

Economic Development Committee

DRAFT MINUTES OF PART 1 OF THE MEETING (Items 1 to 6)

TRANSCRIPT AVAILABLE OF PART 2 OF THE MEETING (Item 7 - the joint meeting with the Environment, Planning and Transport Committee)

Date: 8th June 2000

Time: 9:00 – 12.30

Venue: Committee Room 1, National Assembly for Wales Building

Attendance

Members (Constituency)

Val Feld (Chair)	Swansea East
Christine Chapman (Substituting for Rhodri Morgan)	Cynon Valley
Alun Cairns	South West Wales
Ron Davies	Caerphilly
Michael German	South East Wales
Brian Gibbons	Aberavon

Brian Hancock	Islwyn
Helen Mary Jones	Llanelli
Phil Williams	South East Wales

Officials (Department)

Derek Jones	Senior Director, Economic Affairs
Michael Cochlin	Director, Economic Development Group
Michael Trickey (Item 3)	Finance Programmes Division

Steve Phillips	Head of Economic Policy Division
Roger Bonehill	Office of the Counsel General

Secretariat

Helen Usher	Clerk
Jo Trott	Deputy Clerk

Apologies and substitutions

Apologies had been received from Rhodri Morgan who was in Australia on a trade mission. Christine Chapman was substituting for him.

Declarations of Interest

Brian Gibbons declared an interest in Item1 as members of his family had previously worked for First Line.

Item 1: Chair's opening remarks

1.1 The Chair welcomed Members, Assembly officials and members of the public to the meeting. She explained that contributors were welcome to speak in English or Welsh.

1.2 The Chair said she was pleased to be back and thanked Brian Gibbons for chairing the Committee meetings during her absence. She extended Rhodri Morgan's apologies for absence to the Committee, explaining that he was promoting Wales in Australia, and explained that Christine Chapman was substituting for Rhodri Morgan (but not in his capacity as First Secretary). She would contribute where she could and report back to Rhodri Morgan. The Assembly Secretary's report had been received in writing. It was agreed that members should write to Rhodri Morgan with any questions arising out of the report. **[Action: Assembly Members]**

1.3 Phil Williams AM (on behalf of Plaid Cymru) and Alun Cairns AM said that they were extremely disappointed and concerned that Rhodri Morgan was not present at such a critical time in the implementation process for Objective 1. They felt this cast doubt over the appropriateness of the two roles of First Secretary and Assembly Secretary for Economic Development being held by one individual.

1.4 The Chair then drew to members' attention the recent reports of cuts in the WDA's North Wales budgets. It was agreed that she should write to Rhodri Morgan in her capacity as chair, requesting clarification. **[Action: Chair]**

First Line Mobile Communications

1.5 First Line was a call centre company in Cardiff and Swansea which had made 2,000 staff redundant. Assurances were given that Rhodri Morgan was being kept fully up to date with the situation. During discussion the following points were made:

- Concern and disappointment was expressed about the job losses.
- The WDA had made contact with First Line, but to date there were no hard facts available with respect to its financial position.
- The company had had employee-related difficulties for some time.
- Neither the WDA, the NAW, nor the employees of the company had had any prior warning of the redundancies.
- TECs could be mobilised to help ex-employees get into new jobs as well as retrain.
- It was agreed that it was important not to generalise about call centres on the basis of the experience of one company. Some call centres offered a range of high quality jobs. More thought needed to be given to what could be done to ensure that any assistance given to call centres by the NAW would contribute to increasing the quality of jobs and growing the Welsh economy in the long-term. There was also a call for further information on the criteria used for targeting call centres as potential investors.
- It was noted that the Committee had already written to the WDA on call centres and that the H&SE was looking into the issue.
- Christine Chapman said that Rhodri Morgan would provide a full written report on the issue in advance of the next meeting. This would cover all the concerns raised by members, as well as addressing the question of whether any public funding had been given to the company and whether the company had made any requests for such funding. **[Action: Assembly Secretary]**

Rover

1.6 Officials explained that work was proceeding in what remained a fairly fluid environment. It was agreed that an update paper would be provided (for information). **[Action: Assembly Secretary]**

BAe

1.7 In response to a question on when the BAE situation was likely to be resolved, officials explained that this was largely in the hands of the company itself. A recent meeting of WIDAB had concluded that further (significant) information was required from the company. It was agreed that, if possible, Members should be given early warning of any announcement. **[Action: Assembly Secretary]**

Item 2: Minutes of meetings of 12th April and 18th May and Action Outstanding

2.1 The minutes of the meetings of 12th April and 18th May were accepted as an accurate record of those meetings.

2.2 The Chair brought members up to date with action outstanding, during the course of which discussion the following points were made:

- On action point 1, it was confirmed that an informal briefing would take place in CP2 on 15th June. Members were urged to attend and to consider having lunch in the staff canteen.
- On action point 2, members were informed that it was hoped to hold a meeting on Tuesday 13 June to look at the Committee's forward work programme and handling of committee business generally. This would provide an opportunity to discuss issues such as handling of the NEDS.
- On action point 4, Cardiff County Council were proposing to come to the Committee in October with detailed proposals for consideration. It was suggested that the Environment Agency should also be invited.
- On operating aids, it was confirmed that Treasury officials would be invited to attend the Committee's substantive discussion on 22nd June.
- On item 21, it was noted that Phil Williams AM had written to the Assembly Secretary shortly after the last Committee meeting. He had not yet received a response. The Clerk would pursue the matter on the Committee's behalf. **[Action: Clerk]**

Item 3: Terms of Reference for Quinquennial Review of WDA

3.1 The Chair introduced Michael Trickey and thanked him for his paper on the Quinquennial review. She invited him to introduce the paper, during the course of which introduction the following points were made:

- In terms of process, the Finance Secretary had made a statement to Plenary on 10th May 2000 on the policy and programme for the accelerated review of executive Assembly Sponsored Public Bodies. She had also announced that the quinquennial review of the WDA would take place in 2000-2001.
- Subject to the Committee's comments, the review would be formally commissioned by the First Secretary and the Finance Secretary.
- The process of reviewing regularly public bodies was not new. What was new was the intention that the process should be more open and transparent, should be more strategic (shifting the focus of the review towards the impact of the agency), and should involve stakeholders/partners wherever possible.
- Stage 1 of the review (which dealt with the role of the WDA) was due to be completed by September, with stage 2 (which dealt with more detailed operational issues) coinciding with the Committee's review of business support and development. One of the key reasons for reporting so quickly on stage 1 was that it was this stage which was likely to cause the highest degree of uncertainty.

3.2 The Chair thanked Michael Trickey for his introduction. The following points were made in discussion:

- In response to concern that the first stage of the review was not being conducted by an outside body, but by a member of the NAW's Economic Advice Division (Jonathan Price), officials explained that he was an experienced economist, not part of the WDA sponsoring arm of the NAW and able to take a completely objective view. To go through all the procurement procedures necessary to make an outside appointment would have delayed the process considerably and caused further uncertainty. The second stage of the review would, however, be conducted by an external reviewer and an advertisement for the appointment had already appeared in the press.
- In response to a suggestion that the NAW ought not to be asking whether "there is a continuing need for all the functions of the WDA " etc. it was acknowledged that this question was part of the standard format for the review of an ASPB. It was also noted that the Assembly had made an early commitment to review all the ASPBs.
- There was some concern that the fact that the review was taking place might lead to the impression that the National Assembly did not value the WDA. This was not the case and it was important that the Agency was not distracted from the important task of enhancing the economy of Wales. It was vital that stage 1 of the review, which dealt with the rationale for the WDA, was completed quickly. Stage 2 would involve consideration of the more detailed operational issues.
- It was noted that the section in the committee paper on the timing of the review (in paragraph 6) which identified issues to be taken into account, should have included a reference to the existence of the NAW.
- In the section on Strategic effectiveness, it was agreed that the NAW's key strategic themes should be spelt out.
- There was a call for a much closer strategic working relationship between the NAW and the WDA. It was agreed that the review should encompass the nature of the relationship between the NAW and the WDA.
- It was suggested that the review should look at what overlap and duplication of functions the WDA had with other bodies.
- Assurances were given that the quinquennial review and the business support and development review would be conducted in such a way as to ensure they added value to each other, rather than duplicating or conflicting with each other.

Chair's Summary

3.3 Summing-up, the Chair made the following points:

- The Committee noted Christine Chapman AM's undertaking to ensure that the outcome of this discussion was fed back to the Assembly Secretary. **[Action: Christine Chapman]**

- The Committee was concerned to ensure that the review should be effective, objective and quick, and that the process should be open and accessible to all stakeholders and partners.
- The quinquennial review and the Business Support and Development Review would be complementary. The WDA's approach to performance measurement, and particularly how impact was measured, for example in terms of jobs, would be particularly important.
- The relationship between the Agency and the Assembly would be central to the review.
- The Assembly's key priorities should be outlined within the terms of reference for the review.

Item 4: Structural Funds Issues: Update on Implementation

4.1 The Chair introduced the item and invited members to build any points on paper EDC-09-00 (p.9) on local partnerships into the discussion. She then invited Michael Cochlin to briefly update the Committee on implementation issues

- The earliest date that the Commission would be likely to sign-off the Single Programme Document (SPD) was 4th July. The Commission then allowed a further three months for production and agreement of the Programme Complement (this contained details of the measures and schemes and was the key document for applicants). It was however hoped that the Monitoring Committee would agree a provisional Programme Complement within a week or so of the agreement of the SPD.
- The programme monitoring committee (PMC) had three meetings scheduled before the summer – 16th and 29th June and the 21st July.
- A working group had been set-up and had already formulated a number of recommendations to the PMC including one with respect to accountable bodies. These would be put forward at the next PMC meeting (16th June). The feeling within the partnership was that it was too soon to take on the considerable responsibilities associated with the role of an accountable body. Instead, they were looking for transitional arrangements whereby 'lead bodies' would be set-up with responsibility for action plans but not the associated financial responsibilities (which would stay with WEFO). It was agreed that more information would be provided on lead bodies. **[Action: Assembly Secretary]**
- the proposal was to launch the Objective 1 programme at the end of June with an invitation to all partnerships to present their bids for Plans and projects by the end of September. Decisions were likely to be made in November. The partnership had also looked at the possibility of accelerating approval of a number of key projects. In practice, there would be 2 - 3 weeks in July during which partnerships as well as WEFO would have to process bids. The Working Group had therefore recommended a limitation on the number of projects to one per Action Plan partnership. This would be the so-called "fast-track" option. The PMC would be considering the detail of these recommendations, though it was not the intention that an accelerated launch should compromise the

objectives or the quality of the programme.

4.2 During the course of the discussion which followed the following points were made:

- A number of members indicated that, within their own constituencies, they were aware of a large number of projects which were ready to go and were concerned about the 'restrictive' nature (ie only one per action plan) of the proposed fast-track arrangements. Officials explained that it was the view of the partnership itself that the process could not sensibly be managed any faster. It was for the PMC to judge the pace at which the programme should be developed bearing in mind the partnerships' recommendations.
- There was a call for the establishment of minimum quality criteria for fast-track applications.
- A number of members indicated that they felt there was 'a rising tide of anger' amongst groups at local level in particular about the speed of implementation and the lack of clarity on the relationship between local and regional partnerships. In addition, a number of smaller organisations were concerned that, because of this lack of clarity, their proposals might not be considered for the fast track.
- Some concern was expressed about the fact that community regeneration schemes could not be included in the first tranche of projects. Officials explained that the fast track option included both a capacity-building programme and a new small grants scheme for communities so the interests of community groups would be well represented.
- It was acknowledged that there was more to be done on equality issues. It was noted that these issues, particularly around the formation of local partnerships, was on the PMC agenda for 16th July.
- The WLGA was preparing a further paper for consideration by the PMC on 16th July which would include a number of case studies.
- Members were concerned that, despite an early commitment to the use of facilitators in implementing Objective 1, no specific reference was made to their role. There was a call for more information on WEFO's plans to use facilitators, and to target not only the private but also the voluntary sectors.
- One of the key differences between WEPE and WEFO was that the latter was far more proactive and was working on the ground with members of the partnership. WEFO was anxious to get the private sector fully engaged in the programme. It was in the process of setting-up a unit dedicated to the private sector.
- The proposal that would be put to the Monitoring Committee was that the whole programme should be retrospective to the 1st July. The Commission had made clear its own doubts whether, in the absence of proper appraisal systems, earlier retrospection

eg to 1 January, could be considered without breaching additionality.

- It was noted that the voluntary sector was facing particular difficulties with respect to gap funding because funding streams under other EC programmes dried-up at the end of June. Some 80 or 90 bodies were affected by this. This was being looked at urgently within the department. In response to a suggestion that these projects could be given fast-track treatment, officials explained that it was not simply a question of roll-over, but that organisations needed to put forward new plans.
- In response to the deep concern over the speed with which the programme was apparently being implemented, Christine Chapman noted that Wales was proceeding at least as quickly as other areas of the UK. She undertook to relay members' concerns on all the issues raised during the discussion to the Assembly Secretary, and indicated that a paper addressing these concerns would be circulated prior to the next Committee meeting. **[Action: Assembly Secretary]**
- Phil Williams undertook to convey the Committee's concerns to the PMC, of which he was a member, and to report back to the EDC on the outcome of its various meetings. **[Action: Phil Williams]**
- The minutes of the PMC were available on the web. In future, these would be sent automatically to members of the EDC. **[Action: John Clarke]**
- Members would be provided with a copy of the final version of the SPD (as submitted to the Commission). **[Action: Assembly Secretary]**

Chair's Summary

4.3 The Chair made the following points:

- The Committee was becoming extremely anxious about the speed with which projects could be processed and the consequences of any delay (ie failure to commit/spend, and the associated potential for clawback).
- There was concern about the proposed restriction on fast-track projects to one per action plan and the Committee felt this should be relaxed if practical.
- The Committee was concerned about gap funding (especially in the context of existing voluntary sector projects) and felt the possibility of extending existing strong projects to ensure sufficient forward commitments should be considered.
- More information was also requested on WEFO's proposals with regard to the use of facilitators and on targeting the private and voluntary sectors.
- There was anxiety about local and regional planning and particularly about the links between regional and local action plans. This would be discussed at the next meeting.
- Further information would be provided on lead bodies. **[Action: Assembly Secretary]**
- The Assembly Secretary would provide a paper addressing all the concerns raised by members during the discussion. **[Action: Christine Chapman/Assembly Secretary]**

Structural Funds Issues: Proposals for the Committee's role in monitoring and

evaluation of the structural funds programmes

4.4 The Chair noted that time for discussion of this items was limited. She said that there would be a seminar in October to link the work of the various Monitoring Committees to the National Economic Development Strategy (NEDS). She suggested that she should discuss with Jim Driscoll if he could take on the additional task of making recommendations on how the Committee could link monitoring and evaluation of the structural funds with monitoring and evaluation of other Assembly programmes in the context of the targets set in the NEDS. This was agreed.

Objective 1 Programme Complement

4.5 Introducing the paper, Michael Cochlin explained that it was an initial working draft which would be issued in a more advanced stage later in June. A working group had already discussed the structure of the document but the Committee's views on its substance would be welcomed. The timescale was that it needed to be approved by the Monitoring Committee within three months of the Single Programming Document being approved by the European Commission. It was intended that a provisional Programme Complement should in fact be ready to be endorsed by the Monitoring Committee during July (this would allow fast-track projects to be approved). The Commission were sent a copy of the Complement for information but their approval was not required. Due to time constraints, the Chair requested that all comments and questions on points of detail should be e-mailed to Michael Cochlin and copied to the Clerk who would collate copies for Members. **[Action: Committee members and Clerk]** The following points were made in discussion:

- Concern was expressed that all sectors should be included in the Complement because if they were not included then their projects could not be considered. It was explained that the Monitoring Committee had authority to amend the Complement at any time so changes would be possible to deal with any significant problems that arose. A very wide partnership of bodies were involved in preparation of the Complement.
- Members requested assurances that sectors such as tourism and arts and culture would be eligible under various measures. They were assured that representatives of these sectors, such as the Wales Tourist Board and the Arts Council had representation on the Working Group and they would have the opportunity to contribute to the Programme Complement.
- It was suggested that WEFO set up a chatline aimed at those who might otherwise be excluded. **[Action: WEFO]**
- It was confirmed that the aims and objectives of the measures had not been changed since they were last considered by the Committee. The latest Single Programming Document, which had been sent to the Commission, was available on the intranet. However the Programme Complement would be far more detailed than in the SPD in listing eligible activities under the programme..
- It was the role of the Monitoring Committee to allocate funding to measures. They could

also allocate funding to packages. No action plan had a monopoly of a particular measure, though there may have been some aspirations in this direction. The Monitoring Committee would ensure that interested bodies had a fair opportunity to access the funds.

- The Economic Development Committee could not alter the focus of activity within measures as this was the role of the Monitoring Committee, but it could make recommendations.
- Financial tables would be included in the provisional Programme Complement to be approved in July. It would eventually include tables covering all years of the programme.
- Although targets had to be set out in the Programme Complement, each project would also need to identify its targets which would then be monitored by WEFO.
- Spatial targeting relating to communities in Priority 3 needed to be included. It would be up to the Monitoring Committee to make the final decision, but the Index of Deprivation Data could be used to help devise the targets which would be used to monitor the effectiveness of the programme.
- It was suggested that clustering around established indigenous businesses should be encouraged, for example the coal and steel industries.
- More work was needed on the measures for encouraging ICT.
- It was agreed that Measure 7 needed more detail to reflect the areas in which technical assistance could be claimed. This was the budget from which research on equality or inactivity could be funded.
- It was agreed to make the Index of Deprivation Data available and also the definitions for Fields of Intervention.

4.6 Chair's Summary

- The Committee recognised that the document was in its early stages but was concerned, given the time constraints, that it should be the subject of widespread consultation, but quickly.
- It was important that organisations and areas of activity that were not mainstream occupations were identified and therefore use of a website or chatline was vital to make contact with these groups.
- The Committee was reassured to learn that the Monitoring Committee would be able to make alterations to the document even after it had been agreed.
- There was a need to look further at technical assistance.
- The Committee would like to see more detailed proposals on who should lead on some of the measures (such as rural measures).

Item 5: Budget priorities

5.1 Introducing the paper, the Chair explained that members would be given a briefing from budget holders on 15 June and would return to a further discussion of the budget at the

Committee meeting on 6 July. She invited comments on whether members felt they should comment on the Better Wales objectives and targets or whether they felt there were more appropriate channels such as through their parties

5.2 Some members drew attention to the benefits economic prosperity would bring. It was hoped that economic success in the Valleys, for example, would reduce many of that area's health problems. However it was also pointed out that health spending would increase in the long term if economic prosperity caused people to live longer as older people were the largest consumers of health care in the NHS. The Chair agreed that improving economic prosperity should bring about improvements in health and education but added that in order to achieve economic prosperity, areas such as education and public transport needed to be improved. It was agreed that the Economic Development budget had a central role, and in creating the prosperity that would impact on other services.

5.3 Phil Williams distributed copies of the paper which he had sent to the Assembly Secretary following the last Committee meeting and which would be discussed fully at the meeting on 6 July. Mr Williams commented that now all the financial tables to the structural funds programmes had been released it was possible to see the full extent of match funding required. The average European Union contribution to the seven year programmes averaged £190 million while £140 - £150 million was required from public sector match funding. Including these amounts of money would, he felt, transform the Committee's budget. The outcome of the comprehensive spending review was eagerly awaited.

5.4 The Chair concluded that she was aware that there were some areas of economic activity not within the responsibility of the Committee and members would want to see if there were certain areas which should be brought into the Committee's budget because of their impact on achievement of the National Economic Development Strategy.

Item 6: Cardiff Bay

6.1 The Chair invited Alun Cairns to introduce this item because paper EDC-09-00 (p14) which had been made available to members at the last meeting for information had been written to answer questions raised by him in the meeting on 29 March.

6.2 Alun Cairns drew attention to the forthcoming National Audit Office review of the CBDC wind-up and hoped that the Auditor General for Wales would be made aware of the Committee's discussions on Cardiff Bay.

- He was concerned about the valuation of the land at Ferry Road. EDC-09-00(p14) stated the land had been valued at £7.95 million, that a discount of £2 million had been negotiated, leaving an amount of £5.95 million to be settled. An earlier paper on Cardiff Bay, EDC-04-00 (p1), had quoted the value of the land as £5.95 million. He felt that the

£2 million discount should have been highlighted in previous papers.

- It was agreed that the £2 million discount had not been shown in any paper until EDC-09-00 (p14) although it had been mentioned verbally in an earlier meeting. The Chair agreed that she had been made aware in a Committee meeting of the discount. It was explained that the Ferry Road site had been considered part of the wind up process in the context of the Memorandum of Understanding and the overall financial implications; but it was a separate transaction to those covered by the transfer of assets and liabilities under the section 165 agreements.. At the meeting on 9 February there had been an explanation of the discount during the discussion on Action Outstanding but this had not been included in the minutes.
- Alun Cairns then drew attention to paragraph 3 EDC-09-00 (p14) which read "the then Secretary of State for Wales took a decision in early 1999 to facilitate the transfer of land...". Alun Cairns questioned the propriety of the Secretary of State for Wales who was also the local MP for the area being involved in this decision.
- Ron Davies presented further points to officials on the history of when the £2 million discount was agreed. He had made a careful trawl of Committee papers and had failed to find any reference to the discount. As a matter of public interest, it was customary for such decisions to be made available to the wider public through a press notice, but this had not happened. There was no reference in the Memoranda of Understanding to the discount. He concluded that the discount was a 'sweetener' to Cardiff County Council which had been deliberately withheld from the Committee. He asked for an account of the decision-making process which had led to the discount being agreed.
- It was confirmed that the earlier papers on Cardiff Bay had not mentioned the £2 million discount, but that the figure had been quoted in previous Committee debates. This was not a result of a deliberate attempt to hide facts but because the papers had been written to address specific points and the question of the discount had not arisen. The information about the discount had first been given verbally at the meeting of 9 February.

6.3 The key points in the decision-making process were as follows:

- In late 1998/early 1999 the issue of a valuation of the Ferry Road site had first been addressed. Officials were faced with wide ranging valuations for the site. It was decided to obtain professional advice from Gooch Webster because of the differences in valuations and because the site had previously been considered for call in under the planning process .
- Following receipt of professional advice, officials began the process of advising ministers and later the Assembly Secretaries. Negotiations were also proceeding between the vendors (Grosvenor Waterside and CBDC) and Cardiff County Council..

After further discussions with all the parties involved, final advice was given to the Assembly Secretary in August 1999. This was then followed by a 'heads of terms' agreement between the three parties involved which was signed on 14 October and translated into the final contract which enabled the land to be transferred on 31 March.

- CBDC had not been as enthusiastic about the idea of a sports village as Cardiff County Council but had agreed to the building of a swimming pool. The idea of a discount had emerged during the course of the negotiations when the purchaser had been seeking to minimise the amount to be paid. The issue of the discount had been addressed in the context of the relevant provisions of CBDC's guidebook; the wider economic and social benefits (including a replacement for the Empire Pool) and took account of the fact that the Board of CBDC had previously looked favourably upon the discount concept in the context of a replacement for the Empire Pool. Gooch Webster had been invited to comment on the appropriateness of the discount and had held that it was reasonable.

6.4 The Chair invited further comments and questions from Committee members and the following points were made:

- Such a sizeable discount should have been drawn to the Committee's attention by report, committee paper or press release. It had not been made available to the public domain in an appropriate manner.
- Although committee papers were amended in draft form, to the best of Steve Phillips's knowledge he had not been aware of a draft Committee paper referring to the £2 million discount and that reference subsequently removed before the paper was presented to Committee.
- The advice given to the Assembly Secretary in August 1999 was not the first advice on this subject. This submission had addressed the question of the valuation of the site, the division of the proceeds between the vendors and the discount; but earlier advice had been given to first Welsh Office ministers and Assembly Secretaries on the more general issues as they arose at various stages of the negotiations .
- The First Secretary had taken the decision to approve the discount and the document was copied to Assembly Secretaries.
- The decision to proceed on the basis described in the Committee paper had been taken in August and the Committee did not begin to look at Cardiff Bay in detail until late September. The process of decision making did not therefore overlap as such with the Committee's scrutiny in the Autumn. A decision had been taken and there was nothing to hide.
- Another relevant factor in early 1999 had been the competition for Sportlot funding for a pool. However, Swansea's successful bid did not preclude the possibility of a scheme proceeding in Cardiff with wider economic and social benefits which was also consistent with the regeneration strategy for Cardiff Bay.
- One member pointed out that planned development leading to training and employment had come to nothing but was reminded that the Committee had agreed to reduce CBDC's resources.

- There were overage and clawback clauses in place so that if Cardiff County Council did not go ahead with the planned sports village, the money could be clawed back.
- As substitute for Rhodri Morgan, Christine Chapman agreed that lessons needed to be learnt from the situation and she would take the Committee's concerns to the Assembly Secretary.
- Members expressed their appreciation for the frank discussion.
- Ron Davies said he accepted the explanations given.
- Although the Committee had not been informed about the negotiations leading to the discount because of the timings involved rather than through a deliberate policy, it was still felt to be a mistake not to put the information in the public domain earlier.
- Transactions of major public importance should be reported in as open a manner as possible.
- Rules of procedure for ministers existed in the House of Commons which would have provided guidance on the Secretary of State's involvement in the Ferry Road site as local MP.
- It was accepted that the commercial parties involved in the negotiations would have expected a degree of commercial confidentiality from the Assembly during the negotiations.

Chair's summary

6.5 The Chair:

- Thanked officials for providing the Committee with the information they had sought. It was a very complex area with many key players.
- Expressed the Committee's view that it was unacceptable that the £2 million discount had not been clearly drawn to the Committee's attention, and that such matters should be dealt with in as open a manner as possible (recognising the constraints imposed by commercial confidentiality).
- Agreed to write to the First Secretary to recommend that he considered providing guidance to Assembly Secretaries, in line with the Guidance on Procedures for Ministers, on handling matters which related to their constituencies.
- Agreed to draw the minutes of the discussion to the attention of the Chair of the Audit Committee.

Committee Secretariat

June 2000