

Giles Thorley
Chief Executive, Development Bank of Wales

19 November 2020

Dear Giles,

Scrutiny of Annual Report 2019–20, Covid–19 Response and Future Priorities

The Committee thanks you and your colleagues for your time and answers during our annual scrutiny session on 11 November. As always it was a very informative and constructive discussion. The Committee appreciates the enormous efforts made by the Bank’s employees to grow and evolve its operations to support Welsh businesses in very challenging circumstances.

There were a few issues arising from the session that Members agreed to follow-up with you in writing:

- The Bank’s ‘strategic asset’ document states the goal of “creating and safeguarding higher quality jobs”, but no detailed analysis is provided in the latest Annual Report of the quality of jobs created and safeguarded in 2019–20. The Annual report does note (on page 12), that “We are working to further understand and measure the social and macro-economic impacts of our activity”. Although the Bank has been collecting data on salaries and gender-split of jobs created, this data has not been combined for analysis. The Committee also noted the importance of other measures of job quality, including longevity and opportunities for progression.



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

✉ SeneddESS@senedd.cymru

☎ 0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

✉ SeneddEIS@senedd.wales

☎ 0300 200 6565

Rhian Elston said that the Bank was aware of the findings of the Fair Work Commission about characteristics of fair work, but that it was “quite difficult” to measure with data. Whilst the Committee acknowledges the Bank’s concern not to ‘overload’ businesses with data requests, it would have expected to see further progress on being able to clearly demonstrate the quality of jobs created. It looks forward to a more detailed breakdown of data and analysis on this being included in next year’s annual report.

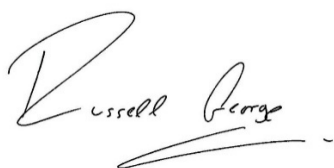
- Members asked about the availability of sources of capital, and in response you pointed to the urgent requirements as a result of Covid-19, and current uncertainties about plans for replacement of EU funding – the Committee would appreciate being kept informed of any changes in availability of sources of funding in future.
- The Committee welcomed the information provided by the Bank about mitigating risk associated with the increase in speed and volume of loans provided in response to the pandemic. The Committee has previously acknowledged the difficult balance to be drawn between responding quickly to the urgent need for business support at the height of the pandemic, and guarding against any possible misuse of public funds. The Committee would like to see this point about value for money from these loans addressed in detail in the Bank’s next annual report.
- Finally, the Committee asked the Bank for more information about the reasons for not pursuing refinancing of the COVID-19 Wales Business Loan scheme (CWBLS), and also wanted to know more about the Minister’s suggestion of an opportunity to refinance the Bank’s non-Covid-19 loan book, in order to free up funds for investment in recovery. In discussion in Committee you explained understandable concerns about potentially passing on CWBLS loans to “unscrupulous” owners of loan portfolios. You also noted that refinancing of loans backed by financial transaction capital from government sources would not allow any further recycling of those loan amounts. The Committee would still welcome some further clarification from the Bank about its reasons for not pursuing the idea of re-financing



loans made under the CWBLS scheme with accredited Coronavirus Business Interruption Loan Scheme lenders.

The Committee looks forward to receiving this information, and thanks you and your colleagues again for attending Committee.

Yours Sincerely,

A handwritten signature in black ink, reading "Russell George". The signature is fluid and cursive, with a long horizontal stroke at the end.

Russell George MS

Chair, Economy, Infrastructure and Skills Committee

