



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Cyfrifon Cyhoeddus **The Public Accounts Committee**

Dydd Llun, 8 Hydref 2012
Monday, 8 October 2012

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Gwyn R. Price	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Lindsay Whittle	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Gillian Body	Swyddfa Archwilio Cymru Wales Audit Office
Amanda Brewer	Cyn-swyddog Llywodraeth Cymru Former Welsh Government Official
Paul Dimblebee	Swyddfa Archwilio Cymru Wales Audit Office
Gareth Hall	Cyn-gyfarwyddwr dros yr Economi a Thrafnidiaeth Former Director for Economy and Transport
Pol Wong	Cadeirydd, Powys Fadog Chair, Powys Fadog

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Tom Jackson	Clerc Clerk

Cynhaliwyd y cyfarfod ym Mhafiliwn Llangollen.
The meeting was held in Llangollen Pavilion.

Dechreuodd y cyfarfod am 12.58 p.m.
The meeting began at 12.58 p.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Darren Millar:** Good afternoon, everybody, and welcome to today's meeting of the

Assembly's Public Accounts Committee. I am pleased that we have been able to move the committee today from its usual venue in Cardiff up to north Wales. It is great to see so many members of the public here today. I extend a warm welcome to you all. I remind you all that the National Assembly for Wales is a bilingual institution and that Members and witnesses should feel free to contribute to today's proceedings through either English or Welsh, as they want. Headsets are available in the public gallery and for Members and witnesses should you wish to use them. It is important to remind everybody today that mobile phones and other electronic devices should be switched off for the duration of the meeting, because they can interfere with some of the broadcasting and sound equipment. In the event of an emergency, people should follow the directions of the ushers, who will get us out calmly and safely to a safe point outside. We have had apologies today from just one committee member, Julie Morgan. Without further ado, we will go straight on to the next item on the agenda.

1.00 p.m.

Proses Gaffael Llywodraeth Cymru a'r Camau a Gymerwyd ganddi i Waredu Hen Westy River Lodge, Llangollen—Tystiolaeth gan Powys Fadog
The Welsh Government's Acquisition and Action to Dispose of the Former River Lodge Hotel, Llangollen—Evidence from Powys Fadog

[2] **Darren Millar:** I am pleased to be able to welcome Mr Pol Wong, chairman of Powys Fadog, to give us oral evidence this afternoon. To recap on where we are as a committee, we have already had one meeting on this issue. We took evidence from the Permanent Secretary on 10 July. The focus of our inquiry is to look carefully at what the Welsh Government can learn from the issues that arose in the Wales Audit Office's report, so that it can improve decision-making processes in the future. Members will agree that it is important that this meeting is in good order through the proceedings, so I welcome everybody's participation in the meeting on those grounds.

[3] We have received a large number of papers for today's meeting. They were distributed to Members prior to today's meeting and I know that they have had an opportunity to look at them. Mr Wong, I ask you to introduce yourself for the record and then we will go straight into questions on the papers you provided and some of the other evidence that we have received.

[4] **Mr Wong:** Cyn dechrau, hoffwn **Mr Wong:** Before I begin, I would like to ddiolch i bawb yn y pwyllgor am ddod i thank all committee members for coming to Langollen. Cynigiaf groeso mawr i bawb. Llangollen. I extend you all a warm welcome.

[5] I am Pol Wong, chief executive and chair of Powys Fadog.

[6] **Darren Millar:** You have obviously seen a copy of the Wales Audit Office's report, Mr Wong. The report details that, although Powys Fadog did not have the financial capital to fund the essential repairs that were required at the River Lodge Hotel, the Welsh Government still felt confident to enter into an agreement for a lease with you, and you still felt able to enter into an agreement with it. How did you plan to meet the obligations regarding the necessary repair work?

[7] **Mr Wong:** I should explain that, in actual fact, we did raise the money. A proposal was put to the Welsh Assembly Government in late 2009 or early 2010, so we did actually achieve that. What comes across in the auditor's report does not really reflect the fact that a whole package was agreed by officers of the Welsh Government and our partners, Clwyd Alyn, which did raise the necessary finance to do the refurbishment and to have two years'

revenue as well. That is not reflected in the report, unfortunately.

[8] **Darren Millar:** Can you tell us a little more about the proposal that you are referring to? I assume that it was the proposal that was put in with the housing associations' involvement, was it not? Could you explain a little bit more about that?

[9] **Mr Wong:** That is right. The agreement to lease that you have just referred to was agreed in June 2009. The conditions of that agreement were that we would have to find the money to do the refurbishment of the building. So, we applied for various grants from Welsh Assembly Government departments, the lottery and other places. We were successful in getting an environmental improvement grant of around £250,000. We were unsuccessful with our Welsh European Funding Office application. We also applied to another department, the regeneration department, under the community facilities and activities programme, which, unfortunately, was also unsuccessful. It took a long time for those decisions to come through. I suppose that around 10 months had gone by on the agreement to lease by that time. To be honest, the feeling among the board at the time was that WAG was never going to fund us anyway. We had come across a lot of obstacles, if I can put it like that, and a lot of unusual circumstances surrounding our applications, particularly those to those two departments.

[10] I had an idea; I had heard that housing associations were keen on supporting community projects, so eventually what we did was approach Clwyd Alyn Housing Association. We had discussions with it, and it really loved the idea of everything behind the project and was happy to support it. So, Clwyd Alyn spoke with the officers within the Welsh Assembly Government and they agreed between them a proposal that would provide the money for the refurbishment of the building. As I said, we had already had approval for an environmental improvement grant. Clwyd Alyn was happy to put in £300,000, which was approximately a third of the cost, and the environmental improvement grant was also about a third of the cost, and a property grant was agreed by the Department for the Economy and Transport. So, in actual fact, we had raised the money. The only difference was that we were asking for Clwyd Alyn Housing Association to step into our shoes on the lease that we had negotiated, and then Powys Fadog would sub-lease from Clwyd Alyn. In other words, it was a simple matter of the association stepping into our shoes and us transferring over to Clwyd Alyn the environmental improvement grant that we had been given.

[11] **Darren Millar:** That gave you full assurance that the financial requirements would be completely met, essentially—this relationship with Clwyd Alyn.

[12] **Mr Wong:** Yes.

[13] **Darren Millar:** One of the issues identified in the WAO report is the fact that there was going to be a requirement for a further £500,000, apparently, in addition to the purchase price, which had obviously already been paid by the Welsh Government. There was going to be this need for another £0.5 million from the Welsh Government in order to even make the Clwyd Alyn proposal work.

[14] **Mr Wong:** As I said, £249,000 of that had already been approved for us, which was the environmental improvement grant. Then the property grant that I just spoke about, from the Department for the Economy and Transport, was the rest of that, yes.

[15] **Darren Millar:** But, obviously, both of those come from the Welsh Government in some way.

[16] **Mr Wong:** That is right.

[17] **Jenny Rathbone:** In your paper, you say that you initially planned to go for a

commercial loan, and I just wondered how you were planning to finance that, or provide the collateral.

[18] **Mr Wong:** That is correct. In fact, we were offered a loan in principle from Finance Wales and, of course, it did due diligence on us at the time. The idea was that we aimed to pay back that loan from our business enterprises.

[19] **Jenny Rathbone:** There is no paperwork to indicate that Finance Wales offered you a loan, is there?

[20] **Mr Wong:** Yes. If I could just say this: obviously this has been going on for years now and, at the moment, a lot of my paperwork is still locked up in the building. I have been basically shut out of it, and it might be worth saying now that the circumstances of the purchase are not clear from the report. That was actually my home. I actually lived there, and ran my business from there before the Welsh Assembly Government bought it. I have actually been thrown out of it and kept out. A lot of my personal belongings are still there. I was actually homeless for 18 months. So, I think that we really need to get the context of this right.

[21] Getting back to Finance Wales, we were originally asking for a £150,000 loan. Part of the idea of the Powys Fadog project is to inspire young people in particular, but not only young people. What we wanted to do was to show what a group of people can do when we band together and work together, and, as we thought, work with the Government. The idea was to show that we did not want grants. It was written into our business plan that we wanted to show what we could do, as long as we were given an opportunity. We were not asking for grants: we had our own surveys done in the beginning, and the price for the refurbishment was £150,000. We approached Finance Wales, and it was very happy to give us a loan. In fact, we divided the development of the place into different phases, and Finance Wales wanted to finance phase 2 as well—it offered us double the amount that we asked for originally.

[22] **Darren Millar:** We will tease out some of the other information as we go through the set of questions that we want to ask. Aled, you wanted to come in on that question.

[23] **Aled Roberts:** Rwy'n derbyn bod anhawster o ran bod nifer o'r dogfennau yn River Lodge ar hyn o bryd, ond ym mha gyfnod y mae'r cytundeb rydych yn sôn amdano, gyda Chyllid Cymru yn barod i drosglwyddo'r arian i chi? **Aled Roberts:** I accept that there is a difficulty in that many of the documents are currently at River Lodge, but in what period is this agreement that you mentioned, in which Finance Wales was ready to transfer the money to you?

[24] **Mr Wong:** Rhwng 2007 a dechrau 2008. **Mr Wong:** Between 2007 and the start of 2008.

[25] **Mike Hedges:** Between 1997 and 2004, I had quite a lot of involvement in working with the Welsh Development Agency in a number of joint ventures and other projects. My experience of dealing with the WDA—others here will tell me if I am wrong—was that before it would do anything, it wanted a fully costed, fully funded business plan, which would then be agreed as being realistic. If grants were applied for, there was a high level of expectation that the conditions of those grants would be fulfilled. That does not seem to have been the case here. Tell me if I am wrong, but you did not seem to have a fully costed and funded business plan ready and available when the WDA was going ahead with buying the property.

[26] **Mr Wong:** Actually, we did have a business plan and it was submitted to the Welsh

Development Agency very early on. I have to admit that it was not fully costed at that point—well, actually, it was, in the terms that were there at the time. What happened over the years is that the business plan had to change many times. As I said, originally, we were looking at financing the project from loans. That took such a long time—about a year—that by the time it had reached a certain stage, the price had gone up to £300,000 for the first phase. We then had to redo the business plan to fit that situation and to take everything into account.

[27] That, too, dragged on, and by this time the price had gone up to £500,000. At that point, our business plan would not support that kind of loan. So, we did work very closely with the Welsh Development Agency and Finance Wales on the financial side of the business plan, and, again, all that is recorded.

[28] **Mike Hedges:** I think that we all have experience of business plans going up, but this seems to have gone up an awful lot in a very short time. I would have thought that you would have phased how you were going to do it, and had an expectation of some overruns on the project—we do not often talk about them, but anything up to 10% is something that people are generally happy to live with. Did you have any plans and dates for when these phases would be done? Also, why did it increase so much in such a short time?

[29] **Mr Wong:** There is a simple answer to that: it kept getting broken into. As I said, I used to live on the premises. When I moved out of there, after the purchase, it kept getting broken into, basically. There was one winter when the pipes burst and they had been leaking for possibly three months, so, obviously, the costs went up again. Every time there has been a break-in, the costs have gone up. It is as simple as that

[30] **Darren Millar:** Just to clarify this point on the business plan, is it fair to say that you had an idea of the sort of project that you wanted to deliver very early on, but that you then worked with the WDA in order to produce a more sophisticated plan once you had approached it and it had appeared to be quite keen on your proposals?

1.15 p.m.

[31] **Mr Wong:** Not really, no. In fact, the business plan was developed over 12 years. This is another point that is not reflected in the report or in anything that happened at that last meeting. It is important that people understand what the project is about; after all, the project has never been mentioned. From interviews that I have had with top officials in the Welsh Assembly Government and from correspondence with Gillian Morgan, no-one seems to understand the project at all or to have looked at the business plan. That was certainly the case with the director general when I met with him. That was also the experience that I had with Chris Munday. They told me that they had not seen the business plan.

[32] The idea started some 12 years ago. The amount of research and work that has gone into this is incredible. We have had co-operation from an international brand in China. In fact, we have access to use the Shaolin Temple brand. It has been involved in some of the development of our social and community objectives. It sent a renowned master from China who stayed in the building with me for six months. He came to north Wales to meet the local people to understand them and their culture and so on and to help me to develop a curriculum that would be suited to pass on the benefits of Shaolin arts to the local community. Again, I always reach this situation whenever I talk about Shaolin martial arts. I understand that it is quite strange to some people, but the benefits from practising Shaolin martial arts are huge, especially for the younger generation in this day and age. We know that we have some of the highest child obesity statistics in the western world in Wales. I have a proven track record in putting that right. We know that there are problems with asthma; I have a proven track record in putting that right too.

[33] **Darren Millar:** We are not here today to look in detail at your business plan, but the question that needs to be answered—and I think that this is what you are saying—is that you had a sophisticated business plan that was well-developed early on, which you presented to the WDA in order to take that forward.

[34] **Mr Wong:** That is not to say that the business plan did not continue to be developed as we did more research and as we made new partners and so on. We have carried on developing it even after all this—it is still developing now.

[35] **Darren Millar:** I understand that. Aled, you have a question.

[36] **Aled Roberts:** I should have said earlier that, when I was reading through the evidence over the weekend, it was quite clear that one of my former colleagues has been giving legal advice to the company. I was not aware of that prior to this session, so perhaps that should be noted.

[37] **Darren Millar:** We will note that.

[38] **Aled Roberts:** On the business plan issue, a business plan was submitted to Finance Wales as part of the loan process and the loan was approved on the basis of that business plan.

[39] **Mr Wong:** When we put in for the £150,000, that was approved. Then we went in for £300,000, on Finance Wales's advice, and that was passed. However, when it went to £500,000, it did not support it.

[40] **Aled Roberts:** On the basis of moving on from the situation in 2007, when it is clear that the Welsh Government was supportive of the project, to the period leading up to 2009, it appears, from the documentation that we have seen, that its view on the project was generally changing. Do you feel that you have been treated fairly by the Government in the process during this period?

[41] **Mr Wong:** We were certainly not happy that things seemed to take an age. Every step was like walking through treacle; it did take a long time. To be honest, apart from the situation with the grant applications, we were treated okay—apart from the usual delays, which you have to accept. It was not until we put in our proposal—which ticked all the boxes when we had raised the money—that things changed all of a sudden. All the officers we were dealing with up until that time were very enthusiastic.

[42] **Aled Roberts:** Pwy oedd y swyddogion a ddeliodd â'r sefyllfa hon o 2007 hyd 2009? **Aled Roberts:** Who were the officials who dealt with this situation from 2007 to 2009?

[43] **Mr Wong:** I ddechrau, o'r awdurdod, roedd David Pilkington, ac wedyn pan unodd yr awdurdod â'r Llywodraeth, roedd John Adshead, Martin Williams ac wedyn Ian Williams, y cyfarwyddwr rhanbarthol. John Adshead oedd y pennaeth isadeiledd. **Mr Wong:** First, from the WDA, there was David Pilkington, and then, when the agency was merged with the Government, there were John Adshead, Martin Williams and then Ian Williams, the regional director. John Adshead was the head of infrastructure.

[44] **Aled Roberts:** Ai Ian Williams oedd y pennaeth yn y gogledd? **Aled Roberts:** Was Ian Williams the chief officer in north Wales?

[45] **Mr Wong:** Nid wyf yn siŵr. Roedd yn gyfarwyddwr rhanbarthol. **Mr Wong:** I am not sure. He was regional director.

[46] **Aled Roberts:** Ar gyfer gogledd Cymru? **Aled Roberts:** For north Wales?

[47] **Mr Wong:** Ie, rwy'n meddwl. Vanessa Griffiths oedd yno cyn Ian Williams. Mae Ian Williams wedi cymryd swydd Vanessa Griffiths. **Mr Wong:** Yes, I think so. Vanessa Griffiths was there before Ian Williams. Ian Williams has taken over Vanessa Griffiths's post.

[48] **Aled Roberts:** Wrth ddarllen y dystiolaeth, awgrymir bod gweithgareddau yn y gogledd nad oedd Llywodraeth y Cynulliad yng Nghaerdydd yn ymwybodol ohonynt. Pa mor rheolaidd oeddech chi'n cyfarfod â swyddogion o Lywodraeth y Cynulliad yn ganolog? **Aled Roberts:** In reading the evidence, there is a suggestion that activities were taking place in north Wales of which the Assembly Government in Cardiff was unaware. How regularly did you have meetings with officials from the Assembly Government centrally?

[49] **Mr Wong:** Nid ydym wedi cael cyfarfod gydag unrhyw un o Lywodraeth y Cynulliad yn ganolog, ond gwn fod dogfennau briffio Gweinidogion ac yn y blaen wedi mynd at Gareth Hall, yr Ysgrifennydd Parhaol ac yn y blaen. Siaredais hefyd â Ieuan Wyn Jones, Gweinidog yr adran, ac Alun Ffred Jones, y Gweinidog dros Dreftadaeth. **Mr Wong:** We have not had a meeting with anyone from the Assembly Government centrally, but I know that ministerial briefings and so on were sent to Gareth Hall, the Permanent Secretary and so on. I also spoke with Ieuan Wyn Jones, the Minister in the department, and Alun Ffred Jones, the Minister for Heritage.

[50] **Darren Millar:** I remind everyone, Members and witnesses, to focus on the job titles, where you know them. If they are not familiar to you, it is important just to say the name and then we can track their titles.

[51] The Welsh Assembly Government's view towards the project changed late in 2009. What sort of feedback did you have at that time as an organisation about why its view had changed?

[52] **Mr Wong:** Ni chawsom unrhyw beth. **Mr Wong:** We did not get anything at all.

[53] It was very strange, because right up to the point when we put in our proposal—January 2010—everyone had been very supportive. Even the WEFO officials did not refuse our funding—it put us on the reserve list—and the officer we were dealing with in WEFO, Ken Cook, was very keen and enthusiastic. So, that was the situation all the way through, right until the proposal and a briefing went to Ieuan Wyn Jones, the Minister in the department, and we know from an e-mail that he was happy with it as well. In fact, in his e-mail, dated 5 February, he said that all was done and that all we needed to do was to get Clwyd Alyn to make a detailed application to transfer the environmental improvement grant, which had already been agreed with the officers in the department. So, that was done. After that point, I never heard anything again. In fact, to this day, I have not had a decision on that. Every time that I have tried to approach the Welsh Assembly Government to explain what is happening—and, obviously, I have submitted the letters that I have written to the Permanent Secretary—I have never had an answer. The response has been, 'We are doing an investigation', 'We are doing this or that', 'We are doing an options appraisal', and I have never had an explanation.

[54] **Darren Millar:** So, you have had no formal feedback.

[55] **Mr Wong:** Nothing.

[56] **Darren Millar:** You have had no suggestions as to how you still might be able to realise a project in another way.

[57] **Mr Wong:** No. In fact, after the investigations and the options appraisal finished, I was never told that the options appraisal had been finished, or that a conclusion had been reached. I then approached Ieuan Wyn Jones again, once I knew that the investigations and all the internal processes had finished, in December 2010. He set up a meeting for me with Chris Munday, who had then been promoted to head of funding solutions for properties, or whatever. I was still waiting to find out what was happening. He sort of said to me that he did not know anything about the original proposals, what had gone wrong, or what it contained, and asked me to make a new submission. So, we went through the whole process again. That was in February 2011. I put two proposals to him, basically; the first was to put back on the table the Clwyd Alyn proposal, and the second was to ask for an extension on our original lease. During this period of nearly a year we were unable, physically, to attract funding for a few reasons—basically because of the way that the Welsh Assembly Government was treating us. For instance, as I am sure that most of you know, if you make an application for the lottery or whatever, you have to make a detailed application; you have to know the current status of the grants that you thought that you had and ask, ‘Do we have them or not?’ We could not get answers from the Welsh Assembly Government. Its officials refused to speak to us. They would not give us any information, and they would not even talk to us. So, we could not get grants. We were actively stopped from getting grants. In fact, once, when I attracted some potential funders related to the World Martial Arts Council, I had arranged with the Welsh Assembly Government to do a site visit. The funders came from York, but, when we got to the building, the security staff told us, ‘We have been phoned this morning by the Welsh Assembly Government and it has told us not to let you in’. The Government did write to me about that, saying, ‘Sorry, it was a terrible mistake’ and so forth, which was okay, I suppose—we all make mistakes—but the point is that that happened and things like that have happened absolutely consistently since January 2010.

[58] **Darren Millar:** Did you want to continue with anything there, Aled?

[59] **Aled Roberts:** In some of the e-mail correspondence that we have had attached to our committee papers it is clear that legal concerns had started to be raised internally from June 2009. You mentioned the mood changing at the end of 2009, so, was it the case that, throughout the period in question, up until 2011, to all intents and purposes, you did not receive any indication from the Welsh Government regarding the status of your application?

[60] **Mr Wong:** Do you mean the Clwyd Alyn application?

[61] **Aled Roberts:** Generally, regarding—

[62] **Mr Wong:** I was never told about any legal issues. Never. It has never been mentioned to me. The first that I knew of legal issues was from the auditor’s report.

[63] **Mohammad Asghar:** Thank you, Mr Wong, for telling us all the background about the building and everything. It is still damaged and so forth. There are a lot of questions, but I will only cover the area of transition between the WDA and the Welsh Government. I will ask other questions later, but, on this subject, did you notice any cultural differences between those handling your proposals for the River Lodge Hotel in the WDA and those in the Welsh Government?

[64] **Mr Wong:** No. Again, not until 2010.

[65] **Mohammad Asghar:** What level of advice and engagement did you receive from the Welsh Government afterwards and before that from the WDA?

1.30 p.m.

[66] **Mr Wong:** Again, until January 2010, there were times when it was difficult to get hold of information or to get things followed up. I suppose that those things always happen and that you have to accept that, sometimes. However, generally, the WDA and the Welsh Government were fine. I cannot complain too much, apart from the odd delay and that sort of thing. Certainly the officers whom I dealt with were all fine, right up until, as you said, January 2010, and then what happened in January 2010 was really strange. We put a proposal in and were waiting, and we had the local Assembly Member, Janet Ryder, contact Ieuan Wyn Jones on our behalf and he was telling us that everything was fine, but nobody else would talk to us. After that point, we were just left in hock. I never got any information back after that time. When I finally traced it to the Permanent Secretary—this was now in March—she simply said to me, ‘I’m dealing with it now and I’ll get back to you in due course’, and that was it.

[67] **Darren Millar:** However, there was no discernible difference between the way that you were communicated with and perhaps supported or encouraged with your project when the WDA became part of the Welsh Government and the period previously.

[68] **Mr Wong:** No, not until January 2010.

[69] **Darren Millar:** Okay, we will touch on the Permanent Secretary and some of those decisions a little later. Did you want to continue, Oscar?

[70] **Mohammad Asghar:** Yes, if I may, Chair. You stated earlier that the business plan was not costed fully. If it is not properly costed, a business plan is not a business plan. You have already mentioned in your statement that a £150,000 plan was approved, a £300,000 plan was approved and a £500,000 plan. So, if you were taking a longer time, I think that you were wasting the time of the Government officials in certain areas and you had not done the proper homework before putting your plan forward.

[71] **Mr Wong:** No. As I said, in some ways, the business plan was not developed fully, but in other ways it was. It is still not fully developed. As far the Finance Wales situation went, early on, I gave three years of projections that we had done to David Pilkington of the WDA when I first met him. Obviously, he thought that the figures added up. When we went a bit later to Finance Wales, it thought that the figures—[*Interruption.*] Sorry?

[72] **Mohammad Asghar:** Did not add up.

[73] **Mr Wong:** No, it thought that they did. That is why it offered us the loan—

[74] **Mohammad Asghar:** So, as time elapsed, you made forecasts for the following three years, so every forecast you put forward was for the following three years so it went forward further and further.

[75] **Mr Wong:** Yes, but what happened with Finance Wales was that when we got to the £300,000 stage it took so long—as I said, it was happy to give us £300,000, but the lady who was dealing with us went on maternity leave and we got the run around. To go back to your earlier question, that was most difficult period, dealing with Finance Wales. There were a lot of delays. So, by that time, the price had gone up to £500,000, which our business plan, unfortunately, did not support.

[76] **Darren Millar:** Do you want to come in on this point, Aled?

[77] **Aled Roberts:** I want to go into a bit more detail regarding the early 2010 period, if I may. Did you have any dealings with Chris Munday, who was the head of property funding for the Welsh Government at that time, and did he indicate to you that he had been requested to produce an internal report on the whole project?

[78] **Mr Wong:** He did not tell me that, no. The first time that I met or, I think, had any dealing with Chris Munday was February 2011, and that was a follow-up to my meeting with Ieuan Wyn Jones, when I thought that I was finally going to get an explanation for what was going on with our Clwyd Alyn proposal, but, unfortunately, I did not.

[79] **Aled Roberts:** Did any of the Government officials or the politicians that you met indicate that reports had been commissioned in the Government regarding the project in early 2010?

[80] **Mr Wong:** No. I was aware of it by that time—but only through freedom of information requests.

[81] **Jenny Rathbone:** You mentioned in the papers that you submitted to us prior to the meeting that you had been operating at the River Lodge Hotel since 2000 and that you were living there in 2005. Who was the contract with and what was it for?

[82] **Mr Wong:** Which contract?

[83] **Jenny Rathbone:** Well, under what terms were you operating from the River Lodge Hotel?

[84] **Mr Wong:** The chap who owned the building at the time was not really that interested in running the business side. He was out of the country for much of the year. I had previously, for a number of years—probably about 10 years, off and on—used that premises to host international residential courses in martial arts. I should perhaps mention that I am a two-time world champion in martial arts, and—

[85] **Jenny Rathbone:** I am more interested in with whom you had a contract.

[86] **Mr Wong:** The owner of the building, although I did not actually have a contract.

[87] **Jenny Rathbone:** There was no contract? So, who was responsible for paying for the insurance on the building, making sure that health and safety—

[88] **Mr Wong:** The owner.

[89] **Jenny Rathbone:** The owner?

[90] **Mr Wong:** Yes.

[91] **Jenny Rathbone:** But he just let you have the free run of the building?

[92] **Mr Wong:** Well, I used to run the hotel business for him, and—

[93] **Jenny Rathbone:** As an employee?

[94] **Mr Wong:** No, no. At the same time, the biggest customer of the hotel was me as I

was running my residential courses. The chap who was running the place for the owner retired, so they asked me if I would like to go there to run the business for the owner and, at the same time, I could run my school from the same place and live there, and that is what happened.

[95] **Jenny Rathbone:** So, he paid you, or did you pay him?

[96] **Mr Wong:** No, he did not pay me and I did not pay him. I ran the business there and I did the banking for him. So, for instance, one weekend, I might have a group of people from France who would come over to train with me; he would get the money for the accommodation and I would get the money for the teaching. It was just as simple as that.

[97] **Jenny Rathbone:** Okay. Did you have a tenancy agreement to live there?

[98] **Mr Wong:** No.

[99] **Jenny Rathbone:** So, when the building was bought by the Welsh Government, was it bought with vacant possession?

[100] **Mr Wong:** Yes, it was. You have just reminded me of something. I negotiated a tenancy with the Welsh Government, actually. The negotiations took about six months. Eventually, it sent me the tenancy agreement to sign, which I did, and a witness also signed it. I sent it back to the Welsh Assembly Government, but it did not come back. I chased it up for six months or so, but, in the end, I could not get any sense from anybody, so I just left it. A little time after that, six months or possibly a year later, through a freedom of information request, I noted that, in the Permanent Secretary's internal audit, this negotiation of the tenancy is mentioned. As I said, I signed the document, so we had agreed rent and all that sort of thing—in fact, it was £1 per annum. The idea was for me to provide security for the building because it had been broken into so many times and there were burst pipes, and so on. So, I signed it and it went off and did not come back. In Arwel Thomas's report, the internal audit, Arwel explains the situation about the tenancy: that rent was agreed at £1 per annum and he states that it was not signed. Now, I did sign it. Whether the Welsh Assembly Government signed it or not, I do not know. However, when the Permanent Secretary reported that back to the Minister of the department, it was different. She stated that the tenancy was not signed because Pol Wong refused to accept the rent, which is blatantly not true.

[101] **Jenny Rathbone:** That is clearly a red herring, if it was £1. However, I am still struggling to understand how the building passed over to the ownership of the Welsh Government without vacant possession or a tenancy agreement in place. I really do not understand that at all.

[102] **Mr Wong:** As far as I understand it, it was bought with vacant possession.

[103] **Jenny Rathbone:** So, what were you doing living in a premises that had been bought with vacant possession?

[104] **Mr Wong:** I was living there before they bought it.

[105] **Jenny Rathbone:** So, once they bought it, you were told to move?

[106] **Mr Wong:** I moved, and then I was homeless for 18 months. That is the point.

[107] **Darren Millar:** Just before we move on, did you have a question on this particular issue, Aled?

[108] **Aled Roberts:** Yes. Was it you or your solicitor that sent the lease back to the Government?

[109] **Mr Wong:** It was me.

[110] **Mohammad Asghar:** When you signed the agreement, was it registered with the Land Registry, or was it just a verbal agreement or a written agreement?

[111] **Mr Wong:** Do you mean the tenancy agreement?

[112] **Mohammad Asghar:** Yes.

[113] **Mr Wong:** No, it was all done through the solicitors.

[114] **Mohammad Asghar:** Was it registered with the Land Registry? What terms and conditions were there? How long was the tenancy to last?

[115] **Mr Wong:** I am not sure of all the terms and conditions, but I have a copy of the tenancy agreement.

[116] **Mohammad Asghar:** Was it a short-term or long-term tenancy?

[117] **Darren Millar:** This was not the lease, Oscar—this was the tenancy agreement on the site. Gwyn, you wanted to come in, and I will then come back to you, Jenny.

[118] **Gwyn R. Price:** This does not seem to come across as an ordinary hotel. Could I just go there and book a room for the weekend or a week?

[119] **Mr Wong:** Yes.

[120] **Gwyn R. Price:** How would you run that? You were the manager of the hotel, am I right?

[121] **Mr Wong:** That is right.

[122] **Gwyn R. Price:** Was everything in place for health and safety purposes and so on? If so, if I and my family came there, you could rent rooms to me.

[123] **Mr Wong:** Yes. That is what I was doing. When the Welsh Assembly Government bought it—again, this does not come across in the report at all—the business was still running.

[124] **Gwyn R. Price:** It does not seem that many paying guests were going through there, only your associates.

[125] **Mr Wong:** In actual fact, I provided details of the last two years' takings to the Welsh Development Agency. I put that forward as a market test as part of the market research that we did for the business plan. It was a going concern, basically. When we first put the proposal in, the survey said at the time that it was just cosmetics that needed doing there, not huge refurbishments.

[126] **Gwyn R. Price:** It just seems strange that if you were a manager of a hotel who was not getting paid—

[127] **Mr Wong:** I was being paid in a way, because I was getting somewhere to live and I was getting the opportunity to run my classes, because it was a fantastic place to do that, so I was very pleased about that. I understand that I am going a little off track and talking about the project and my personal circumstances possibly a little too much, but the place was perfect for training in the martial arts. So, it was ideal for me. That is why I approached the Welsh Government to help me to set up what I knew could be a very successful business that could provide great community and social objectives, and which could have great international connections. That was the whole point.

[128] **Darren Millar:** We have to move on. We only have a short period of time left for our questions with you, Mr Wong. Jenny, it is over to you. Please keep questions and responses brief.

[129] **Jenny Rathbone:** Could you elucidate what led up to your decision to appoint Amanda Brewer as a director of Powys Fadog?

[130] **Mr Wong:** Once the approval to buy the building had come through, David Pilkington of the Welsh Development Agency, when we met him, was thrilled with the project. He told us in no uncertain terms that it had the potential to be a fantastic partnership between the WDA, the local community and Powys Fadog. We had been speaking to Amanda about various things to do with the project, and it was obvious that she knew a lot about building contracts and that sort of stuff. She also knew a lot about social enterprise—

[131] **Jenny Rathbone:** But she worked for the WDA, and that is the organisation—

1.45 p.m.

[132] **Mr Wong:** If I may just finish, what happened, as I said, was that David Pilkington had said that this was a partnership, so we thought that the Welsh Government would feel better if it had somebody on our board that could keep an eye on compliance for us. The board thought that it would be a good idea for this partnership to have somebody from the Welsh Government who had an eye on proceedings and could help us with the development of the business plan and whatever in a way that suited and gave comfort to the Welsh Government. That was the point of that.

[133] **Jenny Rathbone:** Okay, but how did she then become your company secretary? She was not just any director; she was the company secretary, which is one of the two key positions.

[134] **Mr Wong:** Yes, that seemed to be the most appropriate position. She had experience and she was a fantastic communicator and all those sorts of things. Sometimes, the communication between officers in the Government and ourselves was difficult. So, for that reason as well it was useful.

[135] **Jenny Rathbone:** I am confused as to why she became the company secretary. I understand having somebody with experience to advise you in your developing venture, and it was not totally unusual for members of the WDA to join the boards of organisations they wanted to help and strengthen their compliance et cetera. However, I do not understand how she then became your company secretary.

[136] **Mr Wong:** It is not very difficult really; we just asked her if she would be happy to do it.

[137] **Jenny Rathbone:** At any point, did you have any understanding that this might lead to a potential conflict of interest?

[138] **Mr Wong:** Not at all. When we first put it to Amanda, and in the first board meeting where we talked about it, I was quite against it. It went to a vote in the end and the board voted for it. I was a bit queasy about having someone from the Government interfering and taking over; they were irrational fears, I suppose. When we asked her to join the board she said that she needed to make sure that she had permission first. She came back and said ‘yes’ and that her bosses had said it was okay and not a problem. So, it was as simple as that.

[139] **Jenny Rathbone:** When she then became the person who was delegated by the Welsh Government to be the negotiator with Powys Fadog, did that not—

[140] **Mr Wong:** She was not really the negotiator with us; John Adshead was a negotiator with us. In actual fact, when Amanda Brewer joined the board—again this is not reflected in any of the reports—there was a first round of negotiations with the owner of the building in 2005. Those negotiations broke down, so it was finished; the River Lodge as a building was finished and we started to look at different premises. It was in that period that Amanda Brewer joined the board. Again, this is all recorded, but it is not reflected in the report.

[141] **Mike Hedges:** Did the Welsh Government or the WDA ever use the term ‘joint venture’ when they said they wanted to work with you? Was that term ever used?

[142] **Mr Wong:** Yes.

[143] **Mike Hedges:** Who used that word?

[144] **Mr Wong:** David Pilkington and Martin Williams, and John Adshead definitely said ‘partnership’ as well.

[145] **Mike Hedges:** My understanding of the WDA is that it did not go into partnerships; it called them ‘joint ventures’ when they got involved with people. Is there any evidence that the WDA or the Welsh Government at that time were happy to be part of a joint venture?

[146] **Mr Wong:** Yes, there is. I am saying it now; I am not lying.

[147] **Mike Hedges:** No.

[148] **Aled Roberts:** You mentioned that David Pilkington was in the WDA when he, it would appear, approved Amanda Brewer coming onto the board. When was the decision taken regarding her appointment as company secretary?

[149] **Mr Wong:** I cannot say exactly.

[150] **Aled Roberts:** Could you provide us with that information?

[151] **Mr Wong:** I would imagine so, yes.

[152] **Aled Roberts:** Were there any concerns raised? We have correspondence from the Assembly Member for Clwyd South at the time, which says that she had raised concerns in 2007. She was told at the time by the Welsh Government that as long as Amanda Brewer had registered her interest, it was acceptable. In all the dealings between your organisation and the Welsh Government, following the taking of the WDA into the Government, was there any suggestion, at any time, that Amanda Brewer’s position within your organisation was ever withheld from any of the officials?

[153] **Mr Wong:** No, never. In fact, even when we had grant applications, whenever there

was a meeting, Amanda Brewer always stated, every single time, that she was not there as a Welsh Government employee but as a representative of Powys Fadog. Furthermore, in our board meetings, Amanda Brewer was never able to vote on any decisions that we made as the board of Powys Fadog. She certainly was not allowed to make or be involved in any decisions.

[154] **Jenny Rathbone:** Who was the chair of that board?

[155] **Mr Wong:** It was me.

[156] **Jenny Rathbone:** You were chief executive and chair.

[157] **Mr Wong:** That is right.

[158] **Lindsay Whittle:** It is important that I place on record that I follow Mr Wong on Facebook, but we have never actually met, so it is good to meet you. Mr Wong, how did you persuade the Welsh Government to enter into the agreement of the lease?

[159] **Mr Wong:** That was done with John Adshead, the head of infrastructure. We had been dealing with John for a number of years. He felt that the Welsh Government had let us down quite a bit, and so did Ian Williams, the regional director. The price of the work had gone up to a point where we could not had afforded a loan. So, we were faced with a situation where we had to apply for grants. Obviously, we could not get a grant if we did not have a lease. So, the idea was that, in order for us to apply for grants, the Welsh Government would give us an in-principle agreement, which was what we originally asked for, because it could not give us a lease. I put that to John Adshead, and he took it forward.

[160] **Lindsay Whittle:** We are in still the process of taking a lot of evidence on this issue. As I see it, the goalpost for you has seemed to be moving continually further away. It is almost as if you are looking at them through the wrong end of a telescope. You mentioned in your earlier evidence some large sums of money that you had applied for—£300,000 and £250,000 was mentioned—but the community facilities and activities programme, apparently, turned down Powys Fadog's grant application, saying that there was insufficient evidence that there was local community support for your proposals. Did you seek the support of the local community? It looks like a popular issue here today. Did you involve any local politicians?

[161] **Mr Wong:** Absolutely, and not only that—these letters went in with the business plan and the application that went to CFAP. We made three applications to CFAP. It was very strange. The first time, it knocked us back, which was understandable because the application was a day late. So, we waited for the next round and applied again. This time, we got the response that is reflected in the auditor's report, which said that there were particular reasons—it is the same list as is there—why we had been unsuccessful. I decided that we would make an improved application and resubmit it. I telephoned CFAP and went through the letter with the lady—I am sorry, I have forgotten her name—and went through each line of the application. For instance, where it said that there was lack of support, I asked for her help and for her to explain to me how I could improve on that. She said that I needed to show letters of support. I said that our business plan contained a survey of 600 people and letters of support from the local police, schools, health organisations and so on, and local businesses that would get a spin off from us. I wanted to know how I could improve on that. She said that she did not know. It was a similar experience with the rest of the list. For instance, it said that we needed to show how we were not going to be reliant on grants, but we had included three years of projected figures for the future. I could not understand it at all, and neither could John Adshead. It was the same situation with the WEFO application.

[162] On the WEFO application, I note that the Permanent Secretary stated that we were

unsuccessful and that we were turned down because of due diligence. That is simply not true. For a start, it put us on the reserve list. The reason we were not successful in getting the funding and were only put on the reserve list, according to the letter that I got, was due to the severe competition. There was no mention of due diligence in the letter that I had. Again, I could supply that letter.

[163] **Aled Roberts:** It is important that we share the evidence that we have. There is reference in some of the correspondence that we have had to a lack of community engagement. It is important to put on the record that Llangollen is a two-member ward. There had been discussions with—I am reading this now—the Plaid representative for Llangollen, but the other representative was in the dark regarding the process. There is also specific reference to the fact that the town council had not been approached regarding the proposals. I want you to have the opportunity to say—

[164] **Mr Wong:** That is another very strange situation really. On the town council, I know for a fact that it says in the letter from Karen Sinclair to Rhodri Morgan and other Ministers that the town council had made representations to me and that I had kept it in the dark. So, I took that letter to the town council. I had had many meetings with the town council, done presentations and invited everybody, including Karen Sinclair, to our launch in 2005. I have a letter from the town council saying that it had not been kept in the dark at all and that I had made a series of presentations and kept it updated and that it also broadly supported the project. As far as the two councillors are concerned, yes, it is a two-councillor ward, and when we had our launch, both councillors were invited, and the one who was not the Plaid Cymru councillor attended. Later on, there was an election, and the one councillor changed. I was not aware of who it now was, because I was so busy with everything else. So, I just asked the one councillor who I knew at the time, who happened to be from Plaid Cymru.

[165] **Gwyn R. Price:** In May 2011, you wrote to the Welsh Government stating your intention to commence judicial review proceedings citing that the grounds for the judicial review included the Welsh Government's alleged failure to consider alternative proposals put forward by Powys Fadog. However, once the Welsh Government had responded to your concerns, you chose not to pursue a formal judicial review application to the courts. Why did you not pursue that application?

[166] **Mr Wong:** That is very complicated, to be honest. Our solicitors felt that, even if we were to go to a judicial review and win, it would not help us to progress with the project. At that time, I was still focused on delivering the project. That was my only priority. That was it, simply.

[167] **Darren Millar:** Jenny, do you have a point to make?

[168] **Jenny Rathbone:** Just before Mr Wong finishes, at what point did you cease running your courses at the River Lodge Hotel?

[169] **Mr Wong:** I could not give you a date; I am trying to think when the last one would have been.

2.00 p.m.

[170] **Jenny Rathbone:** You were still running them in 2005, because that is when you met Amanda Brewer, whose children were attending courses there.

[171] **Mr Wong:** That is right.

[172] **Jenny Rathbone:** But, after that, were you still running them up until the time when

the purchase was made?

[173] **Mr Wong:** I cannot remember if there was one after 2005 or not. Most likely, there would have been. I do not have—

[174] **Jenny Rathbone:** Perhaps you could let us know, via correspondence?

[175] **Mr Wong:** Yes, sure.

[176] **Darren Millar:** That brings us to the end of this part of our evidence session. You will be sent a copy of the transcript of today's meeting, Mr Wong, and if there is anything you need to change in that, from a factual or an accuracy point of view, please let us know and we will ensure that those amendments are made. If you want to, you can make a few closing remarks and then we will have to bring this part of the meeting to an end.

[177] **Mr Wong:** Thank you. First, a couple of times today, I have been asked if I can provide notes. I have already forgotten what you have asked for. Could I have a note of those?

[178] **Darren Millar:** We will drop you a note.

[179] **Mr Wong:** Diolch yn fawr. This is the first chance that I have had—and it is only a few minutes—to give a story that is completely at odds with what the auditors' report says. I would like to sum up the whole situation and, hopefully, one day I will have the chance to tell the full story.

[180] In a nutshell, what I believe happened, and what all the evidence that I have suggests, is that everybody within the Welsh Development Agency and the Welsh Government was happy with this, from junior to middle to senior officers, including the director general and the deputy director general—and this is recorded—until 2010. In 2010, we put in a proposal that sorted everything out—a complete package—that, again, Ieuan Wyn Jones, the Minister, was happy with, then WAG stopped talking to us after the Permanent Secretary took it over. There is a dispute and various versions from the Government saying when she did actually get involved. We know of this other dynamic that has been going on in the background: Karen Sinclair making continued accusations and we know that the Permanent Secretary was in touch, by telephone, with Karen Sinclair, before the internal audit had even finished.

[181] From January 2010 until now, the Welsh Government has refused to speak to me or to offer me any meaningful conversation, but at the same time, even during March 2010, when we were still thinking that everything was fine, it had been in discussions with Betsi Cadwaladr LHB, negotiating on making a bid for the very same site. Again, all this is recorded: there is a paper trail going back to the very beginning of this project that supports what I am saying. There is no paper trail that fits—we have touched on this legal advice, yet we are still to find out what the legal problem was. Nobody has ever told me what it was.

[182] **Darren Millar:** I have to ask you to bring your remarks to a close, Mr Wong. Obviously we have a detailed set of papers that you were kind enough to provide for the committee. That forms part of the evidence on which we will draw our conclusions as a committee, and we will continue to take oral evidence from a number of witnesses this afternoon and at future meetings. But, I am afraid that we are going to have to cut this part of the meeting short. Thank you very much indeed. Diolch yn fawr iawn.

[183] **Mr Wong:** Diolch yn fawr iawn.

2.04 p.m.

**Proses Gaffael Llywodraeth Cymru a'r Camau a Gymerwyd Ganddi i
Waredu Hen Westy River Lodge, Llangollen—Tystiolaeth gan Amanda
Brewer**

**The Welsh Government's Acquisition and Action to Dispose of the Former
River Lodge Hotel, Llangollen—Evidence from Amanda Brewer**

[184] **Darren Millar:** Mrs Brewer is the former Welsh Government civil servant who was involved in the purchase of the River Lodge Hotel, both as an employee of the Welsh Government and as a board member of Powys Fadog. We are very grateful that you have attended our meeting today, Amanda, and for the papers that you have sent to us, which have been circulated to Members. If you could introduce yourself for the record and make a few opening remarks, we will then get into some questions.

[185] **Ms Brewer:** First of all, I would like to thank you very much for the opportunity to come to speak to you here and to put my side of the story. I am Amanda Brewer, and I am the former senior housing delivery manager for the Welsh Assembly Government. I now work as a self-employed consultant helping social enterprises.

[186] **Darren Millar:** Thank you very much for that—short and sweet, just the way I like it given the time pressures that we are under. Obviously there is a lot of information in the Wales Audit Office report and indeed in the papers that you have provided us about the decision that was made within the WDA to go ahead and purchase the River Lodge Hotel. In your written evidence, you state that the WDA's ceiling price, which was £1 million in 2005, was only for part of the site, and not for the site as a whole. You also say that the £1.6 million that was finally agreed was for the whole of the site. What was the part of the site that you refer to in your evidence?

[187] **Ms Brewer:** That is absolutely correct. The land division board management team agreed a ceiling price of £1 million for the property originally. That was for the whole of the property. It became clear to David Pilkington that they could not agree a price for the whole property for that amount, so what he suggested was that the WDA at that time took the part of the site with the building on it and the eastern car park, which is beyond the settlement boundary, but which had some hope value. They would purchase that for £1 million, leaving the development site to the west, next to the existing housing, for the owner to sell for development separately.

[188] **Darren Millar:** And that is why there was a decision to pay a higher price in the end.

[189] **Ms Brewer:** Partly, yes. The second time around the £1.6 million was for the whole of the site, not just part of it, but between the two periods the market had exploded, and prices had gone up by more than 50%, so there was that dynamic as well—the market had risen substantially. Obviously, there was more land being purchased as well.

[190] **Lindsay Whittle:** Good afternoon. In your written evidence, you appear to have drawn a distinction between a purchase price being agreed for the hotel in December 2006 and the actual purchasing of the hotel that took place in March 2007, stating that by that time an independent valuation from a district valuer would have taken place. Was it normal practice within the Welsh Government to agree the price of a purchase and then only afterwards find out what it was independently valued at?

[191] **Ms Brewer:** No. The situation in this case, with this purchase, was no different. At the time, I was purchasing two or three other properties and used the same policies, procedures and guidelines as for this one. The land division of the WDA was slightly different from the rest of the WDA. In actual fact, it had different rules and guidelines. Under

land division rules and guidelines, an independent valuation was not actually needed. What happened was that there was a peer review. Land division was divided into north and south, and the development director of north region would do a peer review of a valuation for the director of the south region, and vice versa, so there was always somebody checking a valuation.

[192] By the time we had got to the purchase in this case, land division had accepted a lot of the WDA rules and procedures, and it was a requirement to get a written valuation. It was not a requirement to get a formal, red-book valuation. What would normally happen in those circumstances is that you would discuss it with the valuer beforehand; before you actually went out and met a potential vendor, you would speak to the district valuer and give him all the information, and he would tell you what sort of value the property had, and then confirm that in writing as and when it was required. In this case, yes, the piece of paper should have been there before the formal approval went in. It was not, but three people approved that transaction. It was not me who made any decisions, and I want to reiterate that.

[193] In the whole of the process, I never made any decisions whatsoever for the Welsh Government. Everything that I have done has been scrutinised by people above me. That transaction was passed to three other people, who accepted the fact that the district valuer was extremely busy at the time, and the written valuation would come just after the paper had been approved, and, obviously, before the property was actually purchased. So, before the purchase was completed, everything was in order, absolutely, and approved.

[194] **Lindsay Whittle:** So, three senior officials above you approved this.

[195] **Ms Brewer:** Yes.

[196] **Lindsay Whittle:** Thank you very much.

[197] **Jenny Rathbone:** Was this purchase with vacant possession?

[198] **Ms Brewer:** I think that it was vacant possession on the approved form—yes, it was supposed to be with vacant possession. However, I think that you are now referring to the fact that Mr Wong remained at the property. There was also another tenant in one of the houses there. The decision was taken that the people who were already at the property would stay there until proper tenancy agreements could be provided for them. This was not unusual—again, it was land division practice. Quite often, there would be quite a long period between the time you acquired the property and the time it was developed, and it was recognised that properties could be broken into and damaged. So, more often than not, if there was an existing tenant at the property, their tenancy would be formalised with the Welsh Government and they would be allowed to stop in the premises until such time as it was to be developed. I think that that was the thinking behind it on this occasion, and that decision was taken by my line manager, not me.

[199] **Jenny Rathbone:** Okay, but is it not most unusual to have people who are, in effect, creating a tenancy by continuing to be there without some sort of formal agreement that they will exit as soon as further plans for the building have been realised?

[200] **Ms Brewer:** Mr Wong did not have a formal tenancy agreement. Obviously, legal services' advice was taken throughout this purchase, and their advice was that it was okay for Mr Wong to stay there without a formal tenancy agreement. He had a tenancy at will, which could have been converted to a formal tenancy at any time. So, they could have served vacant possession on him at any time and he would have had to have left.

[201] **Jane Rathbone:** And the other individual was in a similar position.

[202] **Ms Brewer:** I believe that she actually had a tenancy agreement, but the owner could have served notice—that is, she could have vacated.

[203] **Jenny Rathbone:** Thank you.

[204] **Aled Roberts:** Are you able to identify—if not today, then subsequently—the two or three other transactions for which you have stated independent valuations had not been received by the time the Government proceeded? Also, can you recall when the guidance was changed? You said that the guidance, or the procedures, within the land division changed during this particular transaction. Perhaps you could confirm when that changed.

[205] Finally, the three officials above you who approved this, can you identify them for us?

[206] **Ms Brewer:** Taking your points one at a time, the first thing is that, as I said, I was carrying out several other transactions at the same time. I could not tell you whether the bits of paper were there beforehand; it is quite possible that they were. What I can say is that I conducted myself in exactly the same way with each of these valuations. In other words, I talked to the valuer beforehand and the piece of paper came. It just happened that, with this particular property, it was around Christmas and the district valuer was very busy. So, all the pieces of paper were on file before the properties were purchased.

[207] What was the second one? Sorry.

[208] **Aled Roberts:** When did the guidance change in the land division?

[209] **Ms Brewer:** It happened actually on the merger, because a lot of the senior people, including David Pilkington, retired. Although there was not a definite statement that the rules had changed, there was nobody to do a peer review. So, the only way we could get the value independently checked was to have an independent valuation done, because the people just were not in place. So, it was roundabout that time that it changed, and we got an independent valuation. I was asked to do that by my line manager, who was supervising me throughout this transaction—obviously, because of the issues with my involvement with Powys Fadog at that time. So, I was closely supervised throughout.

[210] **Aled Roberts:** What about the three officials above you?

2.15 p.m.

[211] **Ms Brewer:** The process used at the time was called PERMIS, which was an electronic approval system. The project manager who initiated the project put the proposal online. It then went to the finance department for financial due diligence; it just checked that it was in the business plan. It fitted with the compliance there. That might not have been a senior official, but it was another official from a different department within the organisation. It then went to my line manager, who recommended it. From my line manager, it went to the head of finance and compliance, who then looked at the financial compliance of the transaction. Finally, it went to the regional director, who had the delegated authority to approve the transaction.

[212] **Darren Millar:** On the delegated authority, was there any change in the scheme of delegation between the WDA days and the Welsh Government days?

[213] **Ms Brewer:** It stayed exactly the same for a long period and, in fact, until I left, it was the same delegation. The limits of delegation might have changed, but it was mainly

within the region of up to around, I think, £4 million or something like that.

[214] **Darren Millar:** But the processes and practices were exactly the same.

[215] **Ms Brewer:** The process was exactly the same, yes.

[216] **Darren Millar:** Okay. Lindsay, did you have any further questions on this?

[217] **Lindsay Whittle:** I am fine, thank you, Chair.

[218] **Aled Roberts:** May I just ask, on the three individuals or individual posts that you have identified, was there a change of personnel in those posts during this period?

[219] **Ms Brewer:** There were a lot of changes; I cannot remember exactly when, but my line manager changed three times. David Pilkington was my line manager when we were in the land division at the WDA; he retired in March 2006. My department then, which was the land division, was then taken over by the existing area development manager at the time. So, the two departments were joined together at merger. She then left a month or two later and John Adshead, the line manager who approved this, took over. So, there were a lot of changes. However, one thing that I would like to make clear that the land division operated in a different way from the rest of the WDA. It was the remnants of the old Land Authority for Wales. We were working under a ring-fenced budget and were expected to trade to get our money to deliver our policy objectives. We did not have grants from the Assembly. So, acquiring a property in a rising market to trade on was quite a common transaction.

[220] **Darren Millar:** So, there were lots of speculative transactions.

[221] **Ms Brewer:** Yes, absolutely.

[222] **Aled Roberts:** The head of finance and the regional director were the same people throughout the period, were they?

[223] **Ms Brewer:** Which period are you referring to?

[224] **Aled Roberts:** From when you first became involved to when the transaction was approved.

[225] **Ms Brewer:** The first approval in 2005 was done by the management board of the land division of the WDA in Cardiff. So, it was a central decision and would have been a completely different process. From March or from the merger, which was April 2006, those people, whose names I just quoted to you, were in place and involved throughout.

[226] **Darren Millar:** Okay. Thank you for that. Mike is next.

[227] **Mike Hedges:** In her evidence to the committee, the Welsh Government's Permanent Secretary stated that

[228] 'people got into group-think mode. They decided that they wanted to do something really important for renewal in Llangollen, and they had a vision of what it was going to be, and that vision drove across putting the appropriate due diligence checks in place.'

[229] Do you recognise that?

[230] **Ms Brewer:** No, I do not, actually. As I say, all of the proper due diligence for this type of purchase was put in place. I was not involved in any of the decisions post purchase for

the Assembly Government. I was told that I was not allowed to do that and I never did. So, I did not necessarily know a lot of what was going on, nor was I involved in any of the decision making. However, I do not believe that there was a 'group-think mode' because I know that ministerial briefings had been sent to Cardiff centrally. I have also seen evidence from documents that I have managed to get hold of for my disciplinary hearing that this matter of the supposed or perceived conflict of interest was very widely discussed both in Cardiff and regionally, although I was not aware of it at the time.

[231] **Mike Hedges:** I do not know whether you heard Mr Wong's evidence earlier, but he thought it was a joint venture. I put the words 'joint venture' to him and he said that, 'yes', although he did not have any documentation. So, if what he was saying was the truth, it was a joint venture between the WDA and Mr Wong. Is that true?

[232] **Ms Brewer:** It was not a formal joint venture. As you know, a formal joint venture is documented formally by a legal document. This was more of a partnership approach and was, I think, as a result of the desire of the WDA, or then the Welsh Assembly Government, to deliver a community project at a time when the social enterprise strategy had come out and also when the Quirk review had been delivered.

[233] **Mike Hedges:** I do not know whether you heard it, but when I used the words 'joint venture' to describe what had been going on, Mr Wong felt happy with those. The next question I was going to ask you was where the documentation was for the joint venture. To clarify, you are now saying that there was no formal joint venture; you were in a partnership. Was there a formal partnership agreement?

[234] **Ms Brewer:** There was no formal agreement; that was the way that everybody was working. Everybody was working in a partnership manner. That was my understanding.

[235] **Mike Hedges:** Having dealt with the WDA over seven years, which I found incredibly difficult a lot of the time, one of the things I found the most difficult in dealing with the WDA was that everything was documented. If you had a joint venture, it all had to be signed, sealed and delivered, and, if it was a partnership, there had to be a partnership agreement. Every single part of those agreements was written down and signed. I am sure that other people who have dealt with the WDA also found it frustrating, but, certainly in south Wales, it tended to get everything down on bits of paper. So, what you are saying is that, in this case, there were verbal agreements and nothing formally put down.

[236] **Ms Brewer:** That was the way that people were working together. With respect, we were dealing with social enterprise, which did not have the experience or the ability to acquire the right legal advice or other advice. So, you have to have a few concessions in how you deal with it. I certainly got the impression that the WDA or the Welsh Assembly Government was dealing with Powys Fadog in partnership mode, trying to develop a project with it and helping it to do that.

[237] **Darren Millar:** It would be fair to say, would it not, that, in giving you permission to sit on the board, that was evidence of the partnership between the WDA and Powys Fadog?

[238] **Ms Brewer:** Yes.

[239] **Darren Millar:** One of the things that the Welsh Government said in evidence to the committee on this particular transaction was that it now had a property leadership team in place and that that would ensure that all transactions were properly peer-reviewed. It also said that, had that team been in place at the time when this transaction was made, this transaction would have been unlikely to have gone ahead under the new arrangements. Do you accept that? Do you think that it would have gone ahead under the new arrangements as they

currently stand? You have mentioned that there was a peer review of the arrangements when you were involved.

[240] **Ms Brewer:** Absolutely no. What I can say to say is that, in 2005, the project was peer-reviewed in 2005 by the land division management team, which included the chief executive at that time, Nick Neal, who, I think, was a public lawyer, in fact, and so would have been well aware of issues. It was looked at by the senior management team, which would have included the finance director and the regional director of south Wales. So, it was thoroughly peer-reviewed and was put into the business plan, and it was approved under that. So, I can only assume that, had it been peer-reviewed again in 2006-07, when it came forward again, the conclusion would have been the same. I have no reason to think that it would not have been.

[241] **Aled Roberts:** The Wales Audit Office report suggests that it was your understanding that the funds—we should remember that the WDA came into the Welsh Assembly Government in April 2006—needed to be spent on River Lodge by March 2007. Why did you understand that to be the case and was any pressure put on you as a unit in north Wales to hurry things along?

[242] **Ms Brewer:** At the time the merger happened, it was difficult for everybody. Nobody really knew what they were expected to do. We had not been told whether the rules and regulations had changed; we were just going forward in the way that we had always done. As you know, budgets are there and must be spent by the end of the financial year; otherwise, that has an impact on the budgets that you have in the next financial year.

[243] I was asked to look for potential projects because there was a lot of slippage in other parts of the former WDA. We were all asked to look for sites that might be suitable to come forward in that financial year on which we could spend our budget. River Lodge was one of several sites that were suggested; even more so, I think, because, from what I can remember, it was still in the business plan for that year. So, it would be an obvious thing to spend the money on. You always try to spend your budget on what is actually in the business plan. I believe, also, that my line manager had been approached by the owner of River Lodge and asked whether the Assembly Government would be willing to buy it. So, that was another factor in that.

[244] **Aled Roberts:** When you say that you were being asked to bring projects along, who was doing the asking?

[245] **Ms Brewer:** My line manager. The head of finance also mentioned bringing projects forward. Obviously, the end of the financial year was March 2007, which is why, once you get to Christmas—property projects take a long time to complete; you cannot just go out and hand your money over the counter. There is a lot of legal work, and a lot of due diligence has to go into it.

[246] **Aled Roberts:** So, two of the three officials who were involved in the approval process.

[247] **Ms Brewer:** Yes.

[248] **Mohammad Asghar:** In her evidence, the Welsh Government's Permanent Secretary suggested that there was a cultural difference between existing Welsh Government staff and those entering from the WDA. Her words were:

[249] 'There was a different attitude to conflicts of interest within the WDA. They did not stick to the policy and procedure.'

[250] Do you believe that there were cultural differences between existing Welsh Government staff and those entering from the WDA?

[251] **Ms Brewer:** I do think that there were considerable differences, and probably in the land division more than anywhere, because we were expected to be entrepreneurial, as I think the Permanent Secretary mentioned, and to take risks. If you have a trading account, and you have to trade land and buildings to actually make money to fulfil your policy objectives, you have to take a certain amount of risk and you have to be entrepreneurial to a certain extent. However, with regard to the conflict of interest, I would say 'yes'; the WDA did have a different attitude towards that. It certainly had a different attitude towards people volunteering and to the extent of what you were allowed to do as a volunteer. I have volunteered for over 20 years. It was not something new for me to offer to help Powys Fadog. Under the WDA, I was one of the founder members of a community shop within my own community, which is one of the reasons, I think, that Powys Fadog felt that I could be of help to it. There were never any issues there that I should have applied for written permission to become a director of that organisation, which was a not-for-profit community organisation. The rules were not specific; certainly not in the Assembly Government. It is not recorded, but I had a discussion with the WDA human resources department and my line manager before I took the directorship, and I was told that the policy and procedure in relation to directorships did not seem to relate to voluntary directorships; it just seemed to relate to something for which, perhaps, you were getting a pecuniary advantage, or you were doing for yourself rather than as a volunteer. The WDA and the Assembly Government very strongly encouraged its officials to use their skills and expertise to help community organisations.

[252] **Mohammad Asghar:** Were you given any advice or guidance on transitioning into the culture and policies of the Welsh Government?

[253] **Ms Brewer:** Absolutely none whatsoever. The only thing that we were told was that it was going to be a merger, and that the reason for this merger was because the Welsh Assembly Government wanted to become a little bit more like the WDA. As it turned out, it was completely the opposite. To be honest, anything that was good about the WDA seems to have been taken away, such as people's ability to do the things that they used to do.

2.30 p.m.

[254] The WDA was subsumed; there is no question about that. We became part of the Welsh Assembly Government, but we were not told what we were supposed to do. The Permanent Secretary is absolutely right, it took a good number of years and quite possibly there were still issues when I left. We still had not had proper property guidance, for instance, before I left. It would have been nice to have had that, because nobody likes to work in a vacuum. You have to work with the tools that you are given at the time, which is what we all try to do.

[255] **Mohammad Asghar:** Finally, how could this transition have been managed more effectively?

[256] **Ms Brewer:** That is a very good question. It would have helped if more thought had been given to how the transition was going to take place. I do not know, maybe it was better in Cardiff, but in north Wales we are a little bit out on a limb and, perhaps, the guidance did not get to us as quickly as it should have done, if there ever was any guidance. There should have been a lot of preparation and a lot more thought should have been given to the people on the ground trying to work. The IT systems did not work for a long time, so we had to use the old WDA tools—we had no choice. All those things should have been put in place so that the whole thing was working nicely and so that everybody knew what they were doing before the

button was pressed.

[257] **Darren Millar:** Let me get this straight: no new rulebook, as it were, was handed to you on day one of the WDA being absorbed into the Welsh Government. Your attention was not drawn to different ways of working in the Welsh Government compared with the WDA.

[258] **Ms Brewer:** No, only very broadly.

[259] **Darren Millar:** Effectively, to reassure members of staff, the message was 'Everything continues as is'.

[260] **Ms Brewer:** Basically, yes. Things did not change, particularly in the property part of it. We never received changed guidelines.

[261] **Darren Millar:** Further to your response regarding your involvement on the board, you said that it was custom and practice for people to be appointed to community interest organisations from time to time in the then WDA and that that was actively encouraged. Yet, you had to check with your line manager and HR as to whether there was a problem with that. Why would you check if it was widely accepted that this was common practice?

[262] **Ms Brewer:** There were still policies and procedures in place about volunteering and directorships and it is good practice to check. As a civil servant and a WDA official, I would not want to break the rules. It was never my intention to do that. I never thought that I had done so. It was prudent to check, and my line manager asked me to do it as well, just to make sure that I was not put in a compromising position.

[263] **Darren Millar:** Were those rules changed frequently or from time to time? Was that a prompt for you to check or was it more because your line manager said 'Just confirm this with HR first'?

[264] **Ms Brewer:** It was more to confirm first. I was aware that there was a register of interests, and I had registered my voluntary activities on it. It was just to double check that things had not changed under the Welsh Assembly Government. I declared an interest on a number of occasions, as and when I was asked to do so and when it was appropriate. On each occasion, I must reiterate, I declared an interest, not a conflict of interest. As far as I was concerned, if there was a conflict, my line manager and those above me should have said 'There's a conflict here; you should step back'. I was never told that.

[265] **Jenny Rathbone:** So, what role did you have in the negotiations that took place in the run-up to a lease being granted?

[266] **Ms Brewer:** I had no role whatsoever. I was told to step back from the Welsh Assembly Government side of things, which I did. The negotiations were carried out by Pol Wong and the solicitor who was helping him. My role during that time was as a project manager. There were occasions when I had to ask or push people for information or to clarify things, so I got involved on behalf of Powys Fadog on occasions when I needed to do so as the project manager, but I did not negotiate.

[267] **Jenny Rathbone:** Who was on the Welsh Assembly Government side, if you were helping out with Powys Fadog?

[268] **Ms Brewer:** My line manager and his line manager, the regional director, had given—well, not given permission—they instructed me as the person they felt to be the most suitable to conduct the purchase. I had been instructed to buy the property. I was then instructed to step back as soon as the property purchase had been completed, and another

officer took over the negotiations under the supervision of the same line manager.

[269] **Jenny Rathbone:** So, John Adshead and Ian Williams were the ones who told you to step back from the negotiations on the lease.

[270] **Ms Brewer:** At the time, it was John Adshead and Vanessa Griffiths, who was the regional director. The negotiation for the lease was taken over by Martin Williams under John Adshead's supervision. I did not negotiate on behalf of the Welsh Assembly Government.

[271] **Jenny Rathbone:** So, as far as your management was concerned, there was no conflict of interest between your position on Powys Fadog and the project management, on behalf of the Welsh Government, of the Powys Fadog proposal?

[272] **Ms Brewer:** No, absolutely not. They did not indicate that there was a conflict of interest and they were perfectly aware of what I was doing. I discussed it with line managers; they were well aware of what I was doing at all times and I had the permission to do it.

[273] **Jenny Rathbone:** That view seems to have changed with the passing of history. One specific issue that was picked up in the compliance review was that you were using your Welsh Government e-mail address to pitch for money for resources on behalf of Powys Fadog. Did you not think that there was potentially a conflict of interest there? Clearly, you were badging yourself as coming from the Welsh Government, because of your e-mail address.

[274] **Ms Brewer:** It is something that I discussed at a very early stage with my line manager. My desire in all of this was to be completely open and transparent. I felt that by using my Welsh Government e-mail address it would be very easy for people to check that I was sticking to the rules and being open and transparent. He approved of that. It was something that—

[275] **Jenny Rathbone:** By 'he', do you mean Mr Adshead?

[276] **Ms Brewer:** Yes. It was quite common in the WDA to use your WDA e-mail address for voluntary activities. In actual fact, the rules did not say anything; all they said is that you should not use your Government e-mail address for personal use. We did not consider volunteering to be personal; it was separate from that. So, that was the reason for that. My line manager, John Adshead, and Ian Williams were aware that this is what I was doing. In actual fact, I think that Karen Sinclair brought it to the Minister's attention in July 2009 that I had used an e-mail address for grant applications, and I would have thought that, bearing in mind that that letter was also subject to a ministerial briefing that went to the Permanent Secretary and everyone below her, if they had thought that there was a problem, they would have told me to stop immediately, because that was when the majority of grant applications were going in.

[277] **Jenny Rathbone:** So, as far as you were concerned, the fact that you were sending an e-mail from one Government department to another, putting forward the reasons why Powys Fadog ought to be considered for a grant, was completely normal in the eyes of your line managers?

[278] **Ms Brewer:** They accepted it. I made sure, before I sent any grant application out to an internal organisation, or even an external organisation, that they were fully aware that I was doing it in a voluntary capacity and not on behalf of the Welsh Assembly Government. I always put a disclaimer that said that on the bottom of the e-mail. Internally, in other departments, people were well aware that I was acting as a volunteer, and not for the Assembly Government. That was accepted by my line managers.

[279] **Jenny Rathbone:** How did you end up becoming company secretary for Powys Fadog? I understand that it was considered normal practice for members of the WDA to join a voluntary organisation to help its capacity building, but ending up as company secretary is putting yourself in the central role.

[280] **Ms Brewer:** That happened right from the outset. I was the only person on the board at the time who understood company law and probably who had the expertise to take over that role. Once you take on that role, because there is quite a lot of minute-taking and various other things involved, it is actually quite difficult to get someone else to take over from you. That was the reason, and nothing else. They simply wanted to use my voluntary expertise.

[281] **Jenny Rathbone:** On the confusion that appears to have been generated by the merger and the different cultures and ways of working, was that not something that you were able to raise in the regular performance appraisals that you no doubt have with your line managers?

[282] **Ms Brewer:** It was something that we raised frequently through line managers and beyond. It was a regular item on the agenda for the central leadership meetings. I know that my line manager raised it on numerous occasions because he had so many complaints from staff, because they did not know what they were supposed to do. However, from what I can understand, it was never addressed.

[283] **Jenny Rathbone:** So, as far as you were concerned, the information that you were getting back was that you were conducting yourself entirely appropriately?

[284] **Ms Brewer:** Yes.

[285] **Mike Hedges:** With regard to e-mail, wherever I have worked, we have always taken the phrase 'private e-mail' to mean anything not relating to work, be it voluntary or anything else. When I was a councillor, I would never use my council e-mail address for college business because I was not allowed to. I was only allowed to use my personal e-mail address for that. I find it strange that you have a definition for something that is neither private nor work, but has some sort of intermediary status. I have never heard of that before.

[286] **Mr Brewer:** At the time, the rules on the use of e-mail actually allowed officials to send a certain amount of personal e-mails, so there was not an absolute ban, and you were not told that you could not use Welsh Assembly Government e-mail for personal use. There was some leeway to use your Assembly Government e-mail address. Although I cannot quote it exactly, I am sure that it said somewhere that you were allowed to send a handful of personal e-mails a week, and that was not considered to be excessive use. In actual fact, that is what I did. It was no more than a handful of e-mails a week.

[287] Another reason for using them was because I was frequently asked by colleagues dealing with the Powys Fadog project for information during working times. That was another reason for using e-mails, because I was asked and would have to store information relating to Powys Fadog on the Welsh Assembly Government drive to be able to provide that information. I was frequently asked for plans and that sort of thing, and they used the Assembly Government e-mail address to e-mail me to ask for information about Powys Fadog that I was providing to them as a volunteer, rather than as anything else.

[288] **Mike Hedges:** Was there not a bit of confusion between your two roles? You have just said that you were dealing with this in part as a Welsh Assembly Government employee, or a former WDA employee, but you were asked questions as someone who was involved with Powys Fadog, which was a private development, albeit a partnership. Was there not a

need to split the two roles?

2.45 p.m.

[289] **Mr Brewer:** I think that I did that. I am satisfied that I managed to split the two roles satisfactorily. You have to remember that this was a partnership approach, and that was always the way in which it was done. If I was asked to give information, I would give that information. No-one was getting any benefit out of this. It was not a private business and I never received remuneration. I was doing it as a volunteer, as were all the other members of Powys Fadog board. It was a not-for-profit organisation, and we all felt that we were fulfilling Welsh Assembly Government policy at the time, which was promoting social enterprise in the third sector very heavily. In fact, with volunteering, I seem to remember the Permanent Secretary being on the internet all the time encouraging people to volunteer and to use their services. There were very much mixed messages. I certainly felt that I was doing what the Assembly Government was encouraging me to do, in helping my community. I did not feel that I was doing anything wrong.

[290] **Darren Millar:** The clock has almost beaten us now, but a couple of people want to come in.

[291] **Aled Roberts:** You made a distinction previously between registering your interest with regard to Powys Fadog and a conflict of interest. Did you, at any stage, declare a conflict of interest?

[292] **Ms Brewer:** Absolutely not. I never thought that I had a conflict of interest. I declared an interest.

[293] **Aled Roberts:** Okay. It is quite clear that, from early 2007, the local Assembly Member was raising issues with the then-Minister, Andrew Davies, and it is quite clear that Andrew Davies's advisers were having discussions with officials in 2007. Then, moving on a bit, we have in our papers confirmation that ministerial briefings were being prepared from 2008 onwards. Clearly, the Permanent Secretary would have had sight of those ministerial briefings, from what we are told. In 2007 or 2008, were you called in by any of your line managers for the potential for a conflict of interest to be put to you, and was your view of whether there was a conflict challenged at any time?

[294] **Ms Brewer:** There was one period—and I cannot remember exactly when, but it did come up in my employment tribunal evidence—during which my line manager said that he had given me an informal warning just not to become too involved in negotiations with Powys Fadog. I had sent a letter asking for information to clarify certain things, and he just said informally—and it was never even noted—‘Just make sure that nothing comes from you, and that it all comes from a solicitor’. That was the only time. He never said at that time that I had a conflict of interest, or that I should back off and not be involved in volunteering. That was the only discussion that we really had on that matter.

[295] **Aled Roberts:** When you say that it was informal, was it recorded anywhere?

[296] **Ms Brewer:** It was not recorded, no. He subsequently produced a file note, but had there been a file note at the time, he should have provided me with it and he did not. You mentioned, Jenny, the end-of-year appraisal, and it was never mentioned in any of my appraisals. In fact, I think that I probably got a commendation for acquiring River Lodge and other properties in that year. If my superiors felt that I was doing something wrong, I would have thought that it would have come out then, formally.

[297] **Aled Roberts:** You have presumably seen the evidence that the Permanent Secretary

gave to the committee a short while ago. Do you have any comments on the fact that she says that she spotted a problem as soon as it came across her desk?

[298] **Ms Brewer:** She did not spot a problem as soon as it came across her desk, definitely not. I know that she was not Permanent Secretary when the property was purchased, but I had seen her name on ministerial briefings in 2008, and Karen Sinclair was regularly bringing up the conflict of interest issue. I know that, in one letter in July 2009, she brought up the fact that I was using my work e-mail to bid for funding. Surely that passed across the Permanent Secretary's desk, and on several occasions after that. So, she did not suddenly jump on it and say, 'It has come across my desk; do something about it'. It was not until January 2010, a much later period, when something happened to change her mind.

[299] **Lindsay Whittle:** Are you the scapegoat here?

[300] **Ms Brewer:** Absolutely. Definitely. I feel that I have been bullied. I have done my best to help my community for very many years, and I feel that I am definitely the scapegoat for the inadequacies and the malpractice of senior officials.

[301] **Lindsay Whittle:** Sorry to jump in, Chair.

[302] **Darren Millar:** That is okay.

[303] **Aled Roberts:** What is your view of the fact that you appear to have received a much harsher outcome in this saga than your line manager or other senior Welsh Government officials?

[304] **Ms Brewer:** My opinion is that they had to do that to stop the project. The only way in which they could stop Powys Fadog getting the funding to go ahead and fulfil its obligations in the agreement for lease was to suspend me. That was the only way in which to stop people asking questions. Even Ministers back away from getting involved if they are told that there is an internal investigation going on. I think that that is why the disciplinary process was so protracted. In the Welsh Government's own rules, it says that a disciplinary procedure should take, from start to finish, 10 days. Mine took nearly nine months.

[305] **Darren Millar:** Okay, I do not want to go into the disciplinary process. It is important that we steer away from that.

[306] **Mohammad Asghar:** My own sympathies are with you. You suggested that there were anomalies in the development of the Welsh Government's compliance review. Could you please highlight one or two of those?

[307] **Ms Brewer:** It mentions in a number of places that the sole reason for acquiring the River Lodge site was to give it to Powys Fadog. That was not actually the case. There were a number of reasons, and we have already discussed one of them, which was the requirement to spend budget in that financial year. Another reason was that the local authority had, for many years, drawn the WDA's attention to the fact that the property was an eyesore. It was one of those properties that was stuck, as the owner did not seem to be selling it. It was a typical land division acquisition. That is what land division did: took properties that were not moving, brought them forward into the system and sold them on. It was an eyesore and needed regeneration, so there was the regeneration requirement, as well. It was situated in the gateway to Llangollen. Obviously, there was also the community objective of Powys Fadog. So, far more than one objective was being fulfilled.

[308] **Gwyn R. Price:** Obviously, before we finish today, you want to make us aware of your position. You stated in your written evidence that you did not write any ministerial

briefings in relation to River Lodge or Powys Fadog. Were you involved in any way in the preparation of briefings for Ministers on the River Lodge Hotel project?

[309] **Ms Brewer:** Absolutely not. I did not even know that they were happening. I would not have been told. I was not involved in any of the briefings at all.

[310] **Gwyn R. Price:** Were you involved in the preparation of any briefings related to the agreement of the lease with Powys Fadog?

[311] **Mr Brewer:** Absolutely not.

[312] **Gwyn R. Price:** That is very helpful, thank you.

[313] **Aled Roberts:** Again, I refer to the Permanent Secretary's evidence. She said that the briefing was written by the individual who project managed the purchase. Who do you understand that to be?

[314] **Ms Brewer:** I project managed the purchase. It is quite clear in the documentation that I project managed it, but I certainly did not write the brief. The brief was written by my line manager, John Adshead.

[315] **Mike Hedges:** I am not familiar with civil service briefings as such, but I am familiar with briefings in other organisations. Normally, they say 'written by' and 'approved by' on the bottom. Does the civil service follow the same procedure, so that it can be traced back? If that is the case, who wrote it and who approved it would be a matter of fact.

[316] **Ms Brewer:** Absolutely. You will see in your bundle of evidence that the name of the person who wrote that brief is on it. That name is John Adshead.

[317] **Darren Millar:** Thank you very much. I am afraid that the clock has beaten us. I thank you, Amanda Brewer, for your attendance today. We appreciate the written information and the oral evidence that you have brought to the table. As I said to Mr Wong earlier, you will be provided with a transcript of today's meeting. If there are any changes that need to be made from a factual accuracy point of view, please let us know, and we will make sure that they are made. Thank you. Diolch yn fawr iawn.

[318] **Mike Hedges:** Chair, I think it important that I say that I know Gareth Hall. I served on the governing body of Swansea college with him, and when he was the WDA person who dealt with south-west Wales, I obviously dealt very closely with him, as leader of the council. I want to put that on record.

[319] **Darren Millar:** Okay, thank you for doing that.

2.55 p.m.

**Proses Gaffael Llywodraeth Cymru a'r Camau a Gymerwyd ganddi i
Waredu Hen Westy River Lodge, Llangollen—Tystiolaeth gan Gyn-swyddog
Cyfrifo**

**The Welsh Government's Acquisition and Action to Dispose of the Former
River Lodge Hotel, Llangollen—Evidence from Former Accounting Officer**

[320] **Darren Millar:** I welcome Mr Gareth Hall, the former Welsh Government's director general for economy and transport. We appreciate your attendance in our meeting to help us with our inquiry. In opening this part of this meeting, do you want to say a few introductory

remarks to put on record who you are and a little bit more about yourself?

[321] **Mr Hall:** Prior to being the director general for the Department for Enterprise Innovation and Networks, subsequently the Department for the Economy and Transport, I was the chief executive of the Welsh Development Agency. I was appointed at the time of the announcement of the merger, so I was involved in the merger process and the subsequent integration in the Welsh Government. Prior to that, I had worked in a number of capacities, including as regional director, since I joined the WDA in 1991.

[322] **Darren Millar:** Thank you for that, because it is important to get the context right. Given that you were involved at the time that the WDA transferred into the Welsh Government, you would have been aware that there were differences, perhaps, in the approach that the Welsh Government would take when compared with the more commercial approach that the WDA may have taken in the past. Is that something that you were aware of early on in the beginning and did it require you to communicate anything to members of the team?

[323] **Mr Hall:** Yes, when the First Minister announced the merger, he was at pains to say a number of things. He said that it was a merger not a takeover, and that he wanted to harness the commercial approach with the policy making. He and Andrew Davies at the time were on public record as saying that they wanted the best of both worlds. They wanted a commercial approach, which, of course, has to be taken within the proper guidelines, rules and processes, but they also wanted to pick up the best practice from both organisations. That was not the exclusive domain of the Welsh Government or the WDA. Another point that was made at the time was that they wanted the responsiveness so that delegations that were in place with the Welsh Development Agency were taken on board wholesale from 1 April 2006. Another point was that there were concerns that the new organisation should not become Cardiff centric, so Ministers wanted to have strong regional offices in north, mid, south and west Wales.

[324] On the transition arrangements, in the 18 months from the announcement of the merger to the merger date itself, the new organisation did not operate in shadow form. There was considerable communication about what was expected, the accountability to Ministers and what this meant. I went on a series of continuous roadshows with my senior management team over that 18-month period and following the merger process to explain what the new organisation would be about and how things would operate to engender, as has been described, that shift in culture. I think that everyone accepts that when a number of organisations come together, this does not happen overnight, which is what the Permanent Secretary was getting at in her evidence.

[325] **Darren Millar:** What difference would your communication have made to people such as Amanda Brewer who sat behind her desk, getting on with her job on a day-to-day basis? What difference should Amanda have noticed?

[326] **Mr Hall:** It is an important point. In her evidence, Amanda said that all of the senior managers of the land division left before the merger date. In fact, the land division activities were stopped as a consequence of the merger. A number of its activities were then subsumed into the infrastructure department, of which she was part, as she explained. The reason for this is that the land division—and Amanda used her own words there—was very entrepreneurial. It had to be self-financing. In fact, it did its own sub-set of accounts in the WDA accounts.

3.00 p.m.

[327] It carried out a number of activities, some of which, like compulsory purchase, had expertise that was carried into the new organisation. It also undertook land availability

studies, but part of the process of making money was buying land speculatively and contesting planning policies and Government policy. One of the important things in the merger is that Welsh Government Ministers did not want a part of the new organisation to be carrying out activities that were contrary to their policies. So, that speculation and trading on account of a separate organisation did not follow through the merger.

[328] Therefore, part of the communication was the integration of the residual activities of the land division with the more mainstream property development and regeneration, which Amanda described.

[329] **Darren Millar:** For people like Amanda, their day-to-day jobs would not have changed significantly; it would have just been a shift in approach elsewhere as far as they were concerned. Their day-to-day activities would have been exactly the same as they were in WDA days.

[330] **Mr Hall:** Yes, it was business as usual. We were very explicit in saying that as part of business as usual—policies, procedures and delegations, which were in place at the WDA—it was a wholesale shift across; there was no change.

[331] **Darren Millar:** Okay. That is the important message I think we need to take in.

[332] **Gwyn R. Price:** As the director general with responsibility, were you made aware of the concerns being raised by Ministers? If so, how were you made aware and what action did you take?

[333] **Mr Hall:** Reference has been made to a letter that was received by the First Minister from Karen Sinclair. I did not see a copy of this letter. It went to their private offices and, as was the practice, it was then sent to the office that was dealing with the subject of the letter to draft a briefing back. I was a copy addressee, along with the Permanent Secretary, of the response. The two things I picked up on were the two categorical assurances that were in that briefing. One was that the purchase of the River Lodge site had been endorsed by the district valuer in line with the red-book rules. I subsequently came to understand that that was not the case. The second thing from the line manager was the categorical assurance that there was no conflict of interest on Amanda's part. On the back of that, as a line manager who was used to empowering his staff who are very experienced and professional, I took those statements at face value.

[334] **Gwyn R. Price:** Did you see the briefings to the Ministers that were provided by your staff?

[335] **Mr Hall:** Yes. I would have seen those, as a copy addressee.

[336] **Darren Millar:** So, it was only as a copy addressee. You would not have seen and approved them before they were sent.

[337] **Mr Hall:** No. That was a matter for the regional director.

[338] **Darren Millar:** But you would have been copied in on these after they had been confirmed and shaped up by the regional director, and then they would have been forwarded.

[339] **Mr Hall:** Yes. I would have received them when they went back to the relevant Minister.

[340] **Darren Millar:** There was a briefing scheduled for 15 January 2010 and a decision was made to withdraw that ministerial briefing. On what grounds was that briefing

withdrawn?

[341] **Mr Hall:** That briefing was proposed to spell out to the Deputy First Minister the terms of a new lease agreement. From previous discussion, this was about the heads of terms of a proposal to change the terms of the agreement for lease to accommodate a new deal with the Pennaf Housing Group. At that time, it was brought to my attention that there were outstanding issues, which had been raised by the lawyers. This set alarm bells ringing with me because the concerns expressed by the lawyers were about value for money and other aspects around state aids—a number of issues. As the sub-accounting officer for the department, it was plain to me that there were value-for-money issues if that proposal were to go ahead, so that is when I alerted the Permanent Secretary as the additional accounting officer.

[342] **Darren Millar:** But concerns about the value-for-money side of things were being raised by the Assembly Member and others a long time before you say your briefing was drawn up, so why suddenly spring into action at this particular point?

[343] **Mr Hall:** I sprang into action before that, in June 2009. As I said, at the time of the acquisition, when Mrs Sinclair raised those concerns, I took the briefing at face value, because it was very explicit that it had been acquired with an independent, full and proper valuation by the district valuer. To me, that satisfied that the purchase was in order. The second thing was that under no circumstances was there any conflict of interest, so I accepted that. In 2009, there had been other initial legal concerns about the agreement for lease, and they were raised by the lawyer, Michael Clarke, with Sharon Linnard, who was director of operations in the next tier down from me, and who had responsibility for management of the regional directors. She said to me that the legal people had raised concerns over the nature of the acquisition, and, on the back of that, I initiated what was referred to in the Wales Audit Office report as the compliance report, which was undertaken by an independent expert in property—

[344] **Darren Millar:** That was Mr Munday.

[345] **Mr Hall:** Yes, Chris Munday. That was initiated by me.

[346] **Aled Roberts:** We asked the Permanent Secretary questions on this at the time and she was unable to confirm the position. Who actually prepared that 15 January 2010 briefing?

[347] **Mr Hall:** I would have to check, but I am pretty sure that it was John Adshead.

[348] **Aled Roberts:** Who in the department above John Adshead would have seen that briefing before the decision was taken to pull it?

[349] **Mr Hall:** Normal practice was that that briefing would have been discussed with—each office had a Government business officer who was responsible for Government business, and they also had access to the regional director, who should have been involved with it, and there was access to compliance advice as well, if that was needed.

[350] **Aled Roberts:** Was the Minister informed as to the background of why a decision had been taken to pull the briefing?

[351] **Mr Hall:** This is now—we are talking about the—

[352] **Aled Roberts:** This is the briefing on 15 January 2010.

[353] **Mr Hall:** The Pennaf briefing—I am pretty sure that he was. His office would have been told. In fact, it went to his office, and then it was withdrawn, so his office would have

known about it.

[354] **Aled Roberts:** So, these issues were still a concern for you, and that is why it was pulled from the ministerial meeting, but did the Minister subsequently receive a copy of the full briefing?

[355] **Mr Hall:** I do not think that there was another briefing after that. I am not aware of another briefing.

[356] **Aled Roberts:** So, there was no communication with the Minister by civil servants as to what the status of the Clwyd Alyn submission was.

[357] **Mr Hall:** The Minister's office was told that it had been withdrawn because of this review that was being undertaken.

[358] **Aled Roberts:** What, that the briefing had been withdrawn?

[359] **Mr Hall:** Yes.

[360] **Aled Roberts:** I am asking, though: if the briefing had been withdrawn, was the Minister ever advised as to the status, as far as civil servants were concerned, of that Clwyd Alyn submission—subsequently?

[361] **Mr Hall:** Yes, I think that he would have been. I would have to check the documentation. Sorry, it is just that you referred to the Clwyd Alyn submission; 'submission' is a technical word in that context, because briefings and submissions go to the Minister. Sorry for misunderstanding.

[362] **Darren Millar:** Just to get this right in the committee's mind, when a briefing is drawn up by someone in your department for a Minister, it is signed off by regional directors—

[363] **Mr Hall:** It should be. It is signed off by the case officer. In this case, it would have been John Adshead. That should have been done in consultation with the regional director. That then gets sent to the Minister's office. I would be copied in. Other people were copied in. In fact, I think that it was someone else who alerted us to the fact that issues had been raised by legal services.

[364] **Darren Millar:** Is that the usual sign-off procedure for any ministerial briefing?

[365] **Mr Hall:** Yes, that was the normal practice.

[366] **Aled Roberts:** You say that someone else alerted you to these concerns. Who was that someone else?

[367] **Mr Hall:** I think that it was someone from the Cabinet Secretariat.

[368] **Aled Roberts:** Can you identify the person?

[369] **Mr Hall:** I can check the files and send you a note.

[370] **Darren Millar:** Is the reason they would have been alerted to concerns because of their involvement as a result of correspondence with the local Assembly Member?

[371] **Mr Hall:** No. It was because they were aware of the concerns expressed by the legal

department.

[372] **Darren Millar:** Would it not have been usual for those concerns to have been expressed to you first rather than to the Cabinet Secretariat, given that it was a transaction within your department?

[373] **Mr Hall:** I think that that is why so many people are copied in to these things. In that way, everyone has a look at it.

[374] **Darren Millar:** You would have been copied in on that at that time as well, would you not?

[375] **Mr Hall:** Yes.

[376] **Darren Millar:** However, you had to have your attention drawn to this by someone else, did you not?

[377] **Mr Hall:** No, this was drawn to my attention by two people, one of whom was Sharon Linnard, and we agreed to withdraw it. At the same time, the Cabinet office picked up on it because it had seen correspondence from legal services expressing concerns about the nature of the proposed transaction. That is why it was withdrawn. I agreed to its withdrawal.

[378] **Darren Millar:** Okay.

[379] **Mr Hall:** That is in the Wales Audit Office report.

[380] **Jenny Rathbone:** The local Assembly Member, Karen Sinclair, had been raising concerns about this project since the beginning of 2007, even prior to the actual purchase. Therefore, I wonder why it took you two and a half years to instigate a compliance review.

[381] **Mr Hall:** Yes, I think that, with the benefit of hindsight—as has been described by the Permanent Secretary—two issues arose in the office. As you know from the evidence that you have already heard, there seemed to be a huge commitment to making this project happen on the part of the people in the north Wales office, from Amanda right through the chain of command there. However, in their exuberance to make it happen, they did not comply with the rules that were very well established. I did not take any action on the briefing as a result of the letter. Mrs Sinclair's first letter precipitated a briefing. With hindsight, I should not just have accepted this, but how can you not? How could I not accept what my team—a very experienced and professional team—were saying about there being no conflict of interest and there being a proper evaluation of the fact that this transaction was totally above board and represented value for money?

[382] **Jenny Rathbone:** However, leaving the conflict of interest to one side, why was a full options appraisal not made of this site to establish its best possible use for the people of Llangollen?

3.15 p.m.

[383] **Mr Hall:** I was not aware that a comprehensive appraisal had not been done until much later on. That came out in the Chris Munday compliance report. A couple of anomalies in the evidence have been raised. First, the Wales Audit Office report is very explicit that this site was acquired with the sole intention of passing it on, through a transaction, to Powys Fadog for community purposes. However, I was very taken aback, in the evidence from Amanda Brewer, that she communicated this as a normal land division transaction, where they buy things speculatively and trade them on. There is an anomaly in that the business case

originally proposed said that the acre of land to the side of the site would be used for residential development, which attributed £1 million of the value. So, when it comes to risk assessment, the risk would have been significantly reduced if that had been passed on for development for residential purposes, and that £1 million recouped. That was part of the original appraisal, but when it came to the agreement of the lease, that was not one of the terms.

[384] **Jenny Rathbone:** It seems to have been a complete muddle, from beginning to end, starting with the fact that there were two people living on the site at the time of the purchase. Nobody seems to have thought that it was subject to vacant possession or, alternatively, that there was some sort of formal agreement in place with those individuals.

[385] **Mr Hall:** I think that you are very right to raise these things. In this transaction, the site was acquired with vacant possession. The lawyers, in their inquiries before contract, would have asked the vendor whether there were any occupiers of the site, legal or illegal. I have been involved with hundreds of property transactions during my career, and that is the first question that is asked. If you are going to buy the property with vacant possession, you make sure that there is no-one on the property—that can give you all the implications of people being there. If there are people there, and you accept it, you regularise those at the time of the transaction; you do not go ahead with the transaction and then sort it out later, because tenancies—

[386] **Jenny Rathbone:** That is my experience too. How is it that this was being done? How is it that that happened?

[387] **Mr Hall:** I cannot understand how that happened, when, on her own admission, the people involved were very experienced in property. That should not have happened. That is bread and butter for property people working in the Welsh Development Agency and Welsh Government.

[388] **Jenny Rathbone:** Then, subsequent to that, the legal department was extremely unhappy about the signing of the lease with Powys Fadog, because it thought that it would amount to unlawful state aid. Yet, your department went ahead and signed this lease.

[389] **Mr Hall:** Yes. I only found out after the regional director signed it off. That is why I initiated the compliance audit.

[390] **Jenny Rathbone:** This is with an organisation that is described in the compliance review as being in a very weak financial position, with negligible financial resources.

[391] **Mr Hall:** That is right. It should not have happened.

[392] **Darren Millar:** This was in your department.

[393] **Mr Hall:** Yes.

[394] **Darren Millar:** So, presumably, the policies, practices and procedures were—

[395] **Mr Hall:** They were not followed. The rules were there, but they were not properly followed.

[396] **Darren Millar:** Which specific rules were not followed? In terms of policies and procedures that Amanda and the regional director should have been aware of, which bits were not followed?

[397] **Mr Hall:** For example, in the land acquisition, it seems that they started off—if you remember, I told you that the land division was disbanded on 1 April, and this project was resurrected in the first year of the Welsh Government. For some reason, when it should not have happened, the land-authority approach was adopted, and then they realised that, when it came to getting it signed off, checking the rules and regulations that had been extant for a considerable period in the WDA, there should have been an independent valuation. So that is why they then went out, at that late stage, after it was negotiated—the normal practice was that you would have got the independent people to agree the price—to the district valuer.

[398] **Darren Millar:** However, a valuation was secured prior to completion.

[399] **Mr Hall:** No. It was secured prior to completion, but after seeing it, well after the event—because I was not aware of it—I was concerned on a number of fronts about the professionalism of that valuation. It was not a valuation. The district valuer said that he would send them a red-book valuation. Our rules said that you needed a formal red-book valuation. The second thing was that the residential element, to which £1 million was attributed, was against hope value for residential. Under our rules, you cannot rely on hope value; you would go to the local development plan to see if it was allocated in the plan, or, in the absence of that, you would get a written communication from the planning authority saying that it would be minded to allocate this for residential purposes as a density of X, Y and Z.

[400] **Jenny Rathbone:** Going back to my earlier question, why was it that you were so unaware of your department in north Wales not following the rules that, according to you, should have been followed? Was it that £1.6 million is such a small sum of money that it was very insignificant business?

[401] **Mr Hall:** Yes. If I give you the context of the scenario in which I was working, my accountability was for an annual gross budget of £1.3 billion. That is the totality of it. To manage an organisation of 1,600 people, I think, at the time—it was not just economic development and the old WDA; I was responsible for transport, road construction, buses and trains, as well as international matters and tourism—you had to rely, as a manager, on your chain of command. You can see how many links there were in the chain. There was Amanda Brewer, who was a chartered surveyor with 30 years' experience—a senior grade 7 civil servant—who reported to John Adshead, a grade 6 civil servant, who was also a very experienced chap, and then to a grade 5 senior civil servant, Vanessa Griffiths in the first instance, and then Ian Williams, who then reported to someone below me, namely the director of operations, Sharon Linnard. You can see where I was in the chain of command. I had to rely on the empowerment and professionalism of the staff, working within the rules and their delegations. They were working within the delegations, so by definition, I got to know by exception, but they were not applying the proper rules within those delegations.

[402] As a result of my instigating the compliance review, I made sure that all transactions—every property transaction under way and undertaken in the Welsh Government since the merger—were peer reviewed. The one satisfaction that I got from it was that there was no issue regarding any other property transaction in the Welsh Government, which amounted to many millions of pounds. It was good to hear from the evidence that the Permanent Secretary and James Price gave you that that process is now embedded in the systems and processes of the Department for Business, Enterprise, Technology and Science. My conclusion on that one is that it was not a systemic issue, but there was an issue about the conflict of interest and how line management within their delegations did not follow the set down and well-established rules and procedures.

[403] **Darren Millar:** On other transactions, we heard earlier from Amanda Brewer that there were a number of other transactions that she was dealing with at the time, which were regular features of her desk job as it were, and that she dealt with them all in exactly the same

way in terms of how she would approach, informally, the district valuer and ask for some correspondence in order to confirm that the price being paid was an appropriate price prior to completion. You have just said that there was a peer review of all other transactions and that they were found to be okay and working perfectly well, as they ought to work.

[404] **Mr Hall:** Yes.

[405] **Darren Millar:** So, would there have been red-book valuations for all of those?

[406] **Mr Hall:** There would have been independent valuations in accordance with the Royal Institution of Chartered Surveyors red-book guidelines. That was the well-established practice.

[407] **Darren Millar:** Was that the finding of the compliance review?

[408] **Mr Hall:** It was carried out later on.

[409] **Darren Millar:** So this was the only transaction that did not have a red-book valuation prior to completion.

[410] **Mr Hall:** It did not have a red-book valuation; it made assumptions about the planning aspect of it—

[411] **Darren Millar:** That was not what I asked you; I asked whether this was the only property transaction that did not have a red-book valuation.

[412] **Mr Hall:** Yes, the report that I received from the group that I set up stated that the group was fully satisfied with the transactions and the valuations.

[413] **Darren Millar:** When you say that it was fully satisfied, does that mean that every other transaction had a red-book valuation?

[414] **Mr Hall:** I assume that they all had independent red-book valuations.

[415] **Darren Millar:** Okay. That is obviously at odds with what Amanda Brewer told us. There must be some way for us to correspond with you to confirm that information.

[416] **Mr Hall:** Yes, there will be a report from that group.

[417] **Aled Roberts:** My question is on the compliance review, which I take it is the Chris Munday report. You just mentioned that you asked for that report and, yet, certainly in some of the information that we have received, it appears to have been commissioned by Sharon Linnard. Who commissioned the report?

[418] **Mr Hall:** I asked Sharon to do it, so she commissioned it.

[419] **Aled Roberts:** I now want to seek to establish when it was commissioned, because there seems to be conflicting evidence. At different stages we have been told that it was June 2009, then we were told it was July 2009 and, from what I understand, the employment tribunal suggests that it was September 2009.

[420] **Mr Hall:** I am pretty sure that it was June 2009, but I can check that. There will be an e-mail instruction.

[421] **Aled Roberts:** Okay. Considering that the ministerial briefing was withdrawn on 15

January 2010, I am quite anxious to establish when this compliance review report was received. We were told in some instances that the ‘finished product’ was received on 15 February 2010. We are then aware of further e-mail exchanges on 16 February 2010, in which Michael Clarke from legal services and John Adshead gave certain views. I also understand that, on 17 February, Chris Munday amended his report. Are all of these tracked changes available within the Government for us to see exactly what was changed during this whole process, given that there were ministerial briefings and so on at the time that were being withdrawn?

[422] **Mr Hall:** Your chronology is right. Chris Munday’s report was put in final draft form, but quite a lot of representations were made by Mike Clarke from legal services, which resulted in changes. A document was sent to Sharon Linnard and me. I had some concerns that it was not the finished article, because there were still outstanding matters regarding the legal aspects, but that is when it was taken over by the Permanent Secretary, who was commissioning the internal audit report at that time.

[423] **Aled Roberts:** I am not clear who Grant Vernon is, but, on 24 May 2010, there is an e-mail from Rose Jones in the HR secretariat, to the fact-finder asking for the agreed version of the Chris Munday report. What do you understand by ‘agreed version’? Great play is made at the beginning of the fact that Chris Munday was, to all intents and purposes, independent—he was based in Treforest and had not been involved in any of the background to the matters relating to River Lodge. So, it seems to me quite strange that somebody who was picked out as being impartial and as not being involved in the process was being asked about an agreed report. Surely, if you are independent and you produce a report, there is only one version, not a number of versions, as the e-mail seems to suggest.

3.30 p.m.

[424] **Mr Hall:** He may have presented it as a final report, but there were outstanding issues on it. You mentioned Grant Vernon. I have a copy of the documents that Amanda gave you. If you look at the bottom of the one with ‘20’ on the bottom right-hand corner—you mentioned Rose, who was the HR person; I do not know Grant Vernon, but I can see that he is an addressee on there—

[425] **Aled Roberts:** Yes, in finance.

[426] **Mr Hall:** This e-mail to Rose is from my office manager Janine Boyer-Day and says that

[427] ‘Gareth has commented as follows:

[428] ‘For the avoidance of doubt Arwel’

[429] who was the head of internal audit,

[430] ‘also agreed to the release of the Chris Munday Report. This report was never finalised as it was a precursor to the Internal Audit exercise and this needs to be pointed out to Angela who should preface her discussions with Amanda and John accordingly.’

[431] **Aled Roberts:** So, why does a department commission a report that was never finalised? We have another e-mail from Arwel Thomas on 10 September in which he refers to the report as being under preparation by Chris Munday. That is almost 12 months from when it was commissioned in the first place.

[432] **Mr Hall:** Chris Munday was finalising his report. The priority was then given to the

formal internal audit report by Arwel, commissioned by the Permanent Secretary, which was cognisant of the Chris Munday report. The one fed into the other. If you look at the Wales Audit Office report, you will see that it quite often makes reference to both of them. It says, ‘The Chris Munday report said so-and-so and then that was endorsed by the internal audit report.’

[433] **Aled Roberts:** So, how was Arwel Thomas saying, on 10 September 2010, that Chris Munday’s report was still under preparation when all the e-mail correspondence that we have—certainly Chris Munday appears in his e-mails to be of the view that his final report, even after it had been doing the rounds and being agreed or whatever, was issued on 26 April 2010?

[434] **Mr Hall:** I am not familiar with that e-mail, but all I can say is that the e-mail that I have referred to, which was written by my office on my instructions, says that

[435] ‘Arwel also agreed to the release of the Chris Munday Report.’

[436] **Darren Millar:** May I check something with you? The e-mail to which you are referring also says

[437] ‘This report was never finalised as it was a precursor to the Internal Audit exercise’.

[438] However, at the time that the Chris Munday report was commissioned, the internal audit exercise had not been commissioned by the Permanent Secretary. They were two completely separate things.

[439] **Mr Hall:** They were two separate things, but just as this was being completed, the instruction went out for Arwel to do the internal audit report.

[440] **Jenny Rathbone:** Why had it taken so long to do the compliance review, because he was commissioned to do it in July, according to the WAO report? He was asked to do this compliance review, which is not hugely complicated, in July, so why did it take him until the end of February to complete it?

[441] **Mr Hall:** I do not know the reason for that.

[442] **Jenny Rathbone:** I go back to the concerns of the local Assembly Member that this matter was not being conducted in a matter that was compliant with Nolan or any of the other processes that ought to be applied by the Welsh Government.

[443] **Mr Hall:** I have to accept that it took longer than it should have.

[444] **Jenny Rathbone:** Then, when it was completed, it was buried.

[445] **Mr Hall:** It was not buried, because it very much informed the formal report commissioned by the Permanent Secretary. It was never buried, because it was part of the evidence considered by the Wales Audit Office and it is quoted at length in its report.

[446] **Aled Roberts:** Were you party to any of the discussions between Mr Thomas and the Permanent Secretary on this? I am concerned that we have a report that appears to have been finalised in February 2010, we then have the Permanent Secretary commissioning an internal audit review the following month, when, clearly, Mr Munday’s view was that he had completed his report in February. However, in an e-mail that we have, which is No. 26, Mr Thomas’s explanation is that his own advice to the Permanent Secretary was derived from matters contained in Mr Munday’s emerging report.

[447] **Mr Hall:** Yes.

[448] **Aled Roberts:** It was not emerging; as far as Mr Munday was concerned, it was his final report.

[449] **Mr Hall:** There are two things. Chris Munday thought that it was his final report, and both Arwel and I saw it as a final draft report, which was never formally concluded because it was then overtaken by events, namely the formally instigated internal audit report. However, once again, I repeat the point that it was not buried, but that it was informing that and was presented in all its detail to the Wales Audit Office.

[450] **Darren Millar:** However, it is fair to say that the author of a report determines whether it is completed, or not.

[451] **Mr Hall:** I asked Sharon Linnard, and it should have been for Sharon Linnard to accept the report.

[452] **Darren Millar:** Okay. We need to move on.

[453] **Mike Hedges:** At the time of the purchase of River Lodge, how clear was the Welsh Government's policy regarding the ability of its officials to hold management or board-level positions in external organisations, especially organisations funded by the Welsh Government?

[454] **Mr Hall:** As you noted in your comments to the Chair, our paths have crossed in times past. I was a volunteer member of the board of governors of Swansea College, and I was actively encouraged in the WDA to do that; it was the policy. I got involved in things like helping the governors on business planning. In fact, we devised a new set of key performance indicators for the college. However, one thing was very certain: if there was any talk or any conversation about possible grants from the WDA, I got up and left the room. That was the policy that was pursued not just in the Welsh Government, but in the Welsh Development Agency. You were encouraged to use your professional skills and expertise in a voluntary capacity—umpteens people are school governors, others help with the Scouts and with rugby clubs, among other things. However, the big difference was that if anything came across your desk in doing that voluntary work that impinged in any way on your professional work, you excused yourself and you had absolutely no more to do with it. This was sacrosanct. They were the rules, and the rules were no different in the WDA than those in the Welsh Government.

[455] **Mike Hedges:** Yes, that is absolutely right, Gareth. My memory is that, when the college was looking for a new site, even when there was a possibility that land may belong to the WDA, you always excused yourself in case some of the land in question was WDA land.

[456] **Mr Hall:** That is right.

[457] **Mike Hedges:** Is that what you would expect everyone to do?

[458] **Mr Hall:** Yes. I would expect people to do that, because, as employees of both the WDA and the Welsh Government, they were reminded of this through their governance training. However, I also have to remind you that Amanda Brewer was a chartered surveyor with over 30 years' experience. Professional people—whether accountants, lawyers, or whatever—through their professional training are made aware that you do not get into situations where there is a conflict of interest.

[459] **Mike Hedges:** Thank you. The other thing I would like to ask about is e-mails sent on behalf of third parties—the difference between private, personal and some intermediary e-mails. Were there any rules that you could use e-mail only for business purposes related to your job, or, as Amanda Brewer just said, could you have a handful of private e-mails as long as you did not clog up the system?

[460] **Mr Hall:** The rules regarding the number of private e-mails you could use stipulated a handful. That means that it should be by exception. However, the spirit, and my understanding, along with that of most people I knew, was that you did not use the e-mail system for your own business—and I know of separate disciplinary action being taken because of that—particularly if you are using e-mail in connection with something with which you are involved privately or as a volunteer but using your knowledge and experience from your day job. That is an anathema. The point that has been raised here is that if you are working for the Welsh Government and you have a declared interest, you do not pursue that, period.

[461] **Mike Hedges:** I do not know if you listened to the earlier evidence, but Mr Wong said that it was a joint venture and Amanda Brewer said that it was a partnership. What rules, if any, were there regarding a joint venture or partnership, however it was formed and however loosely? I would have thought that there would be some sort of written documentation to show what the Welsh Government/WDA's part was in it—a bit like you did with the developments with Swansea council, for example.

[462] **Mr Hall:** I think that Amanda admitted that joint ventures are legal agreements, as are partnerships. This was very much a lease transaction—an arm's-length transaction with a private voluntary body. It was not a partnership agreement.

[463] **Darren Millar:** However, do you accept that the WDA was trying to support the social enterprise to deliver a project?

[464] **Mr Hall:** I accept that the outcomes would have had community benefits; that was the main purpose of it. However, professionally, in documenting and negotiating the transaction to make that happen, you would be obliged to comply with the rules. In these rules, it was an arm's-length lease transaction that would have had to have the proper approvals, plus the commercial rents and all the other things that go with it.

[465] **Mike Hedges:** I am not trying to put words in your mouth, but, effectively, the WDA was purchasing a property to pass on to a third-party organisation, albeit a voluntary third-party organisation. It was going to make some money from the sale of the additional land alongside, and the other part of the site was going to be used by a local voluntary body for the benefit of the community.

[466] **Mr Hall:** I think that 90% of that is right. Unfortunately, the initial appraisal said that the acre of land to which they attributed £1 million was going to be sold off, but it transpired that the lease included that land in the transaction with Powys Fadog, which therefore increased the basis of the risk from £600,000 to £1.6 million. That is why concerns were raised about the robustness of the appraisal before the transaction and before entering into the lease agreement.

[467] **Darren Millar:** Before I bring Lindsay in, you have made it quite clear that the usual arrangements would entail the WDA supporting someone to involve themselves in an organisation that was for community benefit, such as a college or whatever else, and that there were policies and procedures that that individual would have to follow. Were there written policies and procedures in place in terms of when they should step out of a room, when they should step back in, and the items that they could and could not discuss? Did they extend to

social enterprise boards?

[468] **Mr Hall:** They extended to any organisation.

[469] **Darren Millar:** I just wanted to make sure that that was on record.

[470] **Lindsay Whittle:** In your evidence, on two occasions you refer to Amanda Brewer and—you waved your hand—two or three people above her. You went on to name them. You said that the command chain was Amanda Brewer and above her John Adshead, Vanessa Griffiths, replaced by an Ian Williams, then the director of operations, then, I assume, yourself. You must have all been aware of Amanda Brewer's involvement in the Powys Fadog project. Why was she not advised to step back? She was the only one dismissed, although I notice that a line manager was given a final written warning and took early retirement shortly afterwards; I would be interested to know how old that person was and if any other payments were made to that person, but that is perhaps another issue.

[471] **Darren Millar:** Let us confine ourselves to the issue under discussion.

[472] **Lindsay Whittle:** It is important, because everyone seems to have known of Amanda Brewer's involvement, but no advice was given to her. As a responsible employer, why was it not given?

[473] **Mr Hall:** The advice was there in the policies and procedures that were readily accessible. Regular briefings were given to people in the organisation about governance, both in the WDA and the Welsh Government. This was reinforced by her professional training and professional standards about conflicts of interest.

3.45 p.m.

[474] **Darren Millar:** Amanda asserted to us earlier that she had contacted the HR department to confirm the arrangements et cetera. It would be normal for the HR department to refer to a set of policies and procedures, would it not?

[475] **Mr Hall:** Yes. You see, it is one thing to register an interest and another to act upon it. I have not seen evidence of those two things going in tandem. You do not say, 'I've registered an interest' and then carry on getting involved. The principle that is always followed when you have any potential conflict is that you stand back from it and do not have anything to do with it.

[476] **Aled Roberts:** Okay. That is the view that there was a call that was to be made by the officer concerned, but we have already discovered that, sometime between June and September 2009, you were so concerned, or Sharon Linnard was so concerned, that you instigated a compliance review. Yet, as senior managers, you still allowed Amanda Brewer to conduct negotiations—

[477] **Mr Hall:** No, I did not. I was given a categorical assurance by the regional director—I can send you the e-mail—that there was no conflict of interest as regards Amanda Brewer. When a senior manager told me that in such categorical terms, I accepted it.

[478] **Aled Roberts:** Was there anything in the compliance review to indicate that Amanda Brewer was involved in the discussions with Clwyd Alyn housing?

[479] **Mr Hall:** I would have to check the detail of that. There were concerns, there were recommendations, and conclusions were drawn from that about issues around compliance.

[480] **Aled Roberts:** Were any directives given from the centre that Amanda Brewer was not to be involved in any discussions with Clwyd Alyn housing?

[481] **Mr Hall:** There were no instructions issued because of the categorical assurance from the regional director.

[482] **Darren Millar:** Let me get this right; at that time, you knew that Amanda Brewer was a member of the Powys Fadog board, yet you did not step in and say, 'Wait a minute, let's hold off and withdraw Amanda', to ensure that it was completely above board and that there was no risk of a conflict of interest occurring in the future. You did not step in and say, 'Hold off, let's take Amanda out of the picture'.

[483] **Mr Hall:** I did not do that because of the categorical assurance from the manager.

[484] **Darren Millar:** You did not do that, even though you knew that it was a direct contravention of the policies and procedures that you referred to earlier, which are very clear about people not being involved and not touching work when they are members of a board.

[485] **Mr Hall:** I do not think that it was confirmed at that time. There were no findings. The disciplinary action on the conflict of interest came as a result of the recommendations of the audit report. It was then that a disciplinary process was set in place; I had to determine whether there was a case to answer, and when I was satisfied that there was, I had to stand back. There was quite a comprehensive process there. There was a fact-finding report. The fact-finding officer was not satisfied that she had the professional competence to answer some of the questions, so that is why I asked another independent property expert, Ed Bampton, to find some supplementary information. The disciplinary process was then set in train, which led to suspension and dismissal.

[486] **Darren Millar:** Forgive me, Mr Hall. You say that you were copied in on the correspondence from the First Minister to Karen Sinclair that gave assurances that there was no conflict of interest. However, in that letter it was made clear that Mrs Brewer was a director and the company secretary of Powys Fadog and that her involvement would be a direct contravention of the policies and procedures that you say were widely known throughout the organisation.

[487] **Mr Hall:** Yes. Chair, I made this point early in my evidence: I relied wholly on my management training about empowering people and trusting people—

[488] **Darren Millar:** I understand that—

[489] **Mr Hall:** The regional director told me categorically and unequivocally, so I accepted that on face value—

[490] **Darren Millar:** I understand that you wanted to delegate as much responsibility as possible down the line. I completely accept that. The difficulty I have is that you knew that this arrangement would be contrary to your policies and procedures. You clearly knew that, because you have just indicated—

[491] **Mr Hall:** It is the point going back to the Swansea college example: you can be acting as a volunteer, giving advice to an organisation, provided that you do not overstep the mark and that that then contradicts or impinges upon your professional responsibility. I was assured that it did not impact on the latter.

[492] **Aled Roberts:** Given that you place so much reliance on that assurance, do you recall the nature of the assurance? Was it actually set out what Amanda Brewer's involvement was

with the project? Was any detail given as to what her continued involvement was that would have then led you to ask further questions?

[493] **Mr Hall:** It was an unequivocal statement in an e-mail from the line manager.

[494] **Aled Roberts:** Did it not contain an explanation?

[495] **Mr Hall:** I cannot remember the full content of it, but I will be able to send you a copy of that.

[496] **Aled Roberts:** Following receipt of that e-mail, did you have any further discussion with the regional management as to what her continued involvement was, to perhaps reassure yourself, given that this was the subject of a compliance review?

[497] **Mr Hall:** No, not in print.

[498] **Mike Hedges:** I have no doubt in my mind that, at some stage, Amanda Brewer should have either come off the project or come off the board of Powys Fadog. I also believe that a line manager who knows about these things, and knows that someone is not making the right decision, needs to call that person in to say that they cannot be on both: if you are in Powys Fadog, you must have no further involvement with the project from the Welsh Government's side, or you have to leave Powys Fadog and work with us. You cannot be on both sides. The line manager was fully aware of it—no-one has doubted that; everybody in north Wales was fully aware of it. I remember you saying to me, Gareth, sometime ago in Swansea, that they do things differently in north Wales, when I asked about financial support for the new Liberty Stadium after the WDA had already given money to the Racecourse ground. Should someone have taken action at that stage?

[499] **Mr Hall:** I do not recall that conversation, Mr Hedges. I do not know whether I would have made such a sweeping remark. Quite a lot of people in north Wales comment about—

[500] **Mike Hedges:** I think it was a north Wales WDA—

[501] **Darren Millar:** Can we be brief? I am conscious of the time.

[502] **Mr Hall:** All I can say is that I do not think that it is a direct parallel because the money that went into the Racecourse ground was a town improvement grant to improve the existing elevation to the public highway, and the new Liberty Stadium was a new build, so we were not comparing like for like.

[503] **Darren Millar:** I am conscious that we need to draw the discussion back to River Lodge, and we have a few people who want to come in here. I am also conscious of the time. We have five minutes according to my watch—I am not going by the clock at the back—until the time at which we were expected to conclude the meeting. If we do not conclude it by then, we will have to pause for a short break while we change tapes et cetera in order to allow us to continue, but I would like to see if we can get through this in the next five minutes.

[504] **Gwyn R. Price:** It concerns me that there were so many managers above Amanda Brewer who obviously knew what was going on. You took their advice that there was no conflict of interest. You were up there and they were in the middle as paid officers. At the end of the day, only one person has taken the rap for all of this, and that is Amanda Brewer. I believe that there were senior officers above Amanda Brewer who should have told her to get out of the scene and to walk away because, at the end of the day, there was a conflict of interest in their opinion. If not, why is one person taking the rap?

[505] **Mr Hall:** Disciplinary action was taken with her immediate line manager and the other line manager.

[506] **Gwyn R. Price:** How many were sacked?

[507] **Mr Hall:** There was disciplinary action against the line manager, who had a final written warning, as Mr Whittle said, and against the regional director—this was part of a disciplinary matter with him as well. There was disciplinary action taken.

[508] **Gwyn R. Price:** But nobody lost their jobs apart from Amanda Brewer.

[509] **Mr Hall:** I can only instigate disciplinary action. There is a separate process for the outcome. All I can say is that disciplinary action was taken, but I cannot comment on the outcome of that disciplinary action.

[510] **Lindsay Whittle:** Where are we now? What a tangled web we seem to have weaved on this issue. The Welsh Government's options appraisal sought only to identify feasible options for the property. There was no assessment of the costs and benefits of any other options, from what I can see. Is there any reason for that?

[511] **Mr Hall:** Again, I was involved with the commissioning of that, but I moved on to a secondment in January 2011, when I think the options appraisal was still being carried out, so I cannot comment on the detail of that, sorry.

[512] **Lindsay Whittle:** We heard earlier that there is a parcel of land next to this River Lodge that could have been suitable for residential development, but there is no appraisal of whether that would have been included. The Welsh Government owns this building and land now, so are we wasting more money, or not?

[513] **Mr Hall:** I think that there is an appraisal there. From what I understand—and I have not been a party to this for the past 18 months—the options appraisal looked at all the different potential uses, but then, if the Welsh Government was going to do anything, it had to be in line with the policies that were coming out of the economic renewal programme at the time. In fact, I met with Pol Wong and the chief executive of the Pennaf Housing Group, and we tried to get them involved in a social housing development on part of the site to help to create some of that value and erode some of that £500,000 shortfall. However, Powys Fadog was not interested in residential development on the site. That was one of the—

[514] **Lindsay Whittle:** This might be regarded as a flippant remark, but I cannot say that I blame them, to be honest, from the evidence that I have heard so far.

[515] **Darren Millar:** We have two minutes left, so Oscar, could you be brief, and, Gareth, could you be very brief in your response, please?

[516] **Mohammad Asghar:** I think that the whole department has fallen into disrepute because of this, and you were the head of department, so the buck stops with you. Why did the Welsh Government not put in place the safeguards needed to protect its assets and avoid their falling into disrepair?

[517] **Mr Hall:** The bread and butter of the Welsh Development Agency, its whole raison d'être, was buying land and developing factory sites. It would be food and drink to any project manager who acquired an asset to do a comprehensive survey of the site. For example, in a building of that era, you would be looking for asbestos, and water storage tanks, looking for legionnaire's disease. The request to the district valuer did not include the fact that the

main sewage supply and water supply runs through that site, which could be an encumbrance on the residential development value. So, it was assumed, without confirming with the planners, that it would have planning consent, and it was encumbered by the fact that—and again, this is basic stuff for property professionals—that was not pursued. To answer your point in detail, the first thing you do as soon as you exchange contracts is get contractors in to drain off the water supply and board it up, and you have a security contract in place. That has happened with dozens of properties that have been acquired, as you will know at first hand, Mr Hedges. It is a reflex action in every other circumstance.

[518] **Darren Millar:** But it did not happen with this one.

[519] **Mr Hall:** It did not happen, and that was professionally wrong.

[520] **Darren Millar:** That is because there was an existing arrangement on site with Mr Wong—

[521] **Mr Hall:** This site was acquired with vacant possession.

[522] **Darren Millar:** However, there were discussions about allowing Mr Wong to maintain a tenancy on the site in order that he could, effectively, be a watchman.

[523] **Mr Hall:** A proper professional would have sorted that out and would not have agreed to the signing-off of the conveyance. If there were people on the site and they wanted vacant possession, they would have got them off. If they wanted the people to stay on the site, they would have put them into proper assured shorthold tenancies, which would have been signed on completion. That is run-of-the-mill property management.

[524] **Mohammad Asghar:** We heard from Amanda that there were a lot of anomalies in the Welsh Government compliance review. You were a part of that. We heard you saying that when you were in the college in Swansea, you were leaving the room and all the rest of it. We also heard from Mr Wong that a similar thing was happening when Amanda was director and company secretary of Powys Fadog. This is a procedure, so do not compare apples and oranges. Serious mistakes were made.

4.00 p.m.

[525] **Mr Hall:** No, I take you to task on that, because the principle was that if she had said that she no longer had any professional interest in this, as part of her day job, and her interest was only as a volunteer, she should not then go back to the office and use her e-mail to pester other staff in her professional day job capacity. That, to me, is a conflict of interest.

[526] **Darren Millar:** Although, we have established that you knew that this was happening, from correspondence that was copied to you, and you did not intervene to stop it.

[527] **Mr Hall:** I did not know that it was happening.

[528] **Darren Millar:** You were copied into correspondence. You have confirmed that.

[529] **Mr Hall:** I did not know that it was happening, because I was given the assurance by the line managers that it was not.

[530] **Darren Millar:** But you knew that she was involved in the day job—

[531] **Mr Hall:** It was only subsequently, after the various reports, that I knew that this was happening. If I had known it at the time, I would have stopped it.

[532] **Mohammad Asghar:** She was not pestering, Gareth. Think twice about what you just said. She was not pestering any Ministers and she was quite legitimately using her e-mails.

[533] **Mr Hall:** No. Sorry, but no.

[534] **Darren Millar:** You have made your views on this clear. Aled, would you like to ask a question? I will then bring the meeting to an end.

[535] **Aled Roberts:** Given the compliance review and the options appraisal, did the Welsh Government approach Betsi Cadwaladr University Local Health Board regarding the use of the site as a health centre?

[536] **Mr Hall:** That approach was made as part of the options appraisal, which was a recommendation of the internal audit review.

[537] **Darren Millar:** I now have to draw the meeting to a close. Thank you, Mr Hall and the other witnesses, for your attendance today and thank you, Members, for your cooperation in getting through that work. Diolch yn fawr iawn.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public**

[538] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42.

[539] I see that there are no objections. Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 4.02 p.m.
The public part of the meeting ended at 4.02 p.m.*