

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Mr Russell George AM
Chair of the Economy, Infrastructure & Skills Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Reference: HVT/2754/caf

Date issued: 17 October 2017

Dea Russell

The Rail Franchise and South Wales Metro

Thank you for your letter of 10 October. I welcome the contribution that my previous report on "*Welsh Government investment in rail services and infrastructure*" made in informing the Committee's work and am grateful for your positive comments about the briefing provided by my study team. In a similar vein, I am aware that the PAC intends to highlight to the Committee issues arising from my February 2017 report on "*Welsh Government oversight of further-education colleges' finances and delivery*" given its potential relevance to your budget scrutiny work. Wales Audit Office staff would be happy to discuss that report in more detail with the clerking/research team or with the Committee itself.

I have been following the reported developments regarding the procurement process for the franchise/Metro although, at this stage, we have not undertaken any specific follow-up work. I will be considering the merits and possible timing of future work in this area when the procurement process is complete. A further study could take a variety of different forms, for example looking back at the outcome of the procurement, examining the performance of the new franchise early in its lifetime or looking more specifically at progress with the infrastructure work required to deliver the Metro. We are also currently considering how we might best audit the development of City Deal arrangements, which in the case of the Cardiff Capital Region encompasses the Metro.

Finally, I would like to take this opportunity to draw to your attention other work in progress that may be of interest to the Committee, in particular our review of the Welsh Government's business finance arrangements. This work follows on from my July 2016 report on the "*The Welsh Government's funding of Kancoat Ltd*" and the subsequent PAC report. Our overall focus is on whether the Welsh Government is managing its business finance activity effectively and achieving the expected outcomes. We plan to complete the work in two phases. The first, which we aim to publish around the end of the 2017/18

financial year, will consider the Welsh Government's strategic approach and set out an analysis of expenditure and outputs/outcomes data. The second phase will review in more detail the operational delivery of business finance, and its associated processes and controls. Again, Wales Audit Office staff would be happy to discuss this work with the clerking/research team.



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES