

Dear

ATISN 27354

Information requested

You asked for information on Welsh Government financial support to Thales UK Limited in connection with the National Digital Exploitation Centre (NDEC) in Ebbw Vale, including:

1. The £3,366,354 payment
Please provide the following information already held by the Welsh Government concerning the £3,366,354 paid to Thales during 2025.
2. Conditions attached to the funding.
4. Clawback and change-of-control provisions.
5. Subsidy Control.
6. January 2026 Elbit / UTACS transaction
On 22 January 2026, Elbit Systems UK acquired Thales UK's remaining 49% interest in UAV Tactical Systems (UTACS).
Please confirm whether the Welsh Government was notified of this transaction.
7. NDEC ownership and public investment
8. Commercial benefit
Please provide any existing Welsh Government assessment, report or evaluation concerning the commercial or economic benefits received by Thales as a result of Welsh Government funding for NDEC.

Our response

Please note: Copies of the Grant Award Letter, the December 2020 Assurance Review and an extract from the final NDEC Claim Assessment relating to project outputs and benefits are enclosed. Personal information has been redacted where appropriate.

Q1.

The following revenue payments were made to Thales UK Ltd through the Tech Valleys programme in relation to the NDEC project during 2025:

- 16 January 2025: £727,272
- 22 October 2025: £1,382,582

The £3,366,354 figure referenced in the request includes amounts relating to payments made outside the 2025 calendar year and/or payments not associated with the NDEC funding award referred to above. Welsh Government records indicate

that some of these other payments related to a separate project managed by Thales, ResilientWorks.

Information relating to the purpose of the NDEC funding, the recipient, the funding mechanism and the associated conditions is contained within the attached Grant Award Letter.

Q2.

Please see the attached Grant Award Letter, which sets out the conditions attached to the funding.

Q4.

Please see the attached Grant Award Letter, which contains the provisions relating to repayment, clawback, disposal of assets, transfer provisions and other conditions attached to the funding award.

Q5.

The payments made in 2025 were claims against an existing funding award. No separate subsidy control assessment, subsidy decision record or equivalent document was produced in respect of those payments.

State Aid considerations were assessed as part of the appraisal and approval of the original funding award. Ministerial advice dated 8 October 2018 recorded that, following legal advice, any funding would be provided through a "No Aid" route.

The Grant Award Letter dated 6 January 2020 confirmed that funding of up to £11.4 million was awarded to Thales UK Ltd on that basis.

Welsh Government also holds legal advice obtained during consideration of the original funding proposal. This information has been withheld under section 42 of the Freedom of Information Act 2000 (Legal Professional Privilege).

Q6.

The Welsh Government has no record of having been notified of this transaction.

Q7.

The NDEC is housed within the Regain building in Ebbw Vale, which is owned by Blaenau Gwent County Borough Council. Operations are managed by Thales UK Ltd.

The NDEC project was supported by Welsh Government grant funding of £11,400,000. Information relating to the funding arrangements and conditions attached to the funding is contained within the attached Grant Award Letter.

Q8.

The Welsh Government holds an Assurance Review of the NDEC dated December 2020 and information contained within the final claim assessment relating to achievement of outputs and benefits under the funding award. Copies of the relevant information are attached.

I have decided that information described in the enclosed list at Annex 1 is exempt from disclosure under sections 40(2) and 42 of the Freedom of Information Act 2000. The reasons for applying these exemptions are set out in full at Annex 1.

This Freedom of Information disclosure contains material created by third parties outside of the Welsh Government. Copyright of this material remains with the original rights holder. Where third-party copyright applies, permission may be required from the relevant rights holder before re-use.”

Next steps

If you are dissatisfied with the Welsh Government’s handling of your request, you can ask for an internal review within 40 working days of the date of this response. Requests for an internal review should be addressed to the Welsh Government’s Freedom of Information Officer at:

Information Rights Unit,
Welsh Government,
Cathays Park,
Cardiff,
CF10 3NQ

or Email: Freedom.ofinformation@gov.wales

Please remember to quote the ATISN reference number above.

You also have the right to complain to the Information Commissioner. The Information Commissioner can be contacted at: Information Commissioner’s Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF.

However, please note that the Commissioner will not normally investigate a complaint until it has been through our own internal review process.

Yours sincerely

Annex 1

Application of exemptions/exceptions

The Freedom of information Act/Environmental Information Regulations provide a right for anyone to ask a public authority to make requested information available to the wider public. As the release of requested information is to the world, not just the requester, public authorities need to consider the effects of making the information freely available to everybody. Any personal interest the requester has for accessing the information cannot override those wider considerations.

I have decided to withhold the following information:

- Personal data relating to Welsh Government officials below Senior Civil Service level contained within the Assurance Review, including names and other identifying information.
- Personal data relating to Thales staff contained within the Grant Award Letter and Assurance Review, including direct contact details and signatures. The names and job titles of senior staff acting in their professional capacity have not been withheld.
- Legal advice obtained from external legal advisers in relation to the original NDEC funding proposal

This Annex sets out the reasons for the engagement of sections 40(2) and 42 of the Freedom of Information Act.

Section 40(2) together with the conditions in section 40(3)(a)(i) or 40(3)(b) provides an absolute exemption if disclosure of the personal data would breach any of the data protection principles.

‘Personal data’ is defined in sections 3(2) and (3) of the Data Protection Act 2018 (‘the DPA 2018’) and means any information relating to an identified or identifiable living individual. An identifiable living individual is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of the individual.

We have concluded that, in this instance, the information requested contains third party personal data.

Under Section 40(2) of the FOIA, personal data is exempt from release if disclosure would breach one of the data protection principles set out in Article 5 of the GDPR. We consider the principle being most relevant in this instance as being the first. This states that personal data must be:

“processed lawfully, fairly and in a transparent manner in relation to the data subject”

The lawful basis that is most relevant in relation to a request for information under the FOIA is Article 6(1)(f). This states:

“processing is necessary for the purposes of the legitimate interests pursued by the controller or by a third party except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data, in particular where the data subject is a child”.

In considering the application of Article 6(1)(f) in the context of a request for information under FOIA it is necessary to consider the following three-part test:-

- **The Legitimate interest test:** Whether a legitimate interest is being pursued in the request for information;
- **The Necessity test:** Whether disclosure of the information/confirmation or denial that it is held is necessary to meet the legitimate interest in question;
- **The Balancing test:** Whether the above interests override the interests, fundamental rights and freedoms of the data subject.

Our consideration of these tests is set out below:

1. Legitimate interests

There is a legitimate interest in understanding how Welsh Government funding was awarded, managed and monitored in relation to the National Digital Exploitation Centre (NDEC), including the terms of the funding award, the use of public funds and the information held by the Welsh Government in relation to the matters raised in the request.

2. Is disclosure necessary?

No. Disclosure of the names of junior officials, direct contact details, signatures and other personal identifiers contained within the Grant Award Letter and Assurance Review is not necessary to meet the legitimate interest identified above. The information withheld does not contribute to an understanding of the funding arrangements, the decisions made, or the operation of the project. The request can be adequately addressed through disclosure of the substantive information contained within the documents without releasing this personal data.

3. The balance between legitimate interests and the data subject’s interests or fundamental rights and freedoms

We do not consider disclosure of the personal data identified above to be necessary. Disclosure under FOIA constitutes disclosure to the world at large, with no control over subsequent use of the information. The individuals concerned would have a reasonable expectation that their direct contact details, signatures and personal identifiers would not be disclosed into the public domain in response to a Freedom of Information request. We therefore consider that the interests, rights and freedoms of the data subjects outweigh any legitimate interest in disclosure. Accordingly, release of this information would be unfair and would contravene the first data protection principle.

As release of the information would not be lawful under Article 6(1)(f) of the UK GDPR, and as no other lawful basis is considered to apply, disclosure would breach the first data protection principle. The information has therefore been withheld under section 40(2) of the Freedom of Information Act. Section 40 is an absolute exemption and is not subject to the public interest test.

Section 42 – Legal Professional Privilege

Information relating to legal advice has been withheld under section 42 of the Freedom of Information Act 2000.

Section 42 applies where the information requested would be protected by legal professional privilege (LPP) in legal proceedings. The information being withheld comprises confidential legal advice provided to Welsh Government by external legal advisers. This information attracts legal advice privilege, which protects confidential communications between a client and their legal adviser made for the dominant purpose of giving or receiving legal advice.

Section 42 is a qualified exemption and is therefore subject to the public interest test.

Public interest in disclosure

There is a public interest in openness, transparency and accountability in relation to government decision-making and the expenditure of public funds. Disclosure of legal advice relating to Welsh Government funding decisions could assist public understanding of how those decisions were reached and provide reassurance that relevant legal considerations were taken into account. There is also a public interest in understanding how Welsh Government considered compliance with applicable legal requirements in relation to the funding award.

Public interest in maintaining the exemption

There is a strong inherent public interest in preserving legal professional privilege. Legal professional privilege is a fundamental principle underpinning the administration of justice and allows clients to seek and obtain full and frank legal advice in confidence. Disclosure of privileged legal advice could undermine the ability of Welsh Government to obtain comprehensive legal advice and would weaken the principle that legal advice should normally remain confidential. There is therefore a significant public interest in ensuring that Welsh Government is able to seek and receive legal advice in confidence when making decisions and carrying out its functions.

Balance of the public interest

We recognise the public interest in transparency and accountability in relation to decisions involving public funds. However, we consider that there is a particularly strong public interest in maintaining legal professional privilege in this case. Having considered the competing public interests, we have concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure. The

information is therefore withheld under section 42 of the Freedom of Information Act 2000.