

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

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Nick

THE WELSH GOVERNMENT'S ACQUISITION AND OWNERSHIP OF CARDIFF AIRPORT

The Deputy Clerk requested my advice on the Welsh Government response to the previous Committee's March 2016 report on 'The Welsh Government's Acquisition and Ownership of Cardiff Airport'. The Welsh Government's response also provides an update on action in response to my own January 2016 report on this topic. Several of my recommendations relate closely to issues covered by the previous Committee in its recommendations.

I am aware that the Committee has also received some correspondence from the Chairman of the Cardiff International Airport Limited (CIAL) Board and the Managing Director of the Airport itself. The update that CIAL has provided in response to five of the previous Committee's recommendations largely complements the Welsh Government response and in some cases provides further detail. CIAL has also provided an operationally-focussed half-year update published in July 2016.

The Welsh Government has accepted all of the previous Committee's recommendations. In the case of recommendation 2, the Welsh Government has considered the merits of the governance model used by Transport Scotland for Glasgow Prestwick Airport but decided that the existing arrangements here are preferable for the circumstances in respect of CIAL. As set out in my report, the Scottish Government's holding company for Glasgow Prestwick Airport is chaired by an independent non-executive director, recruited through open competition (who also chairs the airport operations company board). The Chief Executive of Glasgow Prestwick Airport is also a member of the holding company board.

Overall, I consider that the response to the previous Committee's recommendations is satisfactory, with the Welsh Government also committing to provide further updates on

some on-going matters. Nevertheless, the Committee could seek more detail from Welsh Government officials during the scheduled evidence session on Monday 10th October on issues including:

- the latest forecasts for passenger growth at Cardiff Airport, taking account of the impact of the agreement with Flybe that is referenced in the papers provided by CIAL and the projections in the 2016 CIAL business plan;
- whether 20-year projections will be a routine feature of CIAL's future business plans;
- the outcomes from the financial health review that the Welsh Government commissioned and the latest CIAL loan application (including the anticipated timetable for consideration of the application);
- the nature of the performance indicators that have been developed for CIAL (as mentioned in the response to recommendation 4 in my report); and
- the role of the Chairman of CIAL on the WGC Holdco Board (relevant to recommendation 2 in my report) and the anticipated timetable for the completion of actions relating to changes in the membership of CIAL and WGC Holdco boards.



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES