# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Promoting the Public Interest Using the Mutual Investment Model** |
| **DATE** | **20 June 2018** |
| **BY** | **Mark Drakeford, Cabinet Secretary for Finance** |

The Mutual Investment Model (MIM) was launched last February, to help make good the shortfall in conventional investment in public infrastructure in Wales. It will provide more than £1bn of necessary investment in our capital programme, over and above our diminished capital budgets, EU funding and our new capital borrowing powers.

When I launched the MIM, I was clear it would promote the public interest – unlike the old discredited PFI model – including wellbeing and value for money. Private partners will be required to adopt the *Code of Practice Ethical Employment in Supply Chains* and establish high levels of environmental sustainability. MIM projects will promote value for money through the provision of public equity; the adoption of standardised, replicable contracts; and the exclusion of services which can be funded more efficiently from capital budgets. Transparency will be promoted though the appointment of public interest directors to MIM project boards.

Since the launch of the MIM last year, the United Nations Economic Commission for Europe (UNECE) has taken a strong interest in the model, particularly in how the promotion of the public interest aligns with UN objectives for the development of People First public private partnerships (PPPs) on a global scale.

The Welsh Government was invited to present the MIM at the UN headquarters in Geneva in May and the MIM has subsequently been published in the UN compendium of aspiring People First PPPs. Further details are available at:

[http://www.unece.org/fileadmin/DAM/ceci/documents/2018/PPP/Forum/Documents/Case\_Study\_Database\_2018.pdf](https://emea01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.unece.org%2Ffileadmin%2FDAM%2Fceci%2Fdocuments%2F2018%2FPPP%2FForum%2FDocuments%2FCase_Study_Database_2018.pdf&data=02%7C01%7CSteve.Davies43%40gov.wales%7Ce168186b780042ca660008d5b99c72fc%7Ca2cc36c592804ae78887d06dab89216b%7C0%7C1%7C636619003964664074&sdata=qAsJGegaxOg01BsT%2B4JZy7cbVCv27bWUsvCklsdhijw%3D&reserved=0)

My officials have been engaged in discussions with the Office of National Statistics and Eurostat to clarify the control and influence the public sector can exercise over the operations of private partners delivering MIM projects. Eurostat has concluded – I believe for the first time – that the public sector can exercise a menu of specific controls, known as reserved matters, while ensuring the MIM continues to be classified to the private sector.

Eurostat’s decision is available at:

<http://ec.europa.eu/eurostat/documents/1015035/8683865/Advice-2018-UK-Statistical-classification-of-the-Welsh-Mutual-Investment-Model.pdf/251185b8-d949-4668-895d-76bfb4aea21b>

The development of business cases for the three MIM projects – dualling sections 5 and 6 of the A465; the new Velindre Cancer Centre and Band B of the 21st Century Schools and Education programme – continues.

I expect the first scheme in the pipeline, the A465, to be ready for a decision to proceed to procurement in the late summer.

I will continue to keep Members updated about the MIM projects.