

Mick McGuire
Director – Sectors and Business
Department for Economy, Skills and Natural Resources
Welsh Government
Cathays Park
Cardiff CF10 3NQ

11 May 2017

Welsh Government's funding of Kancoat Ltd

Dear Mr McGuire,

The Public Accounts Committee considered the Welsh Government's response to the recommendations contained in our report on the Welsh Government's funding of Kancoat Ltd during the meeting on 8 May.

The Committee was pleased to note that 10 of the 11 recommendations have been accepted. However, regarding **Recommendation 7** which has been accepted in principle, your response asserts that paragraphs 1.3 and 4.4 of the Ministerial Code provide sufficient safeguard in the context of the Welsh Government's reputation. The Committee found that in the case of Kancoat, these existing safeguards were insufficiently robust given the absence of any documentary evidence to support how the then Minister had considered the perception of any conflict of interest.

The Committee considers that such evidence, had it been available to the Welsh Government, would have been effective in rebutting subsequent suggestions in the media that the conduct of the then Minister had breached the Ministerial Code.

I am therefore writing to seek further assurances from the Welsh Government regarding the future handling of perceived conflicts that may arise beyond the actual boundary of a Minister's own constituency.



I also wish to seek clarification on a number of other issues.

Regarding **Recommendation 1**, the Committee would welcome a firmer date rather than summer 2017 as to when the expected department review will be concluded and similarly wish to have sight of the revised clarification of the definition of 'advanced materials and manufacturing'. With regard to **Recommendation 10**, your response states that internal guidance will be updated by the end of April 2017. Can you confirm if this has been completed?

I look forward to receiving your reply and as the First Minister is responsible for the Ministerial Code, I am copying this letter to Shan Morgan, Permanent Secretary and James Price, Deputy Permanent Secretary for the Economy, Skills and Natural Resources Group.

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is written in a cursive style with a long horizontal flourish at the end.

Nick Ramsay AM
Chair

