

Grwp yr Economi, Sgiliau a Chyfoeth Naturiol
Economy, Skills and Natural Resources Group

Dirprwy Ysgrifennydd Parhaol • Deputy Permanent Secretary



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair, Public Accounts Committee
National Assembly for Wales

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18 March 2016

Dear Chair

I am writing to clarify four points that were raised at the Public Accounts Committee held on 8th March relating to the Committee's review of the Wales Life Sciences Fund.

- **Provide clarification of the selection panel's composition, when the advisory panel appointments were made and the number of members appointed from outside Wales;**

The Sector Panel appointments, which commenced in September 2010, were made using a process which takes into account the Commissioner's Code of Practice on Ministerial Appointments to Public Bodies as best practice. Welsh Governments Public Appointments Unit identified an Independent Assessors to participate in the exercise and provide independent scrutiny.

The selection panel included:
EST Official – Tim James – Chair
EST Official – Karine Davies – Member
Health Official – Keith Lloyd – Member
Independent Assessor – Mike Campbell – Member.

The process concluded in February 2011 with five appointments to the Life Sciences sector panel, one of these panel members was based outside of Wales.

Professor Sir Christopher Evans - Chair
Professor Gareth Morgan – Vice Chair
Dr Penny Owen – Member
Dr Grahame Guilford – Member
Gwyn Tudor – Member.

- **Raise within the Welsh Government, whether legal advice sought by the Welsh Government should be shared with arms-length bodies;**

The Director of Legal Services advises that in general terms it is not “normal practice” for Legal Services to share its advice with arms-length bodies. Legal advice is provided for the Welsh Government and is the subject of legal professional privilege. The sharing of legal advice could amount (depending on the circumstances) to a waiver of that legal privilege. “Normal practice” would expect the arms length body to obtain its own legal advice on the matter in question.

Having said that each matter must be considered on its own merits and circumstances. There are occasions where Welsh Government officials will be content for Legal Services advice to be shared. This may be on account of some common interest being identified, or where it is felt that dialogue between respective lawyers would be helpful in resolving or coordinating how a particular matter was being handled.

It should be made clear that in these situations the Welsh Government legal advisors are not providing legal advice to the arms-length body in question. Where an arms-length body has responsibility for taking forward a particular matter in its own name it will be responsible for obtaining its own legal advice.

So far as this matter is concerned legal advice was provided to Welsh Government officials concerning a proposed arrangement with Finance Wales under which Finance Wales was to assume responsibility of Fund Holder for the Life Sciences Fund. The advice was addressed at the terms of this arrangement. It covered matters such as vires, the applicability of the Teckal principle on the arrangement between Welsh Government and Finance Wales, and broad comments on state aid. It did not extend to any advice on procurement arrangements which Finance Wales might then enter into. These were matters on which Finance Wales would be expected to obtain their own legal advice.

- **Confirm the level of grant funding offered to ReNeuron;**

The confirmed grant funding offer to ReNeuron was aid for Job Creation up to a maximum of £500,000 to support the creation of 52 new jobs.

- **Clarify whether full minutes were taken at the WIDAB meetings of 18 June 2013 and 24 October 2013.**

I can confirm that full minutes were taken at both the 18th June and 24th October meetings.

In the Committee meeting, I made clear that my comments regarding the minutes were based upon the Auditor General’s Report and that at that time I had not seen the minutes. Having personally checked, I can advise the Committee that full minutes were taken at the investment panel and WIDAB meetings of 18th June 2013 and 24th October 2013 respectively and can confirm that both minutes clearly record the investment decision in relation to the ReNeuron application.

At the extraordinary meeting of 18th June 2013, where a quorate group of WIDAB members joined the investment panel, approval in principle was given to financial support. Then at the 24th October full meeting of WIDAB, the Board unanimously recommended a formal offer of support for the investment proposal.


The minutes of the 24 October meeting also address the additionally issue we discussed at the Committee, albeit not in as much detail as I would have liked and state that 'Cases like these make things happen and act as a catalyst to accelerate projects, i.e. our funding facilitates projects when the business has the funding.' This addresses the handwritten note issue on additionally. The minutes go on to say that, 'The Board agreed unanimously to recommend a formal offer.'

I understand that this section of the Auditor General's report was based on work undertaken by the Welsh Government's Internal Audit Service, as noted in paragraph 7 of the report. I regret that this factual inaccuracy was not picked up by my officials during our discussions on either the internal audit or the draft report with the Auditor General's study team, and I apologise to the Committee for any inconvenience caused.

The EST team has already taken forward the recommendations made by internal audit to enhance our practice in this area and I have stressed to the team the importance of continuing to improve our practices in record keeping.

I have shared the above with the Auditor General for Wales.

Yours sincerely

A handwritten signature in cursive script that reads "James Price,".

James Price