

## **Economic Development Committee EDC-03-01(p2)**

**Date:** 14 February 2001

**Venue:** Committee Room 1 National Assembly Building

**Title:** Draft Final Report on the Quinquennial Review of the Welsh Development Agency

### **Purpose**

1. To consult the Committee on the draft Final Report on the Quinquennial Review of the Welsh Development Agency. Standing Order 9.7 provides that the subject committees shall keep under review the discharge of public functions in their field by public bodies. Following the receipt of the Final Report and the Committee's views, the Deputy First Minister & Minister for Economic Development and the Minister for Finance, Local Government and Communities will advise the Cabinet on the Report's findings and then announce the Government's response. The intention is that there should then be an opportunity for Plenary debate before the review is finally concluded.

### **Recommendation**

2. That the Committee comments on the findings of the draft Final Report at Annex A. The Terms of Reference are set out in Appendix 2 of the Report.

### **Background**

3. The Quinquennial Review of the Welsh Development Agency (WDA) was formally commissioned by the First Secretary and Finance Secretary in June 2000 following consultation with the Committee on the Terms of Reference. There has been a wish to proceed with the Review as quickly and as thoroughly as possible so that any period of uncertainty for the Agency be minimised.

4. The first stage of the Review was carried out by Jonathan Price of the Assembly's Economic Advice Division and his Interim Report (see Appendix 1 of the Final Report) was presented to the Committee in September. The Committee endorsed the core recommendations (a. to d.) that there was a continuing need for the Agency operating in broadly its current form. The First Secretary agreed those recommendations and the review proceeded to its next stage, covering strategic effectiveness and corporate governance. Committee members raised a number of issues which they hoped this stage would address and these were incorporated into

revised terms of reference.

5. The second stage of the Review has been undertaken by KPMG. Since the Review was first commissioned, the Committee has commissioned its own study into business support and the KPMG team has kept in touch with Jim Driscoll so that they could take account of the development in thinking. A second major change since the Review was commissioned has been the appointment of a new Chief Executive of the Agency.

## **The Final Report**

6. The Draft Final Report is attached at Annex A. It makes 47 recommendations, set out in section 10 (p54). It sets out the findings of the reviewer following a wide-ranging consultation with stakeholders and partners as well as within the Agency. It picks up a number of issues from the Interim Report. It broadly concludes that the Agency is working effectively and that without it, the economy in Wales would be less well placed to respond to the major challenges it faces.

7. As with any organisation, there are aspects of its operation which could be strengthened. The report suggests how the relative role and functions of the Agency and the Assembly be clarified. It makes recommendations on issues such as strategic and corporate planning, structure, internal and external communications. It covers a number of 'boundary' issues such as skills and ICT. On corporate governance, the report refers to the significant improvements made in the Agency's corporate governance and recommends that the Assembly should review the level of delegated authority given to the Agency.

8. Some of the recommendations (for example numbers 3-6, p56, and 19-23, pp 60-61) connect with the emerging proposals in the EDC's review of business support and may need to be noted pending the conclusion of that review. Others, particularly on the internal operational aspects of the Agency, could probably be acted on in advance. Indeed, many of the issues are already being addressed by the management.

## **Compliance**

9. The Review has been undertaken in accordance with the published Quinquennial Review guidelines. In addition to its participation in the Review, the Welsh Development Agency has been consulted on all matters of fact.

## **Action for Committee**

10. The Committee is asked to comment on the draft Final Report before submission to ministers.

**Contact point**

Financial Planning Division.

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