel arrangements in advance. In future the fan guide will high-light the demand that is likely for taxis, which again will allow those attending the event to adjust their travel plans accordingly.

Yours Sincerely

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

**Neil Hanratty**  
**Director Economic Development**

22<sup>nd</sup> December 2017

Dear Mr George

Thank you for your letter of 1 December. The rail industry work very closely together on major events for Cardiff and we have therefore prepared a joint reply, which I trust you will find helpful.

### **Rugby World Cup**

The 2015 Rugby World Cup was a fantastic showcase for Wales, demonstrating to the world that our capital city can host and deliver major global events. However, it also highlighted some major challenges for the rail industry.

More than ever, visitors to Cardiff are choosing to travel by rail, and we have worked incredibly hard as an industry to improve the experience for visitors: by working more collaboratively and by building stronger relationships with our partners.

This joint working has reached beyond the transport sector, across other key agencies, including the Welsh Government, Principality Stadium, Cardiff Council and South Wales Police.

### **UEFA Champions League Final**

This strengthened collaborative working supported the delivery of a world class experience to visitors for the UEFA Champions League Final in June 2017 – the biggest event ever hosted in Cardiff's history.

Despite the unprecedented numbers travelling to and from Cardiff Central Station, and the additional challenge of a major terrorist incident in London, our dedicated teams kept passengers moving throughout and the rail industry was singled out for praise by the Cabinet Secretary, Ken Skates.

Implementing a key recommendation of the Enterprise and Business Committee's report on Rugby World Cup Transport Planning, a single command structure was in place across all agencies. This ensured the planning, operational decision making and public information was consistent and robust, with each agency fully engaged in this process.

Another key issue highlighted in the report was the impact of the Central Square development in the delivery of major events. We have responded by constantly reviewing the queueing system outside Cardiff Central, flexing it around the various scheme work packages and working closely with the developer on optimising queue space for events. We have also utilised Cardiff Queen Station for passengers travelling on the Core Valley Lines to increase flexibility while space is limited around Cardiff Central and is a result of close working between Train Operators, Network Rail and Cardiff Council.

Joined up communications have also been important, and the recent establishment of the Wales Route Supervisory Board has further strengthened the ability for the rail industry to maintain a coordinated approach to communicating with rail passengers, stakeholders and the public ahead of, and during, major events.

It is worth noting the entire train service to London after the UEFA event operated after the last train would normally have departed, so we had to mobilise an operation for which no staff or rolling stock would normally exist. For all the rail operators, delivery of the Champions League Final plan was made possible by funding that covered the additional staffing, train services and a bus operation and withdrawing services on other parts of the ATW and GWR networks to provide the trains that were used.

### **Anthony Joshua fight**

In advance of the recent Anthony Joshua fight at the Principality Stadium, we worked hard as an industry, alongside local delivery partners, to communicate detailed information to ticket holders and visitors about the limitations of rail services, particularly after the event.

This detailed communication resulted in a positive overall experience for those who were able to make journeys by rail, and gave potential rail travellers an opportunity to consider alternatives; helping to control demand from those unable to travel by rail due to essential engineering work which had been planned over a year in advance. In order to plan this work, Network Rail first agrees a schedule with train operators to give passengers the most notice possible and achieve the best value for the taxpayer. Engineers and specialist equipment are booked in advance. Cancelling work and rescheduling it at another time would increase costs for the taxpayer.

All partners worked closely together ensuring that visitors received consistent information, with Cardiff Council leading on the coordination of travel advice.

The challenge for the rail industry was balancing the need to deliver a great experience for customers while at the same time delivering important upgrade work through. This needed to be done with minimal impact on regular rail customers and within a much shorter window of notification than normally provided for major events.

Without the opportunity to deliver important railway investment it is difficult to develop and improve our transport infrastructure for the long-term benefit of the Welsh economy. We alerted the stadium to the improvement work before the decision to go ahead with the match was made, and made clear that this would mean no return trains to London after the match finished.

Once the decision to go ahead was made, we had just eight weeks to put plans in place and to make sure customers were aware and able to make informed decisions on alternative transport.

Late finishes to large events present a challenge for rail, as we have to balance the aspiration for delivering train services to the demanded routes whilst still delivering a service to customers the following day, with the need to refuel, maintain, repair and clean trains a key consideration. This event highlighted a significant challenge in this respect due to the late finish, and this will be a continued key consideration for the planning of late night events for the future.

### **Future recommendations and priorities**

The ['Wales Route Study'](#) published in March 2016 highlighted further investment in Cardiff Central railway station as a key choice for funders.

Investment here would support an improved visitor experience to Cardiff for major events and would meet the ongoing growth in passenger journeys through Cardiff Central during normal non-event operation. An enhanced, bigger station would reduce the need for queuing outside, which is done as part of the risk mitigation for such large numbers of passengers on the station platforms. Demand forecasts suggest the number of journeys will grow from 13 million in 2013 to upwards of 23 million by 2023 and then to upwards of 32 million by 2043.

We will continue to work with partners in the Principality Stadium, Cardiff Council and Welsh Government on ways to best provide funding and resources for enhanced provision such as Champions League, and will consider best practice from other cities as part of our ongoing development.

## Conclusion

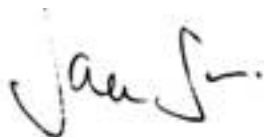
The successful delivery of the Champions League Final demonstrated that with strong partnership working, additional funding and the appetite to redirect resources from other routes on our networks, we were able to overcome the challenges from Rugby World Cup 2015. This delivery also included the implementation of the key recommendations of the previous Enterprise and Business Committee's report.

We are able to support the delivery of such major events effectively working with our partners, where we can plan according to our operational timescales. This allows us to deliver the level of services we would provide normally for major events, including the recent Autumn Internationals.

The benefit of closer alignment and improved organisational structures means we are now in a good position to keep visitors and local communities informed so that we can deliver the best experience possible for those visiting Cardiff. In the future, the addition of new and more rolling stock will also help us to manage these special events better.

To manage the expected growth in visitor numbers and to maximise Cardiff's potential in the future, we are aligned on the need for enhanced infrastructure. This is key to delivering improved rail and wider transport services with additional capacity and faster boarding. We are happy to offer advice on options and to work with partners and stakeholders to take forward any opportunity that will help create a world class station to match the world class events now being regularly hosted by the city.

Yours Sincerely,



Jane Jones  
Head of Public Affairs  
Great Western Railway



Lewis Brencher  
Head of Communications  
Arriva Trains Wales



Samuel Hadley  
Public Affairs Manager  
Network Rail (Wales  
Route)

**What steps have been taken since Rugby World Cup 2015 to improve transport planning and delivery for major events in Cardiff?**

There were clear lessons learnt from the event in 2015, but these were mainly contained to service planning and sufficient notice being given to service providers so that they can arrange and possibly re-arrange the limited rolling stock that is available to them. This of course is not the responsibility of BTP and neither is it within our gift to influence that. As far as Policing the railway station and the services away from these events, I always now consider the quality of the service provision, and recognise immediately when there are limited services, that it will have an influence on the crowd dynamics and behaviour. The bottom line measure is; poor services leads to poor behaviour. All I am able to do to respond to this is by increasing resources where possible, and of course this becomes a bigger challenge when I have short notice such as we had for the boxing event on the 28<sup>th</sup> of October. This also comes at a cost to our budgets, for which at this time, there is no possibility of recovering any costs.

The Champions league final by contrast gave us ample time to plan and prepare, there was a significant uplift in service provision and this in turn contributed to a problem free event for BTP. The constant however was that I could not recover any overhead costs as bids for that were rejected.

BTP does meet regularly with Arriva Trains Wales, Great Western and Network Rail to discuss events, and we are all also invited to a "Stadium Events Liaison Group" (SELG) which also includes South Wales Police and Cardiff City Council. This works well but is more of a briefing/update opportunity rather than a forum where we can formally raise concerns about a proposed event or more importantly- it's timing, and the knock on effect that will have.

**What arrangements were in place to meet the needs of those travelling to and from Cardiff on 28 October?**

As previously hinted, BTP are not responsible for any service planning, so we focused on providing a safe and secure environment for the train companies to operate. Our usual thorough planning and Command structures were in place, working alongside South Wales Police who were our immediate support and also stood ready to provide specialist support such as firearms officers, had we required them.

**What particular challenges did this boxing event present and how were these considered in the planning process?**

The 'different' challenge the boxing event provided was the shorter timescales available to us for the planning. For all other big events we become aware of them far earlier and for events such as Six nations, Autumn internationals and events like the Ed Sheeran series of concerts, we have had many months of notice. For obvious commercial reasons, these timescales were not possible for the boxing. This did not affect BTP's planning however, albeit I am sure this had an impact on service provision and maintenance work, which then (as previously mentioned) affects passenger behaviour in the queuing system.

**How did development work on Capital Square affect operations?**

The queuing system utilised at Cardiff Central railway station routinely makes use of all areas at the 'front' of the station which does affect where different services queue. Owing to the regular changes, this queue plan can be amended for each event, however, thanks to the excellent updates we get from Rightacres, we are always aware of any such changes and the impact this will have. It's fair to summarise by saying this work does not affect our Operation adversely.

**What steps were taken to mitigate the impact of works on the Severn Tunnel and Brynglas tunnels?**

This had no impact on the BTP operation.

**What was your assessment of the effectiveness of travel planning arrangements for the event? How many people were negatively affected by delays?**

This is not something BTP can contribute towards, however as I have previously mentioned, when service provision is either not possible, delayed or in doubt, this has a negative impact on the behaviour of the queues- even those who have not been drinking. Boxing events also bring a different crowd profile to Cardiff, many of whom have not been to the City let alone the station before and this too adds to their anxiety before they arrive with us, post event.

**What lessons have been learnt from this event, and how will any lessons be applied to future events?**

For each and every event that has an impact above “business as usual” at any station in Wales, I ask for a detailed review of what went well, what didn’t go so well, and ask the question what could or should we have done differently. That has been applied to this event.

There are always issues to raise around partnerships and how we communicate, but my experience over many years tells me that we will never have perfection, so some issues we have to accept. This doesn’t stop us seeking that perfection.

However I will keep this to BTP related issues.

I am still to be convinced that using Queen Street station post event is a good use of our resources. I can and will provide more detail on this when required, but I believe this is a view shared by the other key partners.

I will have to consider a different resource plan when a short notice event such as the boxing comes to the stadium. It is fair to say that we were stretched far more than our previous “busiest” event, namely a Wales v England rugby international, and that has always been our measurement for a high risk plan.

Road closure issues at the rear of the Central station post event are a concern, particularly as we need to protect the long line of queuing public at the road leading under the railway bridge, and this needs further discussion with both Cardiff City Council and South Wales Police.

I hope this is the type of information you were seeking as a committee in order to consider next steps. I believe Cardiff is a great City and more than capable of hosting all manner of events, but there is a clear need in my view for there to be a stronger joined up approach in agreeing which events are hosted, and that there should always be more than a commercial interest to take into account. That is not meant in any way as a criticism, but we can improve. We are all very proud of our City and what we all contribute to the events, and it does hurt when we see negative comments from visitors/passengers/spectators/media, who are rarely in possession of all the facts before they fire off their letters or social media posts.

**Cynulliad Cenedlaethol Cymru**  
Pwyllgor yr Economi, Seilwaith a Sgiliau

**National Assembly for Wales**  
Economy, Infrastructure and Skills Committee

Ken Skates AM, Cabinet Secretary for Economy and  
Transport  
Welsh Government

Re: Finance Wales/Development Bank of Wales

15 November 2017

Dear Ken,

On 25 October 2017, the Committee welcomed Finance Wales to scrutinise their annual report and their planning for the future as the Development Bank of Wales.

We are grateful to Giles Thorley and his team for attending the session, and for providing additional information responding to questions they were not able to address in the meeting.

## Transparency

In evidence provided to the Committee in advance of its scrutiny, FW/DBW stated that they had exceeded their targets. But nowhere did they state what those targets were. This is a simple example of how DBW can raise the bar for transparency and clarity in the future.

Twelve months ago, following our scrutiny session, the Committee noted:



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“In response to our questions about the losses reported for 2014–15, you were able to assure us that this was not a fair reflection of the financial health of the organisation.

“Kevin O’Leary said: ‘I don’t believe the committee should be concerned by that loss... Our accounts are not a good entry in to understanding Finance Wales’ performance.’”

– EIS letter to Finance Wales

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Last year we recommended that “Finance Wales considers – while acknowledging its statutory reporting obligations – how it can present its annual accounts in a way which gives a clearer picture of the organisation’s performance and allows the Welsh taxpayer to see whether their money has been invested in a way that produces benefits. This might be part of, or in addition to, the annual accounts.”

This year, the Committee heard that while the accounts show a “surplus” of £13m this wasn’t really a true reflection of the position either.

Mr O’Leary told the Committee on 25 October 2017:

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“Last year, I was asked at this committee about the £1 million loss and whether the committee should be concerned about that. I would say similarly about the surplus this year that it isn’t anything really to be celebrated. As you point out, the majority of that is covered by the ERDF cash coming to us for investment. The actual business, if you like—the fund management business and the back-office functions—are basically exactly the same, year-on-year, as they have been for probably the last three or four years, and the overall surplus is probably something like £100,000 on those.

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Later in the session, in a discussion of transparency, Chairman Gareth Bullock noted:



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“...technical accounting actually gets in the way of what I might call the ordinary, day-to-day understanding of what we do.”

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The Committee welcomes this acknowledgement and understands that accounting rules in relation to the annual accounts are not optional. However, there must be a way of presenting whether or not the organisation has had a successful year.

#### **Recommendation 1:**

**Finance Wales should produce information alongside its annual accounts which would allow any interested member of the public to see whether the organisation has covered its costs in the preceding year.**

#### **Business case**

The Committee has previously asked to see the business case for the Development Bank of Wales. While various documents have been produced, the business plan has not been published. Mr Thorley suggested it was “a pretty soporific read” and a very technical document. He also noted that publication was a matter for the Welsh Government. In the interests of transparency, the Committee still thinks it should be published.

**Recommendation 2: Welsh Government should publish the business case for DBW.**

#### **FW Capital**

The Committee notes the success Finance Wales has enjoyed in securing additional funds to manage in the North West and North East of England. Providing this service generates fees for the organisation, and develops experience among staff. It also has the potential to generate cross-border



economic benefits from successful businesses in the north west of England drawing on Wales-based supply chains, or collaborating with Welsh businesses.

The growth in the scale of the funds managed outside Wales' borders also increases the risk of potential conflicts of interest. The Committee raised concerns that as the activities of FW Capital grow, so does the risk that investments will be made in companies that would have a detrimental effect on Wales.

Senior leaders from FW/DBW were clear that they feel the benefits outweigh the risks. However, it is not difficult to imagine a hypothetical situation where support given to a business in the North West of England would enable it to grow and prosper at the expense of an equivalent business based in Wales.

**Recommendation 3: In the remit letter, the Cabinet Secretary should remind the DBW Board that in determining whether to take on work outside Wales' borders it must be mindful that it will not undermine the core objective of the organisation – to support business *in* Wales.**

### **Areas for Future monitoring**


The Committee noted the pragmatic approach which is being taken towards relocation to Wrexham. This has clear benefits in terms of continuity, and keeping down costs. However, there is always a danger that action delayed is action that may never happen – and the Committee will continue to monitor whether and how quickly progress is made towards establishing an effective HQ in the north.

DBW acknowledges that the greatest risk it faces is that it doesn't raise sufficient funds through its activities to self-fund its running costs. While the leadership were confident they would be able to do so, the Committee notes that this will be the key test for this financial year.

The Committee will return to these issues next year.



Yours sincerely,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a large initial 'R' and a long horizontal flourish at the end.

Russell George

Chair, Economy, Infrastructure and Skills Committee

cc. Gareth Bullock, Giles Thorley.





Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA-P-KS-4314-17

Russell George AM  
Chair, Economy, Infrastructure and Skills Committee

13 December 2017

Dear 

### Finance Wales/Development Bank of Wales

I refer to your letter as Chair of the Economy, Infrastructure & Skills Committee dated 15<sup>th</sup> November 2017.

I would like to thank the Committee for its observations and recommendations which make a positive contribution to improving the transparency of the Development Bank of Wales during the early stages of its development.

The Committee has made three recommendations which cover:

1. Improving the transparency of financial information contained within the annual accounts and annual review;
2. Publishing the Development Bank of Wales Business Case; and,
3. Including within the Remit letter a requirement that carrying on work outside Wales' borders the Development Bank should be mindful that it will not undermine the core objective of the organisation – to support business *in* Wales

I can confirm acceptance of these recommendations and have copied Giles Thorley, Chief Executive into this letter accordingly.

However I have taken advice from officials with regard Recommendation 2 and whilst I am content to publish the Business Case there are issues of commercial sensitivity surrounding the financial model and spreadsheets which support the main document and consequently it is only right that this information is excluded from publication at this time.

You have also highlighted within your letter areas for future monitoring which are again very helpful. I am assured that progress is being maintained on the Wrexham Headquarters and we are still aiming for a January 2018 opening of the new office.

As you have identified, DBW acknowledges that the greatest risk it faces is that it doesn't raise sufficient funds through its activities to self-fund its running costs and this is an area that both DBW and my officials will continue to monitor.

Yours sincerely

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

**Ken Skates AC/AM**

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport

# Agenda Item 6.3

Cynulliad Cenedlaethol Cymru  
Pwyllgor yr Economi, Seilwaith a Sgiliau

**National Assembly for Wales**  
Economy, Infrastructure and Skills Committee

The Rt. Hon Greg Hands MP  
Minister of State for Trade Policy  
Department for International Trade  
King Charles Street  
Whitehall  
London, SW1A 2AH

07 November 2017

Dear Minister,

The National Assembly for Wales' Economy, Infrastructure and Skills Committee have received from Ken Skates AM, Cabinet Secretary for Economy and Infrastructure at the Welsh Government in response to an inquiry we are currently conducting on 'Selling Wales to the World' (see attached).

The letter seems to imply that there are discrepancies between the way in which DIT and the Welsh Government classify and record involvement in a project.

I would be grateful if you or a colleague at the DIT could clarify this issue and your views on comments made in the attached letter.

Yours sincerely,



Russell George AM  
Chair  
Economy, Infrastructure and Skills Committee





## Department for International Trade

The Rt Hon Dr Liam Fox MP  
Secretary of State  
Department for International Trade  
King Charles Street  
Whitehall  
London  
SW1A 2AH

# Agenda Item 6.4

Russell George AM  
Chair, Economy, Infrastructure and Skills Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff CF99 1NA

E [enquiries@trade.gsi.gov.uk](mailto:enquiries@trade.gsi.gov.uk)

W [www.gov.uk/dit](http://www.gov.uk/dit)

Our ref: MCB2017/19661

6<sup>th</sup> December 2017

*Dear Russell,*

Thank you for your letter of 7 November 2017 to the Rt Hon Greg Hands MP, which enclosed a letter from Ken Skates AM, Cabinet Secretary for Economy and Infrastructure at Welsh Government, regarding the way in which the Department for International Trade (DIT) and Welsh Government classify and record involvement in a project.

DIT works closely with Welsh Government in delivering Foreign Direct Investment into the UK, and into Wales specifically. Whilst DIT has overall responsibility for promoting the UK overseas, Welsh Government both supplements that marketing effort with its own resources overseas, and provides the detailed knowledge of local conditions in Wales to enable investors to make informed decisions about where to invest in Wales. Welsh Government is also responsible for the investor development function of existing investors in Wales. To reflect the importance of all nations of the United Kingdom in the promotion of FDI, I have appointed the Secretary of State for Wales to lead the FDI sub-group of the Board of Trade.

It may also be helpful for me to say a little about how DIT organises its operations in support of generating Foreign Direct Investment (FDI) projects.

In order to encourage strong collaboration between our own teams and those of our partners (Devolved Administrations, Local Enterprise Partnerships, City Regions), both overseas and in the UK, DIT operates a One Team approach. This means that when any one part of the DIT network identifies a potential FDI project, their role is to get that project into the hands of those best placed to support it to land in the UK.

In order to facilitate that One Team approach, all FDI projects with which DIT has some involvement are considered a shared success. This means that staff in our overseas posts have no incentive to incorrectly claim involvement with any FDI project, as the success of our partners (in this case Welsh Government) is DIT's (and the country's) success as well.

Addressing the letter's particular concerns in respect of the level of DIT's involvement in FDI projects in Wales, our breakdown of projects into Wales recorded for the last two years is below. We have separated projects into FDI which is new to Wales and FDI which arises from an expansion of an existing investment, and those arising out of an acquisition of a business. This is because the account management of existing investors into Wales is carried out by Welsh Government, so we would expect them to have a much

higher level of Wales-only involvement in that area than in new FDI, where we would often expect our DIT specific teams to play a role.

Period	Type of Investment	Total no. of Projects	No. of projects with Wales only involvement	No. of Projects with Wales and DIT involvement	No. of Projects with neither Wales or DIT involvement
2015-17	Expansions	116	54	56	6
	New investment	56	19	34	3
	Acquisition	10	5	3	2
	<b>Totals</b>	<b>182</b>	<b>78</b>	<b>93</b>	<b>11</b>

The table shows DIT involvement in around 50 per cent of all projects into Wales over the two year period, which is significantly less than the 90 per cent stated in the Cabinet Secretary's letter – although our figures do show DIT involvement in approximately 61% of new FDI into Wales over the period. This is, of course, still higher than Welsh Government's own analysis over the 5 year period that they mention, and so we would welcome discussions between officials in both DIT and Welsh Government to investigate this difference and work towards a common approach.

The letter also mentions referral rates. Earlier this year, the Welsh Government Deputy Permanent Secretary for Economy, Skills and Natural Resources wrote to the DIT Director General for International Trade and Investment, raising this concern. The reply acknowledged that at the end of February, referral rates to Welsh Government were down 30%. However, by the end of March (and following some actions by DIT) the reduction in referrals had reduced, over the 12 months, to 14%.

For the first half of this fiscal year, it is also encouraging to observe that we transferred 11 projects to Welsh Government (meaning that Wales was the only area of the UK in which the investor was now focussing for their investment location) which was more than double the figure for the whole of the previous year.

We would welcome further discussions with Welsh Government officials on how to continue to improve the referral rate.

*Yours sincerely,*  


**THE RT HON DR LIAM FOX MP**  
 Secretary of State, Department for International Trade  
 & President of the Board of Trade

# Agenda Item 7

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