

Andrew Davies AM/AC
Minister for Economic Development & Transport
Gweinidog dros Ddatblygu Economaidd a Thrafnidiaeth



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Our ref: SF/AD 0261/05
Your ref:

Janet Davies AM
Chair
Audit Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Cardiff Bay / Bae Caerdydd
Cardiff / Caerdydd CF99 1NA

Private Secretary / Ysgrifennydd Preifat
Angela Williams
029 2089 8772
GTN: 1208 8772
Fax / Facs: 029 2089 8129

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Dear Janet

**AUDIT COMMITTEE: PUBLICATION OF REPORT 'THE COLLAPSE OF ANTUR DWYRYD
LLYN LTD'**

Thank you for your letter of 2 November to the First Minister enclosing a copy of this report.

I attach the formal response of the Welsh Assembly Government to the report of the Audit Committee which will be laid by 13 December 2005 in accordance with Standing Order 12.5.

*Yours
Andrew*



BUDDSODDWR MEWN POBL
INVESTOR IN PEOPLE

The Welsh Assembly Government's response to the report of the National Assembly Audit Committee's report on The Collapse of Antur Dwyrdd Llyn Ltd: Committee Report (2) 06-05

The Welsh Assembly Government is grateful for the report. We welcome the findings and offer the following response to the three recommendations in the report

1 Recommendation

The Welsh Assembly Government claimed that the fact that the original financial review of Antur Dwyrdd Llyn Ltd was undertaken for a limited purpose relating to the accreditation of the local enterprise agency in accordance with taxation law might restrict its use for a wider purpose. But, there was no formal bar on such use, and in cases such as this, in which the public sector is relying on a third party to deploy public money to deliver services that the public sector requires, normal business prudence dictates the need for risk assessment and monitoring. **We recommend that public sector funders should collectively consider and keep in view the extent to which organisations such as this, which are largely dependent on the provision of public money are exposed to the risks of failure.**

2 Recommendation

We recommend that decisions to advance public funds to such bodies in the first place, on the conditions to attach to such advances and on the detailed monitoring that should follow, should be based on, and be proportionate to the collective risk assessment in each case.

3 Recommendation

That standing arrangements be put in place for each body whereby relevant information received by one part of the public sector is communicated in a timely way to all public sector funders.

Response

The Welsh Assembly Government places a high priority on more effective communication and co-operation across the public sector in Wales. They are key factors in progressing the 'Making the Connections' agenda.

The merger of the WDA, WTB and ELWA with the Welsh Assembly Government will enhance the merged bodies' ability to take a collective approach to the assessment and monitoring of risk and the sharing of information in respect of organisations such as this, which are largely dependent on the provision of public money. The ability of the merged bodies to take a collective approach will be helped greatly by the on-going

development of a shared data base within the Welsh Assembly Government. These developments will go a considerable way to meeting the Committee's recommendations.

Extending the collective approach to risk and information sharing beyond the merged Welsh Assembly Government structure to the wider public sector within Wales will need very careful consideration, however. It could involve potentially complex organisational structures and considerable cost. It would also need to be considered in the light of the following considerations :-

- The Welsh Assembly Government should not be answerable for the practices of public sector bodies outside its control including local authorities. Collective action should not be at the expense of blurring clear lines of financial accountability within individual organisations. It is a basic principle that individual public sector bodies are responsible for the management and monitoring of their contracts.
- The provisions of Data Protection legislation make it impossible to generalise on the propriety of sharing information; particularly in the case of information of a commercially sensitive nature.
- Administrative changes in the way information is used or shared does not and cannot absolve businesses of their responsibilities for the proper conduct of their affairs including their obligations to individual public sector bodies that provide them with funding.

Given these factors, and whilst committed in general to greater co-operation within the public sector, the Welsh Assembly Government is of the view that a proportionate approach needs to be taken to considering the propriety and practicalities of more collective risk management and information sharing with the wider public sector. The potential benefits need to be carefully weighed against the issues identified above. **It is for this reason that the Welsh Assembly Government can give only qualified acceptance of the Committee's recommendations in respect of this Report.**