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[The Public Accounts Committee](#)

13/10/2015

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Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi 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

Andrew R.T. Davies	Ceidwadwyr Cymreig (yn dirprwyo ar ran Mohammad Asghar) Welsh Conservatives (substitute for Mohammad Asghar)
Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru (yn dirprwyo ar ran Jocelyn Davies) The Party of Wales (substitute for Jocelyn Davies)
Sandy Mewies	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Leo Bedford	Amber Infrastructure Ltd
Giles Frost	Amber Infrastructure Ltd
Alistair McQuaid	Swyddfa Archwilio Cymru Wales Audit Office
Gareth Morgan	Dirprwy Gyfarwyddwr, Trafnidiaeth Cyhoeddus, Llywodraeth Cymru Deputy Director, Public Transport, Welsh Government
Christopher Munday	Dirprwy Gyfarwyddwr, Datrysiadau Busnes, Llywodraeth Cymru Deputy Director, Business Solutions, Welsh Government
James Price	Dirprwy Ysgrifennydd Parhaol, Grŵp yr Economi, Sgiliau a Chyfoeth Naturiol, Llywodraeth Cymru

Deputy Permanent Secretary, Economy, Skills and
Natural Resources Group, Welsh Government
Huw Vaughan Thomas Archwilydd Cyffredinol Cymru
Auditor General for Wales
Mike Usher Swyddfa Archwilio Cymru
Wales Audit Office

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

Claire Griffiths	Dirprwy Clerc Deputy Clerk
Fay Buckle	Clerc Clerk
Joanest Varney- Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

Dechreuodd y cyfarfod am 09:04.
The meeting began at 09:04.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Darren Millar:** Good morning, everybody. Welcome to today's meeting of the Public Accounts Committee. Just a few housekeeping notices: if I could remind Members and witnesses 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 see fit. There are, of course, headsets available for translation, and these can also be used for sound amplification for those who require it. I encourage everyone to switch off their mobile phones or put them into silent mode because, of course, they can interfere with the broadcasting equipment. And, of course, in the event of a fire alarm, we should follow the directions from the ushers.

[2] There were a number of oral declarations of interest made yesterday at the start of this particular inquiry, and I would refer everybody to those so that we don't have to re-declare them.

[3] We also, I should say, do have some substitutes for today's meeting. We have Alun Ffred Jones, who's here in place of Jocelyn Davies, who's made

a declaration, as she was a Minister for part of the period during the regeneration investment fund for Wales's existence. We've also received apologies from Mohammad Asghar, and Andrew R.T. Davies will be joining us later as his substitute.

09:05

Papurau i'w Nodi Papers to Note

[4] **Darren Millar:** Item 2, then, on our agenda is some papers to note. We have the minutes from the meeting held on 6 October. I'll take it that those are noted. We've had an additional late document from James Price, which was received at, I think, 3.45 p.m. yesterday by the clerks, while we were in session over in Swansea. I have to say that I'm disappointed with the late arrival of this, Mr Price, in advance of today's session. I would have thought you could simply share this information with us during the oral evidence session, but that paper will also be noted. It's been circulated to Members for them to be able to digest.

[5] Just before we get into item 3 on our agenda I know that the auditor general wants to put something on the record. Over to you, Huw.

[6] **Mr Thomas:** Yes, Chair. Members may have seen from the BBC article that South Wales Land Developments challenged the figure that I gave in my letter to you, that they had so far gross receipts of £16.93 million from their sales. They've asked for a retraction. In fact, the figure of £16.93 million is derived from two things, both from their advisers. Paragraph 3.129 of the main report lists sales at Aberdare, Bangor and part of the Pyle site, yielding £4.93 million. In the evidence that the committee has received from Lambert Smith Hampton, paragraph 9.19, they disclose that the residential element of the Monmouth site sold for £12 million. So, put that £12 million together with the figures in the report and you get to £16.93 million. I do have a copy of the e-mail exchange and will circulate that to Members.

[7] **Darren Millar:** Thank you, Huw.

09:07

Cronfa Buddsoddi Cymru Mewn Adfywio: Sesiwn Dystiolaeth 3
Regeneration Investment Fund for Wales: Evidence Session 3

[8] **Darren Millar:** Item 3, then, on our agenda, is continuing with our inquiry into the Regeneration Investment Fund for Wales. Today we've got two sets of witnesses in. The first set of witnesses are Welsh Government officials. I'm very pleased to be able to welcome James Price, deputy permanent secretary, economy, skills and natural resources group at the Welsh Government; Christopher Munday, deputy director of business solutions at the Welsh Government; and Gareth Morgan, deputy director of public transport at the Welsh Government. You recall why you're here. It's because the Wales Audit Office published a report earlier this year, which concluded that the RIFW investment concept was innovative and had many merits, but the need to sell property assets was a distraction from the core investment purpose, that effective Welsh Government oversight of RIFW's activities was difficult because of ambiguities and governance weaknesses within the arrangements for implementing RIFW, and, due to flaws from the outset, the Welsh Government and RIFW cannot provide public assurance that the land and property portfolio sale achieved value for money. So, perhaps, if I can start by just asking, if I may, Mr Morgan: we were surprised by your addition to the panel today. Can you tell us what your role in respect of RIFW—this whole saga—has been?

[9] **Mr Morgan:** I've represented the department, as it is now, in terms of our input into the RIFW responses that you've received.

[10] **Darren Millar:** So, it's mainly about RIFW responses.

[11] **Mr Morgan:** I've got knowledge of arm's-length bodies in terms of what we've done to try and improve how it will be held with arm's-length bodies.

[12] **Darren Millar:** Okay. Obviously, we are aware of the involvement of James Price and Chris Munday. Can you tell us, then, James or Chris, why was RIFW designed and established in the way that it was?

[13] **Mr Price:** Can I just explain the reason for sending the letter yesterday—

[14] **Darren Millar:** If you can, briefly, because we need to get on the questions.

[15] **Mr Price:** —briefly, before we get into this. You made the comment that you're aware of Chris's and my involvement. The letter was to try and enhance your understanding of Chris's and my involvement. My involvement, such as it was, was very peripheral indeed because I wasn't appointed to my previous role until after RIFW had been established, and then it was very quickly after that that I moved to a different department. So, I'm going to speak from having read most of the notes, rather than being deeply involved with it myself. Having said that, I've tried to get myself fully up to speed. Chris obviously had more involvement originally along with a few other more senior people in the department at the time who, unfortunately, aren't here today. So, I'm also going to try and support Chris in that.

[16] **Darren Millar:** Okay. So, Chris, is it you who can tell us why RIFW was designed in the way that it was designed?

[17] **Mr Munday:** There had to be an arm's-length management of decision making around new investments in order to comply with the EU regulations that were contained in the JESSICA model, because, if Government made those decisions, then that was an award of Government funding, which would be a state aid. The state-aid exemption required that the decisions were made at arm's length from Government—or from the member state, to use the language of the EU.

[18] The second consideration was that advancing money and investing moneys on behalf of Welsh Government needed commercial expertise. The choice, then, was that there were two models: one was to secure the match funding directly at the level of the fund, the other was to secure match funding at the level of individual projects. West of England concluded that they would match fund at the level of the project, because they believed that there would be sufficient private sector investment secured into those projects to match fund the European moneys. The advice that we had at the time was that it was unlikely that we'd be able to secure sufficient private sector investment to fully match fund the European moneys, and therefore that we should look to provide the match funding from public resources.

[19] Having made that decision, two options were put forward to Ministers. One was that a holding fund would be established with the European Investment Bank and that holding fund would then draw down all of the money from Europe, take the transfer of the assets and then allocate those to individual funds that had projects to promote. One of the downsides of that

was that the EIB would levy a fund management charge for the total value of the fund for the whole life of their involvement. The alternative was for Welsh Government to establish a fund and to appoint the fund manager—the fund manager therefore providing the arm’s-length investment decision making. So, that was the choice that was put to Ministers and Ministers chose the route that we went down, which was to establish a fund and to procure the fund management. The actual structure, whether it was a limited company, a limited partnership, or a limited liability partnership—as it turned out—was based upon the advice given by the financial advisers and the lawyers at the time.

[20] **Darren Millar:** Can you tell us about the construction of the board—the size of the board, the scale of the board, the expertise that you expected to sit on the board? Presumably, someone made a recommendation, again, to Ministers about the shape of the board.

[21] **Mr Munday:** I think, before you consider that, you have to consider what the role of the board was. Under LLP regulations, it is very different from the board of a limited company. As a limited liability partnership, you have members, and originally there were two members and those members were Welsh Ministers and a wholly owned subsidiary company called Welsh Development Management Limited. Following the appointment of the fund manager, the fund manager became a member—a non-voting member. So, the members control the organisation. The legal advice was that the LLP itself has no legal status; the board is not the same as a board, under the Companies Act 2006, of a limited company.

09:15

[22] So, in terms of the construction of the board, you then have to look at what the role of the board is. The role of the board, as advised by the lawyers, was, under delegated authority from the member, to make the decisions allocated to the member under the members’ agreement. So, that board, therefore, was—. The advice given to Ministers was that it should comprise at least two officials, that it should include the key stakeholder—the Welsh Local Government Association—and that it should also include external professional expertise, and the specifications for those two external appointments said that the applicants should either be able to demonstrate experience in property investment or in managing investment funds.

[23] In terms of the numbers, the advice from Navigant Consulting and the

advice from Eversheds was that the board needed to be of a manageable size. The board was not an executive board. The role of the board, defined in the members' agreement and in relation to the contracts, was to manage the manager. So, the manager was Amber, under the fund management agreement. They had to make autonomous decisions, but within the framework of a business plan approved by the board, and that business plan included an asset realisation plan. They had set key performance indicators, so the role of the management board was not to actively manage the business. The role of the management board was to manage the third-party manager.

[24] **Darren Millar:** Can you tell us why, then, the board was required to sign off, as it were, on the disposal of these significant public assets, if they were simply there to, you know, manage the manager, as you describe it?

[25] **Mr Munday:** They were there—. First of all, I would say I was not there at the time that that sign-off was made—

[26] **Darren Millar:** I'm—

[27] **Mr Munday:** But, secondly, in terms of construction—

[28] **Darren Millar:** Can I stop you, Mr Munday? You seem—you were present at almost every meeting of this board, okay.

[29] **Mr Munday:** No, I was not.

[30] **Darren Millar:** Well, you were present at almost every meeting of the board leading up to the disposal of these assets—

[31] **Mr Munday:** No, I was not.

[32] **Darren Millar:** Well, the records from Deloitte show that you were present at a significant number of those meetings—

[33] **Mr Munday:** The records will show—

[34] **Darren Millar:** I will allow you to respond in one second. You seem to be saying it was on the advice of the lawyers and it was on the advice of this person and that person that this decision was taken. I'm asking you about your role in making this decision. If you were not required to make this

decision, then why were you involved at all?

[35] **Mr Munday:** Well, can I—

[36] **Darren Millar:** Why did you need to seek the advice of these lawyers—

[37] **Mr Munday:** Can I just correct the position in terms of my own position in attending the board?

[38] **Darren Millar:** Yes.

[39] **Mr Munday:** The partnership was established in March of 2010. Between March and December 2010, the partnership was managed by Welsh Government officials, who worked directly to me and reported to the board of two. At the point at which—. My primary role was to set up and establish the fund to deliver the policy objectives. I'm not an expert in all aspects, therefore, I took the appropriate—we appointed what we considered to be the appropriate external specialist advisers and we took their very clear and, I would add, expensive advice. When the fund manager was appointed in December 2010, I subsequently attended a board meeting in January, in March and May, and in July 2011 I notified the board that I would not be involved any further, and the minutes record that I left the meeting before they got onto final discussion about the offer. So, it is incorrect to say that I was there all through the decision-making process; I was not.

[40] **Darren Millar:** You were copied in on almost every e-mail in relation to the decision-making process. Is that correct, Mr Munday?

[41] **Mr Munday:** No, it is not.

[42] **Darren Millar:** Well, that's not what the Deloitte report—. Are you contesting the Deloitte report? Are you contesting the evidence that's been submitted to this committee in the Deloitte report? Because if you are, then please send us a blow-by-blow account.

[43] **Mr Munday:** I was copied in to certain e-mails, but only as a matter of courtesy, between January and July. From July, I did not receive any further e-mails because I was not involved. The only involvement I had post-July 2011 was that my department had been challenged to resolve some title issues around one property. So, yes, I do challenge that I received e-mails that were relevant to the decision to sell the properties post-July 2011.

[44] **Darren Millar:** Let me get this right, Mr Munday: you were the official advising the Welsh Government on the establishment of this RIFW set-up and arrangement, were you not?

[45] **Mr Munday:** Yes, I was.

[46] **Darren Millar:** Okay. So you signed off on the documents that were presented to Ministers, yes.

[47] **Mr Munday:** Yes.

[48] **Darren Millar:** You were also the Welsh Government official who sat as an observer in relation to RIFW.

[49] **Mr Munday:** Up until July 2011 only.

[50] **Darren Millar:** And you were copied in on lots of correspondence that was to-ing and fro-ing between the fund manager, LSH and the board members about whether to proceed with a decision to dispose of a portfolio of assets.

[51] **Mr Munday:** I saw correspondence of recommendations from the advisers to the board that said that the offer should be rejected, but that alternative terms should be proposed. Before the decision was made, I advised the board that I would no longer be involved with the project and that I was handing over responsibility for the project to a different department. That was in July. The minutes will show that I left that board meeting before they went on to discuss the latest position with regard to the offer.

[52] **Darren Millar:** This talk about the capacity of the board; obviously, there was a declaration of an interest from Jonathan Geen early on in the process when it became clear that a portfolio of assets might be disposed of. Do you think that the size and shape of the board was impacted as a result of that declaration of interest and his withdrawal from discussions, particularly given his expertise, at a time when, frankly, they needed that expertise?

[53] **Mr Munday:** I think it is very unfortunate that the board numbers were reduced in effect from five to four, but I saw nothing to give me concern that

I should raise it with Ministers, because there were the remaining four board members, one of whom was still an external specialist in property matters.

[54] **Darren Millar:** What's your specialism, Mr Munday?

[55] **Mr Munday:** I come from a property background originally.

[56] **Darren Millar:** It's just that the Welsh Government told us yesterday that there was no property expertise in the Welsh Government. You would contest that, would you?

[57] **Mr Munday:** I did not sit there as a property specialist. I come from a commercial property background, yes.

[58] **Darren Millar:** So what's your specialism? Is your specialism establishing boards?

[59] **Mr Munday:** I come from a commercial property background and my specialism has been in bringing a commercial view to Welsh Government transactions.

[60] **Darren Millar:** Did you think this was a good deal, then, if you had a commercial eye on things?

[61] **Mr Munday:** I can't comment on the deal from my perspective at the time because I was not party to the final terms of the deal. However, when it was originally presented, I was very surprised, I confess, that they had received an offer for the whole portfolio. The last I saw in the process where I was actively involved was an offer that was—and I use the phrase from the time—'warts and all', and included overage for both Monmouth and Lisvane. It did not seem to me unreasonable to progress on the basis of a warts-and-all transaction that would produce an initial receipt in excess of the transfer value and still reserve overage on two sites.

[62] **Darren Millar:** Just before I bring other Members in, the Deloitte report suggests that you were made aware of the recommendation to accept a best and final offer on 3 June 2011. The Amber paper that has been presented to this committee, which we'll be discussing with them, suggests that the RIFW board that considered reports included members and observers who were themselves experts on property matters; it was debated and supported by board members and attendees—and that would include you—in terms of the

decisions that were made. And, in addition to that, the RIFW board members certainly felt that you, as the observer, were there to give a green light from the Welsh Government to proceed with the disposal of these assets. I'll bring you in in a second, James, but Mr Munday, do you want to respond to that, and then I'll bring James in?

[63] **Mr Munday:** I can't, obviously, speak for how people perceived my role, but my role was very clear. Having established the partnership, there was a significant issue about handover from the way it was running before December to post-December. There were a number of issues that needed to be dealt with continually. I did attend the board meetings up until the July meeting only. So, what you've just said doesn't contradict what I said to you earlier; I only attended up until July. I had seen those offers, but my role there was not a formal role. Welsh Government representatives were members of the management board. I go back to the position I shared with you earlier: the role and purpose of that board is to be the Welsh Ministers' representatives in making the decisions. I was not the sole representative. But, that's not to say that I side-step any of my responsibilities; I do not. My responsibility was to ensure that the vehicle was properly constituted and that the governance structures were in place. Events have shown that there were weaknesses in that, which I accept, and that lessons need to be learned from that. But, in terms of approving anything, no, that was not my role, and it should have been clear to all members of the board that that was not my role.

[64] **Darren Millar:** Mr Price.

[65] **Mr Price:** I think Chris has just made the point I was going to try and make on the observers, but I think there's also a factual point we should make. I don't know exactly what was said yesterday with regard to property expertise within Welsh Government, and I don't imagine what I'm about to say will completely conflict with that. There is a property department within the Welsh Government, with a number of staff in it, all of whom are professionally qualified and are able to engage in property transactions.

[66] **Darren Millar:** It's just that a very clear question was asked, I think by Mike Hedges, as to why our own property experts couldn't dispose of these assets and transfer the cash.

[67] **Mr Price:** Well, my answer to that, I think, would have been slightly different to 'We didn't have any property experts'—

[68] **Darren Millar:** Well, the answer was that we'd lost the commercial property expertise from the Welsh Development Agency and the Land Authority for Wales.

[69] **Mr Price:** My understanding of that conversation—but I wasn't there—

[70] **Darren Millar:** No doubt you were watching.

[71] **Mr Price:** What was fed back to me was that there was a feeling that Welsh Government was awash with property expertise at the commercial end, which certainly wouldn't have been the case. Chris originally took you through the rationale for setting up the RIFW in the first place, and I think the setting up of RIFW in terms of being arm's-length commercial state aid would have been more the reason why it was done that way than any lack of property expertise, and a wish to be able to get land in there very quickly as match funding.

[72] **Mr Munday:** James, if I can supplement that: 'Why did we not sell the properties and put the cash in?' would seem to be a very reasonable and fair question, and as the person who was at the heart of that decision making, what I can advise you is that there was a time imperative to get the RIFW established because the window in which it could spend the European money was closing as every day went by.

09:30

[73] So, to establish the fund with a certain amount of cash initially and with assets that had been selected because of their saleability, and to select a manager on the basis of a demonstrated ability to realise those assets within a time frame, the judgment was that that allowed the fund to move forward more quickly than going to the market, selling assets and transferring cash.

[74] **Darren Millar:** Okay. We've got a number of Members who want to come in here. I'm going to try and keep it in order, because we've covered quite a range of territory there, actually, in the opening remarks. I'm going to bring Jenny in first, then Aled, and then over to Mike.

[75] **Jenny Rathbone:** Just picking up on what you just said, if it was such a brilliant idea why didn't you set up RIFW back in 2008, because it was 2007 to 2014—*[Inaudible.]*

[76] **Mr Munday:** Partly because the European Commission had not concluded what the rules around JESSICA should be. And, indeed, one of the reasons why the fund manager wasn't eventually appointed until December 2010 was because the procurement process had to be delayed whilst we awaited clarification from the Commission on certain rules and regulations that were core to the way the partnership could operate. But, the work stream to establish the partnership started work in April 2009.

[77] **Jenny Rathbone:** Okay. All right; thank you for that clarification. Could you just tell us what role you had in selecting the assets that were transferred to RIFW?

[78] **Mr Munday:** I think to understand the asset selection process, I just need to put the whole timetable into context. Having started—

[79] **Mr Price:** Sorry, can I make one point before Chris does this, simply because I think there are people who aren't in the room who were in the management chain at the time? Chris at the time was not a member of the senior civil service; he was reporting to a regional director of the then DET department, who herself was reporting to the operations director of the department who was reporting to the then DG of the department. So, Chris didn't own all of this; Chris was an expert—

[80] **Mr Munday:** I managed the—*[Inaudible.]*

[81] **Jenny Rathbone:** Okay. I mean, it would be useful if you gave us a little map of who was reporting to whom, because titles don't tell us very much because titles change. So, what was your role in selecting assets?

[82] **Mr Munday:** As the senior responsible officer for the project, we established a very comprehensive project team that included external advisers, Navigant Consulting, Savills, Arup, King Sturge as valuers and Eversheds as legal advisers. We also brought in the internal property surveyors from the property team, and the timeline was that they did not start looking at which properties to select until after Ministers had confirmed the decision that the vehicle would be established on the basis of the transfer of assets. So, once that decision had been made, then the property team, which included the externals, started by looking at the whole portfolio, which at that time had a book value of £240 million and comprised 143 properties. So, the brief—

[83] **Jenny Rathbone:** This was at the end of 2010, was it?

[84] **Mr Munday:** No, this would be in mid to late 2009. Sorry—late 2008 through to early 2009.

[85] **Jenny Rathbone:** Okay, at the height of the crash.

[86] **Mr Munday:** The height of the crash, and using external valuation advice. So, there were 146 properties, so between May and June of 2009, there was an initial desktop sift of all of that portfolio, which was aimed at identifying properties that could be sold in the prevailing market, within the time frame that would be required of the fund.

[87] With the external advisers, an asset evaluation tool was established; an initial long list was produced, with 25 properties, with an aggregate book value of £62 million. From that, using the asset evaluation tool, designed by Arup and Savills, a final long list of 18 properties, with a book value of £48 million, was established. The key criteria were saleability within two to three years, and that there should be no significant barriers to that sale. So, at that point, that long list was then subjected to due diligence, legal and technical. In July 2009, King Sturge were instructed to produce a valuation of the revised list. Then, between August and November 2009, further detailed analysis was undertaken on each property; legal title reports were produced, and in December 2009, King Sturge delivered their valuation, showing a range of £29 million to £36 million.

[88] **Jenny Rathbone:** So, why was it that the Lisvane site was selected, which was obviously the most valuable site, and right in the middle of Cardiff?

[89] **Mr Munday:** At the time, it was not the most valuable site; the most valuable site was Monmouth at the time. At the time of that process—. Lisvane was a site that had been acquired originally, in two or three purchases—

[90] **Jenny Rathbone:** Sorry, could I just interrupt you, because, under all the different valuations, Lisvane comes up as the most expensive. I don't understand why you're saying that the Monmouth site was more expensive.

[91] **Darren Millar:** Included in the King Sturge valuation.

[92] **Mr Munday:** Included in the King Sturge valuation, it was a hope value, but the King Sturge valuation said that hope value would not be realisable in current market conditions, and that the prevailing market conditions would require the sites to be sold at existing use value with overage clauses. And that's specifically stated in the King Sturge valuation. The one that, actually, we considered to be more valuable at the time was Monmouth, because, at the point in time we were doing this exercise, Lisvane had been in public ownership for over 20 years. It had been acquired originally—and I think this is important to understand—by the Land Authority for Wales as part of that body's remit to stimulate the housing land supply chain over the long term. Cardiff had published its local development plan, and, as far as the public ownership of that site was concerned, I can say, again, that Lisvane had not been included—despite representations by the previous bodies of the land authority and the Welsh Development Agency, and despite the representations of other private landowners in the area.

[93] Cardiff's local development plan based all of its housing allocation on brownfield sites. It was not until April 2010 that the inspector published his recommendation rejecting the LDP and rejecting the brownfield land policy. So, at the time that the properties were being evaluated, and subsequently at the date when it was transferred in March 2009, there was little or no realistic prospect, in the short term, of it achieving—

[94] **Darren Millar:** If there was no realistic prospect, why on earth would King Sturge give a hope valuation of £6,100,000?

[95] **Mr Munday:** In the short term, I was going to add. There was no realistic prospect in the short or immediate term.

[96] **Darren Millar:** So, why not wait, then, to dispose of the assets?

[97] **Mr Munday:** Because we'd been waiting for 25 years at that point.

[98] **Darren Millar:** That was your view?

[99] **Mr Munday:** That was the view we took at the time.

[100] **Darren Millar:** At the time of disposal?

[101] **Mr Munday:** At the time we transferred the property into the

partnership, we believed that it was getting closer, and that the best way to realise value was for it to be disposed, because it could be sold to somebody who would be prepared not to pay hope value—as King Sturge advised that nobody would pay hope value. King Sturge advised that somebody may be prepared to pay an overage, and that was what we believed was the best route—for the property to be sold by the partnership, subject to an overage clause.

[102] **Jenny Rathbone:** But this was after the planning inspector had already rejected the LDP—

[103] **Mr Munday:** No. The property was transferred before the planning inspector rejected the LDP.

[104] **Jenny Rathbone:** Okay, but the property still hadn't been sold. The planning inspector said very clearly, 'This won't do.' That was, clearly, going to reopen the possibility of Lisvane—

[105] **Mr Munday:** And that's the point at which the responsibility of the fund manager, and the asset manager, was to achieve the best value they could, in partnership.

[106] **Jenny Rathbone:** You were still involved with the board at this stage; what advice did you give on this highly valuable piece of land? Was it to dispose of it, and say goodbye to over £4 million that could have been realised?

[107] **Mr Munday:** It was not my role to give advice to the board. It was quite specifically not my role to give advice to the board. If the board, as representatives of Welsh Ministers, came and asked for advice, on the basis that they were being presented—. The board were being presented, as I understand it, at the time when I was involved, with a proposal to change the asset realisation plan that they had approved at their meeting in January.

[108] **Darren Millar:** They hadn't approved the asset realisation plan in January; they approved it in the same meeting at which they departed from it—that is what we've established already, as a result of the Deloitte report. You were, in fact, at both meetings, so I'm surprised that you are giving us this information.

[109] **Mr Munday:** Well, I'm sorry if my memory plays tricks with me over

such a long period of time, but, certainly, the role of the board was to approve the asset realisation plan as a component of the business plan.

[110] **Darren Millar:** Yes. Now, listen, I'm very conscious of the time. I get the distinct impression that, if we're not careful, we'll be talking this matter out. So, can I ask you to be brief with your responses, and for questions to be as brief as they can be? Have you finished with that line, Jenny?

[111] **Jenny Rathbone:** Well, I just want to ask the Welsh Government—whether Chris Munday—what consideration is given by the Welsh Government for other options for the Lisvane site, to develop it, you know, for affordable housing, possibly with a housing association, on part of the site? I mean, this was at the time that Cardiff was the fastest-growing city in the UK, and there was a huge number—thousands of people—on the housing waiting list. So, it was absolutely clear to everybody that housing was desperately needed.

[112] **Mr Munday:** And I can only repeat my previous answer that, at the time it was selected to be transferred into the partnership, there was no immediate prospect of residential consent being granted, because it had not been included in the LDP, despite representations to the contrary.

[113] **Jenny Rathbone:** But already the inspector had thrown it out.

[114] **Mr Munday:** No. The inspectors threw it out after the transfer.

[115] **Darren Millar:** Okay, okay—you're just repeating yourself now. It's very clear that you don't think there was any prospect, although King Sturge did place hope value of a number of millions on the site. Julie Morgan, a supplementary.

[116] **Julie Morgan:** Well, just a supplementary, and just to declare that Lisvane is in my constituency of Cardiff North: wasn't there anybody—including you, or anybody on the board—who could possibly have anticipated that an LDP based only on brownfield sites would not provide adequate housing for the LDP to be passed?

[117] **Mr Munday:** It's difficult to make those sorts of judgments.

[118] **Julie Morgan:** It is the sort of judgment that, if you have property experts involved, could be made.

[119] **Mr Price:** I think, perhaps, the most important thing that hasn't been said—and whilst I wasn't involved in any of this, I do remember being sat around management board tables, discussing the financial position at the time. At the time the property was selected, we were in dire financial straits, and I remember discussions going on within the Welsh Government about a fire sale of all of our assets. That was seriously being considered at the time— putting the whole lot up in one block—and discussions about the fact that we might lose half of it being completely acceptable from a policy perspective, because there was such a need to get investment into the economy.

09:45

[120] Now, that's not what happened here, but that must have been at the back of the people's minds who were thinking about putting this land in. I think it is important to kind of distinguish between the time at which the site was put in there and then the time at which it was then sold, because those two times were quite different, I think. You were at the height of people saying, you know, 'Potentially, the worst economic downturn in history', and then quite a quick bounce back by 2012.

[121] **Julie Morgan:** So, you're saying that this was done in an emergency-style situation.

[122] **Mr Price:** I'm saying that there was an emergency view sort of pervading the organisation at the time this was done. I don't think that massively influenced the individual decision, but I do think people need to just remember how bad it was at that time, and that was bound to have influenced people's views as to whether this was something that we might have been able to move on ourselves in three years, or whether it might be best to try and move it on in a different way.

[123] **Julie Morgan:** Right; this is just a last question. In hindsight, would you have included Lisvane, Mr Munday, looking back?

[124] **Mr Munday:** Hindsight is a great educator and there's no doubt, with the benefit of hindsight, we would not have included Lisvane.

[125] **Julie Morgan:** Thank you.

[126] **Darren Millar:** Andrew, you have a supplementary on this.

[127] **Andrew R.T. Davies:** On that specific point, James, you said that there was an understanding in Government, and certainly civil servants were working to that policy position that a fire sale could be agreeable and half the value could be lost, and that was the thinking at the time when all this was going on. At what time did that thinking change from being acceptable?

[128] **Mr Price:** I don't think—

[129] **Andrew R.T. Davies:** Because that is very important, that is, in the mindset of how these decisions were being taken.

[130] **Mr Price:** I don't think that what I've just stated was ever a written policy position of the Welsh Government, but I am well aware that those discussions were ongoing for things like funding infrastructure, things like funding the then-announced policy commitment to broadband—

[131] **Andrew R.T. Davies:** You did say that it was an acceptable policy position, and so, whilst you might say it might not be written down, you did say that that was an acceptable policy position. So, that's the green light for officials to work up positions that, in normal circumstances, wouldn't be acceptable. What I'm keen to understand is when the mindset reverted back to, maybe, a more normal environment and decisions could be taken more rationally.

[132] **Mr Price:** Off the top of my head, I couldn't answer that. I'd have to go back and look, but my guess is, by 2010, we would have been in a different position.

[133] **Andrew R.T. Davies:** Before the transfer over to RIFW?

[134] **Mr Price:** When was the—.

[135] **Mr Munday:** The transfer took place in March 2009.

[136] **Andrew R.T. Davies:** So, you were in the fire sale mode then.

[137] **Darren Millar:** You can perhaps bring a further response to us, or write to us, on that particular subject.

[138] **Mr Price:** Sorry, can—

[139] **Darren Millar:** And I would remind Members and witnesses: you are before the committee at the end of this inquiry again, so—.

[140] **Mr Price:** Okay. Can I make one clarifying point?

[141] **Darren Millar:** Yes.

[142] **Mr Price:** The point about the fire sale was conversations going on at official level within the then DE&T department. I've got no view that that was shared by Ministers, but Ministers and everyone were certainly aware of the dire financial situation at the time, and the view that if we were sat on £200 million that we couldn't get invested in the economy, that might have been a big issue.

[143] **Darren Millar:** As I say, any specific areas that you need to put some more flesh on the bones, we can look at again in our next evidence session when you both come in on 20 October. Aled.

[144] **Aled Roberts:** Jest ar y cynllun lleol yng Nghaerdydd i ddechrau, a safle Llys-faen, beth oedd safbwynt Llywodraeth Cymru ar asesiad tai cyngor Caerdydd? A oedd Llywodraeth Cymru wedi gwrthwynebu'r asesiad tai ar yr un pryd?

Aled Roberts: Just on the LDP in Cardiff to start with, and the Lisvane site, what was the Welsh Government's stance in relation to the housing assessment of Cardiff council? Had the Welsh Government opposed that housing assessment at the same time?

[145] **Mr Munday:** I think the answer is that Welsh Government—. Sorry; if I step back a little bit, the role of the old Land Authority for Wales was to be proactive in the housing market—

[146] **Aled Roberts:** Na, nid wyf i eisiau gwybod yr hanes; rwyf eisiau gwybod, yn y cynllun lleol, a'r ffaith bod yr arolygydd yn edrych ar gynllun lleol Caerdydd ar y pryd, a oedd Llywodraeth Cymru wedi gwrthwynebu maint y datblygiadau yng Nghaerdydd o achos eu bod

Aled Roberts: No, I don't want to know the history; I want to know, in the LDP, and the fact that the inspector was looking at Cardiff's LDP at that time, had the Welsh Government opposed the size of developments in Cardiff because they had said that the housing assessment

nhw'n dweud bod asesiad tai cyngor Caerdydd yn annigonol ar y pryd? O achos, rydych chi wedi dweud yma fod yn rhaid ichi gynnwys safle Llysfaen achos nad oedd gobaith i'r safle gael ei gynnwys o fewn unrhyw gynllun lleol. Felly, a oedd Llywodraeth Cymru wedi gwrthwynebu asesiad drafft cyngor Caerdydd yn y cynllun lleol?

done by Cardiff council was insufficient at the time? Because you have said here that you had to include the Lisvane site because there was no hope for that site to be included within any LDP. So, had the Welsh Government opposed the Cardiff council draft assessment in the LDP?

[147] **Mr Munday:** Not from the point of view of the Department for Economy, Science and Transport at the time. I cannot speak for the planning department—

[148] **Aled Roberts:** Un Llywodraeth Aled Roberts: You are one ydych chi. A oeddech chi wedi trafod Government—had you discussed that hynny efo'r adran gynllunio felly? with the planning department?

[149] **Mr Price:** I think, Chris, we need to check and come back on that, because I don't know.

[150] **Aled Roberts:** Ocê. A gaf i Aled Roberts: Okay. May I move on to symud ymlaen at gyfrifoldebau the legal responsibilities of the cyfreithiol y bwrdd? Rydym wedi eich board? We have heard, several times clywed, nifer o weithiau y bore yma, this morning, you talking about yn sôn am gynrychiolwyr Llywodraeth representatives from the Welsh Cymru ar y bwrdd. Mae tipyn o Government on the board. There is ddryswch ynglŷn â rôl y sylwedydd some confusion about the role of the o'm rhan i, o beth rwyf wedi'i glywed the observer from our point of view, from y bore yma. Rwyf eisiau eich barn ar what I've heard this morning. I want baragraff o fewn adroddiad yr your opinion on the paragraph within archwilydd cyffredinol, sydd yn sôn the auditor general's report that talks am y corff ddaru chi ei ddewis, sef y about the body that you choose, the bartneriaeth atebolrwydd cyfyngedig limited liability partnership. What the yma. Beth mae'r archwilydd yn ei auditor says is: ddweud yw:

[151] 'Yr hyn sy'n bwysig...yw mai 'Importantly...the legal responsibility cyfrifoldeb cyfreithiol y pum aelod o'r of all five Board members (including Bwrdd (gan gynnwys swyddogion those who were Welsh Government

Llywodraeth Cymru) oedd gweithredu er budd Partneriaeth Atebolrwydd Cyfyngedig y Gronfa ei hun, hyd yn oed os nad oedd y rhain yn gwbl gyson â buddiannau Gweinidogion Cymru. Nid oedd y tyndra cynhenid hwn yn bodoli i sylwedydd Llywodraeth Cymru’—

officials) was to act in the interests of the RIFW LLP itself, even if these were not entirely aligned with Welsh Ministers’ interests. This inherent tension did not exist for the Welsh Government observer,’—

[152] sef chi—

namely you—

[153] ‘a oedd yn canolbwyntio’n gyfan gwbl ar ddiogelu buddiannau Gweinidogion Cymru.’

‘whose role was entirely focused on protecting Welsh Ministers’ interests.’

[154] Mae’n ymddangos i mi fod camddealltwriaeth sylfaenol ynghylch rôl pob un aelod o’r bwrdd yna.

It appears to me that there has been a fundamental misunderstanding in relation to the role of every member of that board.

[155] **Mr Price:** If I can come in and then bring in Chris. My view is that, even if—. I think Chris might call into question some of the detail there. But, even if the paragraph is exactly correct, I’m not convinced that there is a difference of interest between maximising the value of the assets for the Welsh Government and protecting the interest of the company. In fact, those interests should be completely aligned. The normal place where you would end up with a fiduciary duty causing a compromise would be if the parent company wanted to wind up the junior company, for example. I cannot see any reason why the interest of the board and the interest of the Welsh Government should have departed from each other if people were adhering to what they should have been adhering to. But, I know Chris wants to make a slightly different point on this. Or, I’m guessing you do, given what you said to me.

[156] **Mr Munday:** I don’t demur from what the WAO have said in their report; I think it’s the interpretation of that where I do demur, in that under the LLP model there are members rather than directors and, at the relevant time, the members were the Welsh Ministers and—

[157] **Darren Millar:** The point is: were they given executive decision-making powers? That’s the point.

[158] **Mr Munday:** The report says,

[159] ‘the legal responsibility of all five Board members...was to act in the interests of the RIFW LLP’.

[160] The five board members’ responsibility was under their contracts of employment, not under companies law. That’s the first point I make, because they’re not directors governed by the Companies Act 2006. Their contracts required that they act in delivering the interests of the partnership and Ministers, because they are completely aligned. There is no divergence between the interests of the limited partnership and the interests of Welsh Ministers.

[161] **Darren Millar:** Was this covered in the induction process?

[162] **Mr Munday:** I believe it was.

[163] **Darren Millar:** Did you design the induction process, Mr Munday?

[164] **Mr Munday:** With advice from the public appointments team within Welsh Government.

[165] **Darren Millar:** Carry on, Aled—

[166] **Aled Roberts:** Rwyf eisiau symud ymlaen. Rwy’n meddwl ei bod yn bwysig hefyd ein bod yn deall beth oedd disgwyliadau Llywodraeth Cymru ar gyfer y lefel tebygol o enillion a fyddai’n cael eu creu wrth i’r gronfa werthu’r asedau yma. Mi oedd adroddiad gan King Sturge a oedd yn seiliedig ar ddefnydd presennol y tir. Cawsom ni dystiolaeth ddoe ynghylch beth oedd dealltwriaeth aelodau’r bwrdd o ran gwerth masnachol y tir. Felly, beth—o ran Llywodraeth Cymru—oedd y disgwyliadau ynghylch yr enillion o’r tir hwn? Ai’r gwerth presennol ar y

Aled Roberts: I want to move on. I think it’s important also that we understand what the expectations of the Welsh Government were for the likely level of gains that would be realised as the fund sold these asset. There was a report by King Sturge that was based on the current use of the land. We heard evidence yesterday in relation to what the understanding of the board members was in terms of the commercial value of the land. So, what—in terms of the Welsh Government and its point of view—were the expectations of the gains that could be made from the

pryd, neu werth y farchnad?

land? Was it the current value at the time or the market commercial value?

[167] **Mr Price:** Can I just quickly come in before Chris comes in? My view, very clearly, is that the asset realisation plan said that the board had a responsibility to maximise the value that should have been gained to RIFW and, hence, to the people of Wales. That is what absolutely should have happened.

[168] **Aled Roberts:** masnachol, felly.

Aled Roberts: So, the commercial value, then.

[169] **Mr Price:** Well, the maximum value. So, whatever was the highest value they could have achieved; yes.

[170] **Aled Roberts:** Felly, pam nad oedd hi'n wybodus i aelodau'r bwrdd ar y pryd beth oedd sail prisiant King Sturge?

Aled Roberts: So, why wasn't it known to the members of the board at the time what the basis for the King Sturge valuation was?

[171] **Mr Munday:** The fund manager and the members of the board had had sight of the King Sturge valuation.

[172] **Aled Roberts:** A ydych chi'n hollol siŵr o hynny?

Aled Roberts: Are you entirely sure of that?

[173] **Mr Munday:** That's my recollection, but I can check my records and advise the committee subsequently.

[174] **Darren Millar:** Can I just ask something? You were an observer at the board; you were listening to their discussions. You were listening to them talk about their assumption that that was the market valuation, even though it was the asset transfer valuation, as it were, when those assets were transferred. Why didn't you correct some of these assumptions of the board members?

[175] **Mr Munday:** Sorry, I'm—. Those assumptions were not clear at the time. The only documentary evidence I saw were the reports from the manager that set out a proposal that there should be a sale at a value in excess of the original transfer value and that, on top of that, there would be overage as well.

[176] **Darren Millar:** Aled. Then, I'll come back to you, Ffred.

[177] **Aled Roberts:** Os ydych chi'n dod yn ôl atom ni ynglŷn â beth oedd dealltwriaeth aelodau'r bwrdd, a oes yna unrhyw ohebiaeth rhwng Llywodraeth Cymru ac Amber Infrastructure ac LSH ynghylch disgwyliadau, os ydych chi'n dweud mai eich disgwyliadau chi oedd y gwerth gorau posibl i drethdalwyr Cymru?

Aled Roberts: If you come back to us with information about what the understanding of the members of the board was, is there any correspondence between the Welsh Government and Amber Infrastructure and LSH in relation to expectations, if you're saying that your expectation was the best possible value for the taxpayers of Wales?

[178] **Mr Munday:** I think that's a very—. The expectations—. There was no direct correspondence between the Welsh Government and the advisers. There was, however—. As part of the appointment of Lambert Smith Hampton and Amber, they had submitted an asset realisation plan, as had the other bidders. The evaluation of that asset realisation plan formed part of the evaluation of their appointment. So, the only, and very clear, expectation was that, in selecting that particular set of advisers, they would—and they subsequently did—contract to deliver on their asset realisation plan. That set out very clearly that there was an expectation of overage in relation to certain sites.

[179] **Mr Price:** Gareth's just pointed out that I might well have confused people when I said 'best possible price'. I still stand by what I said, but 'the best possible price at the time it was sold'. Obviously, the best possible price might have been in 20 years' time, but that wasn't the game we were in.

[180] **Aled Roberts:** But 'best possible price' would also have to take into account the possibility of obtaining planning permission on a particular site.

[181] **Mr Price:** Yes. Absolutely.

[182] **Mr Munday:** Absolutely, and that would be covered by overage.

[183] **Darren Millar:** Alun Ffred.

[184] **Alun Ffred Jones:** Mae gennyf Alun Ffred Jones: This is a question gwestiwn i Mr Munday. Yn ystod y for Mr Munday. During the period

cyfnod yr oeddech chi'n sylwedydd ar that you were an observer on the
fwrdd RIFW, a oeddech chi'n adrodd RIFW board, did you report back to
yn ôl i Weinidogion y Llywodraeth? Welsh Government Ministers?

[185] **Mr Munday:** I would have to check the records of exactly what advice was given to Ministers at the time, but I was certainly not—. Well, I will put it the other way around, then: I was certainly sharing the position upwards with my line management.

[186] **Alun Ffred Jones:** Wel, fe wnaif Alun Ffred Jones: Well, I'll ask the
ofyn y cwestiwn eto. I bwy yr question again. To whom did you
oeddech chi'n adrodd, felly, ar ôl report after the board meetings? Did
cyfarfodydd y bwrdd? A oeddech you report to anyone, or did you
chi'n adrodd i rywun, neu a oeddech keep the information to yourself?
chi'n ei gadw fo i chi'ch hun?

10:00

[187] **Mr Munday:** Six years on, I cannot recall. I would have to check and come back.

[188] **Darren Millar:** You can't remember who your line manager was—

[189] **Mr Munday:** No, I can remember who my line manager was, but I understood the question to be what exactly I reported to that line manager.

[190] **Darren Millar:** No, the question was: to whom did you report?

[191] **Alun Ffred Jones:** Na, y Alun Ffred Jones: No, the question
cwestiwn oedd: a oeddech chi'n was: did you report back to the
adrodd yn ôl i'r Gweinidogion neu i Ministers or to anyone else?
rywun arall?

[192] **Mr Munday:** As I said, I would have to check the records of what advice was given to Ministers. I would certainly have verbally reported to my line manager.

[193] **Darren Millar:** And who was your line manager, just for the record?

[194] **Mr Munday:** It was the regional director for south-east Wales at the time.

[195] **Darren Millar:** Who was—

[196] **Mr Munday:** Eleanor Marks. She, in turn, reported to Sharon Linnard, as James explained earlier on.

[197] **Darren Millar:** Okay. Mike Hedges.

[198] **Mike Hedges:** Can I just follow on from that? My expectation would have been—and correct me if I'm wrong—that you would have gone to these meetings, you would have taken notes in these meetings, you would have then shared those notes with your line manager, who would have then decided whether to pass them on to their line manager or whether to just hold on to them. Is that correct?

[199] **Mr Munday:** No.

[200] **Mike Hedges:** What happened, then?

[201] **Mr Munday:** Minutes were issued of the discussions, and those minutes were circulated and made available. I was not the only Welsh Government official at these meetings, of course; there were two other Welsh Government officials more formally in attendance, as members of the board, as well. My role had been to establish the vehicle from a technical perspective. The other two officials came from, by then, the sponsor department, which was responsible for regeneration.

[202] **Mike Hedges:** Why do you think you were appointed as an observer to attend?

[203] **Mr Munday:** I was not appointed as an observer formally. There was no appointment of an observer. I attended, as I said earlier, to ensure continuity, because I had been, in effect, in the role of fund manager between March and December, and we wanted to ensure smooth continuity of handover of all outstanding issues—that the management of cash was properly handed over from the external accountants to the fund manager. For example, on the Monmouth site, between March and December, we had employed planning consultants to protect the interests and to ensure that that was properly picked up and carried over. Once that transition role had completed, I did step away, in July.

[204] **Mike Hedges:** Who decided that you would attend?

[205] **Mr Munday:** I don't think there was a formal decision as such, other than it being made in conjunction with the other two Welsh Government officials, who, at the time, were more senior to me anyway.

[206] **Mike Hedges:** My experience is that most people, when they attend a meeting, are invited to that meeting by somebody, and if people at work are going off-site to attend a meeting, they inform their line manager accordingly. That isn't the way that Welsh Government civil servants work.

[207] **Mr Price:** This is quite a difficult one for me, because I don't know, but I would—

[208] **Darren Millar:** Were you clear on your responsibilities?

[209] **Mr Munday:** I was very clear on my responsibilities.

[210] **Darren Millar:** You were clear on why you were attending the board.

[211] **Mr Munday:** I was clear on why I was attending.

[212] **Darren Millar:** It's just that it seems that nobody else is clear.

[213] **Mr Munday:** I was very clear that my role was to ensure continuity in terms of the establishment of the partnership and then to step back and to leave the protection of the interests to the board members.

[214] **Darren Millar:** So, who gave you that responsibility?

[215] **Mr Munday:** Going back, that was something that started in—

[216] **Darren Millar:** Who gave you the responsibility to attend these further board meetings, after you had ceased to be the fund manager yourself?

[217] **Mr Munday:** I had no specific instruction to attend board meetings.

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

[219] **Mr Munday:** It seemed to me part of my responsibility to discharge my duties to set up the partnership and to ensure a smooth transition from one

form of management to the next.

[220] **Darren Millar:** So, you had no clearly defined set of responsibilities on a piece of paper—no instruction as such from a line manager.

[221] **Mr Munday:** And there was no formal role for an observer because there were other Welsh Government officials who were members of the board.

[222] **Mike Hedges:** I don't think that we're going to get any further on that one. Just one last question from me, then, on the valuation of the land. We talked to the board yesterday, and they were very clear, when the land was transferred to them, that they believed that that was the value of the land that was being transferred to them. When you said it was worth £20 million or so, they thought that was what it was worth and that all they had to do was get slightly more than that. At what stage did people think that it might have been worth more than its transfer value, if at all, and did anybody ever perhaps pass that on to the board?

[223] **Mr Munday:** This comes back to the question I was asked earlier: did board members have copies of the King Sturge valuation? Certainly, the fund manager and the asset manager had very clear sight of the King Sturge valuation, which clearly set out not only the transfer value but the hope value, but that value also said that, in place of hope value, there could be overage. So, the obligations of the management were very clear. As I say, there is an uncertainty as to whether board members themselves have seen copies of the King Sturge valuation. I have undertaken to check that and come back to committee.

[224] **Mike Hedges:** Who would have provided it to them? You? Amber? Anybody else?

[225] **Mr Munday:** I can check what was provided as part of the induction packs.

[226] **Darren Millar:** I mean, you were at these meetings. You saw what was shared, what wasn't shared. Why didn't you think to suggest to the fund managers, in whose appointment you had been involved, that they should share this evaluation information with the board members themselves?

[227] **Mr Munday:** I can't say that they didn't, and I can't say that they hadn't

already been shared. This is something I'm going to check for you.

[228] **Darren Millar:** Okay. But you do not agree with the assertion that all of the board members agreed that they felt your role was—their perception of your role—. They said that they felt that you were a shadow director of that board—

[229] **Mr Price:** Can I just—

[230] **Darren Millar:** I'm asking a question to Mr Munday. They said that they felt you were a shadow director of that board, that you were involved actively in the discussions of the board, that you were involved actively in the decision making of the board, and that was their perception of you. But you say that that wasn't the case.

[231] **Mr Munday:** I cannot speak for their perceptions. I can only speak for the facts. First of all, it is impossible to be a shadow director of a board that has no directors, but where there is—. It is a board; it is a management board—

[232] **Darren Millar:** This is semantics, isn't it?

[233] **Mr Munday:** No; it is a management board—

[234] **Darren Millar:** The reality is that they felt that the impression that was created with you being present at these board meetings and party to discussions and giving a thumbs up or thumbs down to decisions—okay?—effectively meant that you were representing the interests of the Welsh Government—

[235] **Mr Munday:** I did not give any thumb—

[236] **Darren Millar:** —as a shadow director.

[237] **Mr Munday:** Again, I say I cannot speak for what their perceptions were, but I did not give any 'thumbs up' or 'thumbs down'. That was not my role. My role was simply to be the observer in managing that transition.

[238] **Darren Millar:** Okay. Sandy, did you want to come in?

[239] **Sandy Mewies:** I did, and it's still on that point, actually. In some ways,

I'm sorry to labour this point, but when you set up a board—and you were involved in setting up the board, and there was an induction process, and you've kindly said you're going to check what was said in the induction packs—. There seems to have been a failing of understanding somewhere because, yesterday, the evidence did indicate that the members of the board did not understand your role at all. Now, does that mean that at no point during that process was there anyone looking at the way it was operating and evaluating what was happening, because the board were in control of a lot of money? From what they were saying yesterday, their understanding of, in some ways, what their roles were, but the understanding of what went on and what the advisers' position was was very unclear. That's what they're saying. But was there no-one who would be looking at the minutes and picking this up? Or, the alternative is that people were happy that they did understand the role and that it had been clearly explained and they knew what their roles and other roles were.

[240] **Mr Price:** Can I just make a very quick point? I've gone through the paperwork, and I think the responsibilities of the board members looked pretty clear to me, including in the induction pack—I'm sure they could've been clearer—

[241] **Sandy Mewies:** And we'll have sight of those.

[242] **Mr Price:** —and the responsibilities of the professional advisers looked very clear. And, particularly, if professional advisers are saying that they were unclear what they were meant to do and, you know, it was someone's fault who was in the room, I think that's a poor—

[243] **Darren Millar:** Mr Price, was the relationship between the Welsh Government and RIFW clear?

[244] **Mr Price:** Welsh Government and RIFW—. Right—. This, I think, is a learning opportunity for us. I had to think, sorry, exactly what you meant by that question, and I do think that we should have been clearer about how this was held accountable to Welsh Government officials.

[245] **Sandy Mewies:** Can we have sight of those papers, though? I mean, they were there, the roles were explained—can we have sight of those?

[246] **Mr Munday:** There is a full induction pack, which I can make available to the committee.

[247] **Sandy Mewies:** Thank you.

[248] **Darren Millar:** Aled, you had a supplementary.

[249] **Aled Roberts:** Rwy'n meddwl bod y cyfrifoldebau'n glir, ond sut oedd Llywodraeth Cymru, er enghraifft, yn dweud nad oedden nhw'n meddwl ei bod hi'n dderbyniol i rywun fod yn weithredol ar lefel gwleidyddol ac eto yn penodi arweinydd cyngor lleol? Os oedd y dogfennau mor dda â hynny, sut oedd yna gamgymeriadau elfennol felly yn cael eu gwneud?

Aled Roberts: I think the responsibilities were clear, but how did the Welsh Government, for example, say that they didn't think that it was acceptable for someone to be active at a political level and yet appointed the leader of a local council? If the documentation was so good, how were such basic errors being made?

[250] **Mr Price:** That's a fair question. I don't know; I wasn't involved in the—

[251] **Darren Millar:** I mean, you—

[252] **Aled Roberts:** Hwyrach, cwestiwn mwy pwysig ydy: rydych chi wedi sôn yn eich llythyr bod yna gyfnod o drosglwyddo cyfrifoldebau rhwng adrannau o fis Ebrill 2010 ymlaen—a oes yna ddogfennau ffurfiol ynghylch y broses trosglwyddo, gan gynnwys beth oedd safbwynt Llywodraeth Cymru ar, dyweder, sefyllfa prisiant materion tebyg? A gaf i hefyd ofyn a oedd yna sylwedydd o fewn yr adran cynaliadwyedd wedi cael ei benodi neu ei phenodi ar ôl mis Gorffennaf 2011?

Aled Roberts: Maybe a more important question is: you've mentioned in your letter that there was a period of transferring responsibilities between departments from April 2010 onwards—is there any formal documentation about the transfer process, including the position of the Welsh Government on, for example, the valuation situation for similar issues? May I also ask whether an observer from within the sustainability department was appointed after July 2011?

[253] **Mr Price:** So, I think this is a question for me to answer, and I think—

[254] **Darren Millar:** Do it quickly, please.

[255] **Mr Price:** So, on one level, having a graduated handover would be deemed good practice. I've certainly seen documentation that suggests that; you don't just hand it all over in a pile of paperwork and say, 'That's that.' On another level, I think the way that the Welsh Government was operating at official level at that time, with lots of joint ownership of things, did lead to a lack of clarity about who was responsible for what at what time, which won't have helped. I don't think it had any impact on the—

[256] **Aled Roberts:** So, was the no formality in that process of handover?

[257] **Mr Price:** The formality will have occurred at ministerial change, so there's a thing that happens immediately then in terms of ministerial responsibility. Then the final formality was in the note of August 2011. There was not enough formality in the process. However, for the last 18 months, I think that has been put right in Welsh Government, but that wasn't the case when this—

[258] **Aled Roberts:** Is there documentation available for the period—?

[259] **Darren Millar:** You can bring it back when you come before the committee in a few weeks' time, if you would. Andrew R.T. Davies.

[260] **Andrew R.T. Davies:** Yes, thank you, Chair. James, you said in your earlier submission that, obviously, there was a crisis mode in the Welsh Government at that time about meeting the economic challenges of the period, and it's easy in 2015 to look back and think everything was rosy. I think we all understand there was an economic situation that needed facing up to. The evidence we've had, and, certainly, the evidence we had from your colleagues yesterday about the inability to track back information into Welsh Government—I think that was the way they termed it—was saying that there were issues about the flow of information back into Welsh Government. Also, there was a lack of capacity, and that was the word that was used by your colleagues yesterday. The capacity of Welsh Government was unable to deal with these property disposals, hence that's why it was pushed out. Can all this be described as responding more to the economic situation and, therefore, some corners were evidently cut, because the position that was presented to you was, 'Just get this realisation of the property; get the money out so we can get the regeneration started'?

[261] **Mr Price:** Okay, so—

[262] **Darren Millar:** Perhaps in responding to that, if you could also tell us whether you think it was wise, with hindsight, to have shared the details of the King Sturge valuation with the market, as it were, as part of the tendering process when you were seeking fund managers at the time. Obviously, that would have had an impact, because you could put a clear deadline by which these assets would need to be disposed of.

[263] **Mr Price:** So, I think it would be all too easy for me just to agree with what you said and say that's why we did what we did. I don't think that's what I was trying to say.

10:15

[264] **Mr Price:** So, I think it would be all too easy for me just to agree with what you said and say that's why we did what we did. I don't think that's what I was trying to say. I was just trying to say that that was a feeling within the organisation that is bound to have pervaded the discussions that were being had about what went into the transfer, because the same people, from what I've seen of the notes, were in some of those discussions as were in the discussions about whether we try and offload a lot of the property very quickly to get stimulus into the economy. I also think it would be too easy for me to say that's why some corners were cut. I don't think that, at the time, anyone thought that any corners were being cut. I think, in retrospect, we would have managed things a bit differently. The biggest learning thing that I take from this in terms of the vast number of arm's-length organisations that I now find myself managing is that we need to be very clear exactly what we want different organisations to achieve, and then very clear about what our accountability mechanism for those organisations is. I'm even considering whether we ought to have something within the group I now have that is akin to the shareholder executive within the UK Government, whose sole responsibility it is to keep an eye on these things, because they are very difficult to do.

[265] **Darren Millar:** Okay. Well, was it wise to share a list of the assets that you wanted to dispose of and the time frame by which they needed to be disposed, with hindsight?

[266] **Mr Price:** Chris wants to come in on that.

[267] **Mr Munday:** The actual fact was that, in selecting the fund manager and the asset manager—

[268] **Darren Millar:** Did you know either of them, by the way, beforehand? Did you have previous experience with them?

[269] **Mr Munday:** I had previous experience with Amber and limited experience with Lambert Smith Hampton. The other bidder was Igloo Regeneration Fund with Morley Fund Management, and their property advisers were Knight Frank. Only the shortlisted bidders—. We went through a process of selecting those advisers where there was an initial prequalification process, at which stage no-one saw the list of assets because there was no list of assets at that point in time. The four shortlisted bidders would have seen them, but one withdrew. So, three shortlisted bidders saw the assets, but only two had the full details. So, the information had to be shared with those bidders so that they could formulate their proposals of an asset realisation plan to be assessed. That information was not disseminated to the marketplace. It was shared with those bidders on a confidential basis.

[270] **Darren Millar:** You don't think that that was a potential risk, though, given that this is a very small pool of organisations, which are working with these sorts of scale of assets?

[271] **Mr Munday:** It had been offset against the fact that if that information had not been shared with bidders, then we would have had no way of assessing those bidders' ability to realise the assets.

[272] **Andrew R.T. Davies:** Could I ask one very short supplementary question?

[273] **Darren Millar:** Yes, very quickly, and then back to questions.

[274] **Andrew R.T. Davies:** Yesterday, with the board evidence, we heard that they quickly realised that the situation that they found themselves in as members was completely different to what they believe they were signing up to. Were there any requests from the board for additional help and support, increasing the capacity and changing the terms, because surely once you realise—and, in fairness, each and every one of the board members said they realised that they were getting to something that was not what they'd signed up for—? So, was there a request for help, and was that request turned down?

[275] **Mr Munday:** There was no request to help received by me; neither was there, going back to an earlier point, any request for advice because they were unclear about their role.

[276] **Darren Millar:** Okay. Thank you for that. On that note, we will close this particular part of the evidence session. You'll be sent a copy of the transcript of today's proceedings. If there are any factual inaccuracies, please let the clerks know. We look forward to welcoming you back towards the end of our inquiry.

10:19

Cronfa Buddsoddi Cymru Mewn Adfywio: Sesiwn Dystiolaeth 4 Regeneration Investment Fund for Wales: Evidence Session 4

[277] **Darren Millar:** We move on to item 4, then, on the agenda: regeneration investment fund for Wales—evidence session 4, and I welcome Leo Bedford and Giles Frost, both from Amber Infrastructure Ltd, to the table. Welcome to you both. Thank you for attending today's meeting. Thank you also for being so patient while we completed that last evidence session. We also thank you for the paper that you've sent to us in advance of today. You'll be aware why we're here. There's been some public concern following the publication of the Wales Audit Office report into the regeneration investment fund, and we're going to be asking you questions today about your role in that and the way in which you had a relationship with both the board and with Lambert Smith Hampton. Perhaps I can start the questioning off with this question: why did you respond to the Welsh Government's invitation to tender for the role of RIFW fund manager?

[278] **Mr Frost:** May I begin with that? Our expertise as a business is really in the public–private interface. So, our expertise is obviously in infrastructure, but also in other sources of investment, too, to support the public sector in implementing its policies. So, we had become involved with a European initiative called JESSICA, which you heard about earlier on, which was set up in a way that I think Mr Munday spoke about earlier on, which required private sector expertise to help invest money into regeneration–focused activities. So, when the procurement came out through the *Official Journal of the European Union* process, we were naturally interested to apply for that. We do, incidentally, operate two very similar funds in London and in Scotland, which were set up under the same initiative, with broadly the same structure.

[279] **Darren Millar:** This was a consortium bid that you made in respect of the Welsh fund, though, wasn't it?

[280] **Mr Frost:** Yes.

[281] **Darren Millar:** It was made in conjunction with Lambert Smith Hampton as the property advisers.

[282] **Mr Frost:** Yes, the difference between this and the other funds was, right from the outset, this was going to be endowed with cash plus some land assets, obviously, and that was a distinction from the other funds set up under the JESSICA initiative in the UK. So, I think that the Welsh Government at the time sought two very different sorts of advice. They were seeking advice from an investment specialist, because the investment specialist, which was us, actually had certain discretionary powers about investing money into these new opportunities, and that was because of the EU requirements, and a property specialist, who was going to give advice certainly on the property aspects of new investments, but also in terms of the land assets that were being acquired as part of the initial assets of RIFW.

[283] **Darren Millar:** Do you want to come in, Mr Bedford?

[284] **Mr Bedford:** [*Inaudible.*] in the tender documents, which was lotted. So, when we bid, we could bid as a combination of fund manager and investment manager, or just fund manager. So, the Welsh Government had the opportunity to accept just us or just LSH, or us together.

[285] **Darren Millar:** And, just to confirm the contractual arrangements, LSH were a subcontractor, effectively, of yours.

[286] **Mr Frost:** Sort of. It's quite a complicated arrangement, and I think the WAO have picked that up in the report. We had a contract with RIFW, which essentially was Welsh Government, in a sense, and then the LSH contract was tripartite. So, LSH owed broadly the same duties to us and RIFW, although I think it's probably fair to say that we always accepted that we were the primary interface with LSH and it was our job to supervise them on a day-to-day basis.

[287] **Darren Millar:** Had you worked with LSH in the past?

[288] **Mr Frost:** Not to any material extent. When the opportunity to bid came out, we talked to a series of property advisers who we felt had capacity and experience in the Welsh market, and we chose LSH, but we'd never done anything similar with them before.

[289] **Darren Millar:** So, LSH as property experts, you as fund manager, investment experts, and RIFW supposedly the experts in terms of public sector investment—investment for regeneration. So, the roles, as it were, were quite distinct between you and Lambert Smith Hampton, yes.

[290] **Mr Frost:** Yes, I'd agree with that. I think what I'd add is that I think we did provide administrative support for RIFW and the RIFW board. So, for instance, advice papers from LSH, which obviously form part of this inquiry, would come through us. We would make sure they were written in good English, or made sense, and we would challenge them on bits of those if we felt their advice wasn't clear. So, it was an interface role that we played, but essentially what you've said is correct.

[291] **Darren Millar:** Okay. Alun Ffred Jones.

[292] **Alun Ffred Jones:** Byddaf i'n gofyn yn Gymraeg. Jest i fod yn glir ynglŷn â'ch rôl chi, beth yw'ch arbenigedd chi? Hynny ydy, ai trin buddsoddi arian, neu a ydych chi'n arbenigwyr mewn adfywio?

Alun Ffred Jones: I'll be asking my questions in Welsh. Just to be clear about your role, what is your expertise? That is, is it in financial investment, or are you experts in regeneration?

[293] **Mr Frost:** I'm sorry, I missed the first part of that question, but I heard the second bit. We are experts in investment. I think that the reason that RIFW was set up in this way was because the Government at the time was looking for investment expertise and particularly due diligence and—how should I say?—discrimination in terms of what was invested into. I mean 'discrimination' in the most positive way, obviously, in terms of ensuring the investments were really good investments, because the thing that made RIFW different from, say, grant-based initiatives that have been used as policy levers in the past was that the money was supposed to come back. We were supposed to be investing in the regeneration objectives, but the money was supposed to be invested on commercial terms so that it would be recycled and then available for reinvestment into another generation of regeneration opportunities in due course.

[294] **Alun Ffred Jones:** Felly, a ydych chi yn arbenigwyr, fuasech chi'n dweud, mewn adfywio per se? Ai dyna'r hyn yr ydych chi wedi bod yn gwneud yn yr Alban ac yn Llundain?

Alun Ffred Jones: So, are you specialists, would you say, in regeneration per se? Is that what you have been doing in Scotland and in London?

[295] **Mr Frost:** Yes, I think we would say we have expertise in regeneration. The Scottish fund is focused more on delivering new properties—office buildings, factories—for employment use, and certainly that would have fallen within RIFW's remit as well. The London fund is focused more on energy efficiency and investing money to promote carbon savings.

[296] **Alun Ffred Jones:** Ocê, diolch yn fawr, O ran rôl LSH, a oedden nhw yn bresennol mewn unrhyw gyfarfod o fwrdd RIFW, neu a ydych chi'n cyflwyno eu hadroddiadau nhw i RIFW, neu a oeddech chi'n pecynnu cyngor LSH i fwrdd RIFW?

Alun Ffred Jones: Okay, thank you, In terms of the role of LSH, were they present at any meetings of the RIFW board, or did you present their reports to RIFW, or did you package LSH's advice to the RIFW board?

[297] **Mr Frost:** LSH had direct access to the RIFW board and attended most if not all of the meetings.

[298] **Mr Bedford:** Every single board they had a representative at—until September 2013, so way beyond the period I think we're interested in.

[299] **Darren Millar:** Okay. Mike.

[300] **Mike Hedges:** In terms of the board, what do you think the role and responsibility of the Welsh Government observer was?

[301] **Mr Frost:** Let's go back to basics here: the fund was set up and essentially was owned by Welsh Government. Someone earlier on spoke about the LLP structure and the fact it had members. Welsh Government was the sole voting member, and Welsh Government had put all the money into RIFW, whether it was cash or land. So, simplistically, Welsh Government owned RIFW. I think that we saw Welsh Government effectively as our client, and the RIFW board were sitting there for very good corporate governance reasons, but behind them sat the Welsh Government. I think, rightly or wrongly, because I heard the earlier evidence, we saw the observer as effectively the representative of the Welsh Government, and therefore the

client, if you like, for whom RIFW was implementing its activities.

[302] **Mike Hedges:** So did the board, from what they said yesterday. So, two thirds of the people we've talked to now seem to think that.

[303] **Darren Millar:** Okay. Thanks, Mike. Andrew.

[304] **Andrew R.T. Davies:** Thanks, Chair. Yesterday we heard evidence from the board that they believed that they were dealing with a project that wasn't something they'd signed up to. Obviously, you were integral to that. You were commissioned to provide support. You've outlined, Giles, the level of support that you were offering. What was your initial assessment, then, as the project was progressing? Was it a board that was out of its depth and dealing with issues that it shouldn't have been dealing with?

[305] **Mr Frost:** I'm going to say 'no' to that, but I don't mean to create controversy with the board's view on that, because I can see what they say. I think that the board were presented with—. If I may step back a little bit, we had an asset realisation plan, which was originally designed to sell these assets over time. That asset realisation plan was approved by the board and it was essentially a plan to sell the assets over a period of time—individually, effectively. That asset realisation plan was overtaken by a recommendation that came through LSH to sell the portfolio in a single opportunity, and I think that it came as a surprise to us, and it came as a surprise to the board, that there was this opportunity. I think the board actually acted, in my view, quite properly, because I think we all questioned that change of advice. We all questioned whether it was the right thing to be selling the assets in a single sale.

10:30

[306] That's one of the reasons why I think that decision was explicitly taken back within Welsh Government via the observer, in terms of, 'Is this the right thing we all want to be doing?' To be fair to the board and to Chris and everybody else, that recommendation was supported by some very clear advice from Lambert Smith Hampton, and, obviously, that decision was originally approved in principle in early 2011, although, ultimately, the sale itself didn't take place until February 2012.

[307] **Andrew R.T. Davies:** Can I just clarify that, ultimately, the principle of selling all this as one lot rather than lotting it up, was taken by the Welsh

Government? Did I understand you correctly in that, that the independent advice, I think you said, went back to Welsh Government, and a message was conveyed back that that was agreeable? I think I've understood you correctly.

[308] **Mr Frost:** I'm straying on to, obviously, controversial ground, but the fact of the matter was that—

[309] **Andrew R.T. Davies:** Please stray. [*Laughter.*]

[310] **Mr Frost:** —the asset realisation plan had been approved and that saw a process of selling individual assets basically one by one. Under the rules for RIFW, changes to the asset realisation plan required board approval and, therefore, selling it in a single lot clearly was a change to the asset realisation plan and therefore required, and indeed obtained, board approval. I think that anybody who's acting in a fiduciary capacity, which, essentially, we all were, would want to ensure that the ultimate client—ultimately, the Welsh Government—was bought into that change of strategy. So—

[311] **Andrew R.T. Davies:** So, it was your understanding that Welsh Government were completely comfortable with the bundling up and the sale of the portfolio as one sale, rather than offering the board the opportunity and the discretion to maximise the assets as they saw fit.

[312] **Mr Frost:** Well, I'm afraid I would say that, yes, because I think the sale was clearly an important decision relating to a very large proportion of RIFW's assets.

[313] **Andrew R.T. Davies:** Could I press you on—. You touch, in your opening remarks, on how you provided administrative support and you helped sanitise some of the Lambert Smith Hampton documents—I mean that in a tongue-in-cheek way, you know, making the English more friendly to the board, if you like, so they could understand maybe some of the more technical terms—

[314] **Darren Millar:** Better than yours, then.

[315] **Andrew R.T. Davies:** Yes, better than mine. [*Laughter.*]

[316] And make some of the technical terms seem more easy to read, et cetera. I think that's what you were implying—

[317] **Mr Frost:** Not really.

[318] **Andrew R.T. Davies:** But there is evidence from the papers that have come before the committee that quite a bit of the stuff wasn't passed on to the board, like Lambert Smith Hampton's advice to get an independent valuation of the property. Why didn't you pass that information on? Why did you choose to act as editor in stopping stuff going through to the board?

[319] **Mr Frost:** There are two points there. The first point, I think, is that the amendments to LSH's advice were really to test that advice and ensure it was stronger, particularly early on. I think the auditor general referred to some—. I think there's a paper—is it 14 April or something like that—where we did encourage them to reinforce their advice, particularly because it was a change to the existing asset realisation plan.

[320] The point about the valuation not being passed on is actually a little bit of a red herring, because that point arose much, much later in the process. That arose in the context of some of the legal discussions around the terms of the legal contract, and that was actually a discussion not around the valuation of the assets per se, vis-à-vis the sale, it was more about whether or not we needed a provision in a legal contract to deal with some future valuation in the event that there were disputes over overage or some of the other legal terms in the contract.

[321] **Andrew R.T. Davies:** So, Lambert Smith Hampton were comfortable with you not putting some of their recommendations to the board.

[322] **Mr Frost:** It's not true to say we didn't put their recommendations to the board; it was—

[323] **Andrew R.T. Davies:** Well, that's what I've got here.

[324] **Mr Frost:** No. That's not correct. Sorry, I think it's a nuance, but they were making recommendations, we wanted to make sure those recommendations were very clearly set out and weren't caveated and were very clear to the board, so they were clear, distinct recommendations. So, that was the type of editing we did; we weren't changing the nature of the advice in any way whatsoever.

[325] **Darren Millar:** But you were clearly strengthening the recommendations, weren't you?

[326] **Mr Frost:** Well, we—

[327] **Darren Millar:** I mean, you just confessed that you strengthened the recommendation to support a portfolio sale, for example, and depart from the asset management plan.

[328] **Mr Frost:** No. I think what we were doing is we were trying to make sure that those recommendations—. I think the nature of the advice for a single portfolio sale was and always has been very, very clear; I think what we were trying to do was actually just to ensure that it was presented in a very clear and effective way to the board—nothing more than that. We certainly weren't involved in amending the advice or getting into the correctness of it; it was merely that we wanted to ensure that, if there was a change of direction being proposed around asset realisation, then it was done without any ambiguity.

[329] **Darren Millar:** And on this point of the recommendation to go out to a further valuation—. I mean, you're shaking your head, Mr Bedford.

[330] **Mr Bedford:** You've got it in front of you, but I think it was that we were provided with a price for getting an update on the King Sturge valuation at a particular point in time. And, going back to what Giles is saying, that point in time related to the ongoing protection of the security relating to the deferred payments that were going to be due to RIFW under the terms of the sale and/or the overage provisions.

[331] **Darren Millar:** But it was still a recommendation nevertheless and it wasn't conveyed to the board.

[332] **Mr Bedford:** Because the board had already approved the sale, delegated responsibility for transacting the sale—so, the terms of the sale had been approved.

[333] **Darren Millar:** But the property experts that had been appointed, which worked as subcontractors to you, made a clear recommendation that you did not convey to the board.

[334] **Mr Frost:** With the greatest respect, I think that is a red herring. First of all, it happened much later and, secondly, the legal—

[335] **Darren Millar:** I'm not concerned about the timing, I'm concerned about the principle of you not passing on recommendations to the board. Were there other recommendations you didn't pass on to the board?

[336] **Mr Bedford:** Absolutely not. I don't think it was a recommendation to pass it to the board, though.

[337] **Mr Frost:** Sorry, it's an important point, because if it's not corrected you might get the wrong impression. The point is that the legal need for that possible valuation disappeared in the legal contract drafting, so it was no longer required. As I mentioned earlier, the request of a possibility of valuation was associated with the drafting of the legal contract. The legal contract changed in a way that made a valuation no longer required. Therefore, it just fell away.

[338] **Darren Millar:** I can understand the point you're making, and I'm sure that the board would have accepted that point if you'd have said, 'We've received this recommendation but we don't feel it should be proceeded with'.

[339] You wanted to come in with a supplementary on this, and then I'm coming to you.

[340] **Alun Ffred Jones:** Can we have an explanation on that point? What changed, then, that meant that you didn't have to go for an external valuation? Because, after all, the overage deals that were made seem pretty poor ones.

[341] **Mr Frost:** What changed around it was simply we—or the lawyers, rather than ourselves, I should say—developed a different mechanism for ensuring the adequacy of the mortgage that RIFW retained over the land, which it sold, which secured the deferred consideration on the assets.

[342] **Alun Ffred Jones:** We're talking about a valuation; we're not talking about mortgages.

[343] **Mr Frost:** Well, obviously, the mortgage secured the deferred payment that was due to RIFW, and we wanted to ensure the mortgage secured land of sufficient value to cover that deferred payment.

[344] **Darren Millar:** Okay—

[345] **Mr Bedford:** If I may—

[346] **Darren Millar:** Very briefly.

[347] **Mr Bedford:** What we had as security was effectively a mortgage in the same way as a bank has a mortgage over a house when you take a loan; it works on the same principle.

[348] **Darren Millar:** Julie Morgan.

[349] **Julie Morgan:** That's covered some of the things I was going to ask, but, just as a general point, were you satisfied with the advice that Lambert Smith Hampton were giving to yourself and to the RIFW board?

[350] **Mr Frost:** I don't think we had any reason to question it at all; I think that we had a—. We had a—. As I mentioned earlier, I think we were initially surprised that they'd proposed a sale in a single transaction, but, on questioning that advice and putting them to the test around that advice, I think that they came out with a very credible and reasonable justification for doing so.

[351] **Julie Morgan:** So, you questioned them directly about that decision and were convinced.

[352] **Mr Frost:** Yes, absolutely, along with the board. Yes.

[353] **Julie Morgan:** Right. So, you have—. Looking back—I mean, obviously, this is very complicated to us, I think; it all seems a very complicated interaction between the different bodies involved—do you feel that you at any point should have acted in a different way or communicated in a different way to prevent some of the difficulties that we've run across that have made this report appear?

[354] **Mr Frost:** When you go through the kind of process that we've been through the last three years—and I think we've submitted something like 10,000 different sheets of paper to the WAO through this—I think you always find a few things that you'd do a little bit differently if you had your time again. But, fundamentally, in terms of the question you're asking around the land sale, no, I think that the advice was very clear, and, indeed, from having seen the submission LSH have made to this committee for when they appear next week, the thrust of LSH's view is that that advice remains valid and was

good advice at the time.

[355] **Julie Morgan:** And your position in this saga, you feel—. What is your view? I mean, you don't look back and think that you should have done something different in a more general way?

[356] **Mr Frost:** My main regret, if I'm honest, is that we came into this obviously focused on the ability to invest into regeneration opportunities, and that the opportunity that's been missed, unfortunately, in this, is that RIFW was unable to play a significant part in helping regenerate Wales at a time of acute financial crisis and recession. So, the consequence of this has been obviously a pause on RIFW's investment activities since the autumn of 2012. We didn't become involved in this transaction to deal with land sales—that, as you've heard, was largely not our responsibility—but we became involved to actually use our skills to invest into opportunities. I think the one scheme that we have invested into has been a good scheme, but we had, I think, 60 plus schemes in the pipeline at one stage and they've all fallen away and lost the ability to benefit from RIFW. So, my regret is really that we haven't actually been able to demonstrate the success of RIFW as an investment vehicle. The auditor general has acknowledged that RIFW is an innovative and quite exciting method for leveraging finance in in a more effective manner, but that is something that is unproven as yet in Wales.

[357] **Julie Morgan:** Thank you.

[358] **Darren Millar:** Okay. Andrew, you had a brief supplementary, and then I'll bring Jenny in.

[359] **Andrew R.T. Davies:** Can I just ask a quick supplementary on this point? The board, as I said yesterday, laboured the point that they didn't believe the project they were dealing with was what they'd signed up for—in the end they ended up being sellers of property, in effect—at the very start of it. Did you, at any point, in the board meetings you attended, get the sense, the feel, or understand that board members weren't grasping the information that you were putting before them, were unable, with the expertise and the skillsets that they had, to deal with the issues that you were presenting them, as their principal advisers?

[360] **Mr Frost:** I think different board members clearly had different backgrounds and strengths, but, fundamentally, collectively as a board, I've got no doubts on that score at all.

[361] **Andrew R.T. Davies:** You've got no doubts that they were able to take in the information collectively.

[362] **Mr Frost:** Yes, but I do understand the comment made; the tv feed didn't work yesterday, so I missed the session yesterday, but I think that it's also true to say that the board expected to come into RIFW to mainly focus on the regeneration activity, not property disposal, but I've no doubt about the capacity of the board as individuals to understand what was going on and make sensible decisions.

[363] **Darren Millar:** For anybody who missed those proceedings, by the way, you can catch them again on Senedd.tv; get your anorak on and you'll be able to watch. [*Laughter.*] Can I just check one thing before I bring Jenny Rathbone in? You said you were satisfied with the advice that LSH gave and that it was appropriate advice, but, of course, you did ask questions about how appropriate it was to dispose of these assets without marketing them and putting them out to the market. So, you can't have been that satisfied, can you?

[364] **Mr Frost:** I think we wanted to be—. Like the board, we wanted to be assured that it was a good transaction. Aside from the cash, it was RIFW's sole asset at that stage, so selling the assets in a single go had lots of attractions in terms of facilitating investment going forward, because, as I've said, we had a big pipeline of investment opportunities and we were in the middle of a recession. Last time I was in this building, on RIFW, I was being quizzed by a Minister on how quickly we could defray RIFW money. It was question of—

[365] **Darren Millar:** But you were clearly satisfied with the answer you got from LSH about the rationale.

[366] **Mr Frost:** Absolutely.

[367] **Darren Millar:** Okay. Jenny Rathbone.

[368] **Jenny Rathbone:** I just want to probe you a bit further on the capability or the capacity of the board members to make these decisions, given that Mr Geen declared an interest in March 2011, and therefore he withdrew from all further board meetings, and that key decisions seem to have been taken where there were only two people present, and then, occasionally, somebody

else would come along later, without having heard the advice, and affirm it. So that's one issue. The other issue is how you were checking back to the Welsh Government that it was satisfactory to dispose of all these assets in one lot. You say that Chris Munday was asked to report back to Government to double-check this, but we heard yesterday from Owen Evans, the deputy chief executive of Welsh Government, that Mr Munday's role was merely to ensure that the portfolio was transferred to RIFW and that the board was set up to adequately provide the governance. So, there seems to be a bit of a gap in exactly how you were checking back to Welsh Government that they were satisfied about this course of action.

10:45

[369] **Mr Frost:** And I think, in hindsight, having heard some of the evidence, I completely understand what you're saying. I think, from our point of view at the time, then, we had a board, and we saw that board as being the corporate governance of RIFW. I suppose what didn't happen is we never went behind the board and said—. You know, two of the board members were Government employees.

[370] **Jenny Rathbone:** Indeed.

[371] **Mr Frost:** Two weren't—they were independent—one of whom sort of recused himself from the proceedings, and, obviously, we had the observer up until July 2011. Did we ever think those people were operating in a vacuum? No, I don't think we did. Did we think we were operating in a vacuum? No, we didn't. I go back to a point I made earlier, which is we were very conscious that these assets, ultimately, belonged to the Welsh Government.

[372] **Jenny Rathbone:** Okay. So, exactly how did you communicate with the Welsh Government on whether or not it was a good idea to proceed with this single package of assets to be disposed of? You said you expected Mr Munday to go back and check this out, but the Welsh Government says that wasn't Mr Munday's role. So, I wondered what came back in all this.

[373] **Mr Frost:** Mr Munday had been involved in the establishment of RIFW right from the word 'go', and so, I suppose, there was nobody else who we saw would be better positioned for being our, kind of, client in Welsh Government than Mr Munday, up until he stopped being in the observer role in July 2011.

[374] **Jenny Rathbone:** But, he walked away in July 2011 we just heard this morning.

[375] **Mr Frost:** I mean no criticism of Chris at all throughout this process, because, as far as I know, he's behaved in an entirely proper way. But he was absolutely the person who we went to if we wanted to get a Welsh Government view, and following that time we would go to the chair of the RIFW board, who was also a Welsh Government employee.

[376] **Jenny Rathbone:** Yes, but the chair of the board, or the acting chair of the board, Mr Breeze, was telling us that it was his duty to act independently of Welsh Government, because it was his duty to act in the best interests of RIFW. And, therefore, he saw it as the role of Mr Munday to report back to Welsh Government, and it was perfectly clear from the conversations we had with him yesterday that he wasn't reporting back to Welsh Government.

[377] **Mr Frost:** I don't wish to kind of inadvertently drive wedges into people's evidence, or whatever, and I understand the—*[Inaudible.]*—had to make—

[378] **Jenny Rathbone:** Well, we're trying to understand how it was—

[379] **Darren Millar:** We just want your evidence—*[Inaudible.]*

[380] **Mr Frost:** I'll get to the point, which is: whose money was it; whose assets were they? They may have been parked in RIFW, and it may have added structure around regeneration and the rest of it, but, ultimately, these assets were Welsh Government assets. They've been parked in RIFW, and Welsh Government was the sole, albeit indirect, economic owner of these assets. So, it was natural to talk to Welsh Government on any significant matter arising out of them—

[381] **Jenny Rathbone:** So, you used to talk to Welsh Government directly, did you?

[382] **Mr Frost:** We would talk to Mr Munday, when he was the observer, and, following that time, we liaised with the RIFW board.

[383] **Jenny Rathbone:** So, you didn't communicate with the Welsh Government separately?

[384] **Mr Frost:** Was there any—?

[385] **Darren Millar:** There was no direct—

[386] **Mr Bedford:** There was no channel of communication.

[387] **Darren Millar:** —loop-out.

[388] **Mr Bedford:** Our client was the board; the board was the one with the authority.

[389] **Jenny Rathbone:** Okay. So, this is despite the fact that Mr Munday describes the board as members, rather than directors, and that the two key parties in the actual board, in the membership of RIFW, were the Welsh Government and you. So there was never any direct communication, even though you were the—

[390] **Darren Millar:** I think we've established, Jenny, that they felt there was direct communication through Chris Munday—yes?—and the other two board members, who were Welsh Government officials.

[391] **Mr Frost:** Yes. And I'd make the point, you know, that we were looking after what was, you know, £55 million-worth of public assets; you don't go off and do things on a whim, or—[*Inaudible.*]

[392] **Darren Millar:** Okay. I've got two Members who want to have very brief supplementaries. Aled and then Sandy.

[393] **Aled Roberts:** Rwyf eisiau **Aled Roberts:** I want to ask my gofyn yn Gymraeg. question in Welsh.

[394] Fe wnaethoch chi ymateb i You responded to a question from gwestiwn gan Alun Ffred, rwy'n Alun Ffred, I think, which talked meddwl, yn sôn am gael eich herio about being challenged by a Minister gan Weinidog ynglŷn â pha mor about how quickly assets could be gyflym roedd asedau yn gallu cael eu sold or disposed of. That suggests gwerthu. Mae hynny'n awgrymu bod that there was a meeting, or at least yna gyfarfod, neu o leiaf ryw fath o some kind of communication, gyfathrebu, rhyngoch chi a between you and a Minister, at some Gweinidog, ar ryw adeg. Felly, a oedd point. So, were there meetings

yna gyfarfodydd y tu allan i hynny? outside of that? There was a board meeting on 31 January, then another one on 28 of March, and another on 28 April. Where there any meetings of any kind between Amber Infrastructure and either civil servants or Ministers outside of those board meetings at that time?

Roedd yna gyfarfod o'r bwrdd ar 31 Ionawr, yna gyfarfod arall ar 28 Fawrth, a chyfarfod arall ar 28 Ebrill. A oedd yna unrhyw fath o gyfarfodydd rhwng Amber Infrastructure ac un ai gweision sifil neu Weinidogion y tu allan i'r cyfarfodydd bwrdd yna ar yr adeg honno?

[395] **Mr Frost:** I'd like to go back and look at my diary, and that's just to double-check the answer I'm about to give you, but I don't think there were many—but we'll definitely look at that.

[396] **Aled Roberts:** Os nad oedd yna lawer, roedd yna rai, felly. **Aled Roberts:** If there weren't many, there were some, therefore.

[397] **Mr Frost:** I'd agree with that. I think the meeting that we had here with Huw Lewis was focused around the European component of the money in the fund, because, as you heard earlier, the European component had to be invested by December 2015 at the latest. And so, my recollection is that that meeting was primarily focused on ensuring that we had a sufficient pipeline of opportunities that that money would get deployed within that time frame. So, you know, you're right to point out that that dialogue existed, and I'd quite like to go back and check my records as to what other dialogue, if any, we had. But it's fair to say that it wasn't significant, or I'd remember.

[398] **Aled Roberts:** Digon teg. Ond, yng nghyfarfod y bwrdd ar 31 Ionawr, fe wnaethoch chi gyflwyno cynllun busnes cychwynnol, ac mi oedd hynny yn 2011, felly. Roedd hynny'n cynnwys cynllun gwireddu asedau. Nid oedd y cynllun gwireddu asedau ar y pryd yn nodi'r potensial i werthu'r portffolio cyfan. Rwyf jest eisiau deall: mi oeddem ni ddoe—wel, hyd at ddoe—yn deall bod y cynllun gwireddu asedau wedi cael ei gyflwyno i'r bwrdd ar 28 Mawrth 2011, after that, and that the

Aled Roberts: Fair enough. But, in the board meeting on 31 January, you presented an initial business plan, and that was in 2011. That included the asset realisation plan. The asset realisation plan at that time didn't identify the potential to sell the entire portfolio. I just want to understand: yesterday—well, up until yesterday—we understood that the asset realisation plan had been presented to the board on 28 March 2011, after that, and that the

2011, ar ôl hynny, a bod y penderfyniad i werthu'r asedau o dan un portffolio wedi cael ei wneud yn ystod yr un cyfarfod, ond mi wnaethom ni gael ein cywiro a dweud, 'Na, chafodd hynny ddim ei wneud ar 28 Mawrth; mi oedd yna gyfarfod ychwanegol ym mis Ebrill lle cafodd y penderfyniad yna ei gymryd.' Wrth ystyried eich bod chi wedi dweud, yn gynharach, fod angen i'r materion yma gael eu cymryd yn ôl at Lywodraeth Cymru, a ydych chi'n ymwybodol o unrhyw drafodaethau yn y Llywodraeth ynghylch y cynllun gwireddu asedau, a hefyd y penderfyniad i werthu o dan un portffolio yn ystod y cyfnod rhwng 28 Mawrth a 28 Ebrill?

decision to sell the assets within a single portfolio was taken in the same meeting, but we were corrected and told, 'No, that wasn't done on 28 March; there was an additional meeting in April where that decision was made.' Given that you said earlier that these issues have to be taken back to the Welsh Government, are you aware of any discussions within the Government about the asset realisation plan, and also the decision to sell the assets within one portfolio during the period between 28 March and 28 April?

[399] **Mr Frost:** I think the final decision to sell the land was in January 2012. So, it was a long process, and I think that—

[400] **Aled Roberts:** But the decision to include it in one portfolio, it was suggested to us yesterday, was taken around that April time.

[401] **Mr Frost:** Yes, I think that's fair. I think April/May time is fair, because our recollection—and, again, I'd like to check this—is that, at the time the asset realisation plan was approved, there was an informal proposal from LSH that a sale of a whole portfolio might be possible in a single go. And I think that informal proposal was mentioned at the same time as the asset realisation plan was approved, and my recollection is that the board, at that meeting, said, 'Fine. Well, if you think it's a good idea, go away and work it up and come back to us with a fully worked-up proposal', and that led to the series of meetings and discussions in the ensuing weeks.

[402] **Aled Roberts:** Can you recall whether there was any discussion at that March meeting if the indication given to that informal approach was that LSH should work it up? Was there any indication given that the observer or other Welsh Government officials would be taking it back to Government to discuss?

[403] **Mr Bedford:** I think the minutes of the meeting show that the board members requested that its managers went off and prepared a paper.

[404] **Darren Millar:** That's right.

[405] **Mr Bedford:** It was raised because—. If I just go back slightly, we—ourselves and LSH—were appointed on 14 December 2010, so, you know, just before Christmas. There wasn't, naturally, a great deal of work done before then. So, we started, effectively, fresh at the table early January. By that first January board, which was very much a 'Hello, this is who we are', we presented some very basic initial draft information to the board as a scene setter, which included some information put together—

[406] **Darren Millar:** It was the information from your tender exercise, was it?

[407] **Mr Bedford:** Correct. It was in March that we actually had time and brought a considered view on how, from our perspective, the governance of the board should work and, from LSH's perspective, how the asset realisation plan would work. That was the plan that was approved. However, in the meantime, LSH had received the offer from GST and they were correctly obliged at the board meeting to inform the board an offer had been made. It was a big decision, so no-one was going, 'Yes, go ahead'. They said, 'Well, fine—noted. Take it away and come back to us with some proper, reasoned, advice and recommendation.'

[408] **Darren Millar:** Just to put on the record, were you aware of any other offers having been made for land at that time?

[409] **Mr Bedford:** There is the proposal from Rightacres that was there. I can't remember precisely when I became aware that an approach had been made by Rightacres. But it was around that time.

[410] **Darren Millar:** It was around the same time. Any other offers that you were aware of at that time?

[411] **Mr Bedford:** I'd have to check, but, specifically or significantly, no.

[412] **Darren Millar:** Okay. I'm very concerned about the time now. So, I'm going to move across to Sandy and if I've got time I'll come back to you. Sandy.

[413] **Sandy Mewies:** Are we talking about a proposal or an offer?

[414] **Mr Bedford:** Strictly speaking, a proposal.

[415] **Sandy Mewies:** Thank you.

[416] **Mr Bedford:** But, if I may—?

[417] **Sandy Mewies:** That helps with my question.

[418] **Mr Bedford:** I think there's a very grey area between a proposal and an offer.

[419] **Darren Millar:** Okay. Did you want to explore anything else, Sandy?

[420] **Sandy Mewies:** Well, if you've got—. I mean, maybe because I'm quite clear in my mind what a proposal is and what an offer is, but they may mean different things in terminology to—

[421] **Mr Bedford:** I think it does. In a commercial sense, an expression of interest can be anything from 'Oh, I'd like a look at that paperwork' to 'I would like to put forward, in principle, a number, after great consideration, professionally advised, of this for the assets'. That is far nearer an offer and it's a credible—

[422] **Sandy Mewies:** And where did this lie?

[423] **Mr Bedford:** I think it was a credible proposal, professionally supported, that provided a sort of comparator to the other offer on the table.

[424] **Darren Millar:** Well, it wasn't an offer, though, was it? It was more an expression of interest, the Rightacres proposal.

[425] **Mr Bedford:** No, no, I'm saying there was one offer on the table, but the proposal from Rightacres constituted a comparison.

[426] **Darren Millar:** Right. Ffred.

[427] **Alun Ffred Jones:** A gaf i ofyn un cwestiwn i chi? Rydych wedi question to you? You've said that you

dweud eich bod chi'n hapus gyda'ch rôl chi a'r ffordd roeddech chi wedi cyflwyno gwybodaeth i'r bwrdd. Rŵan, ers i'r penderfyniad gael ei wneud i werthu'r portffolio o dir, mae SWLD wedi creu £17 miliwn ers hynny, wrth werthu dim ond tri a hanner o'r 15 o asedau a brynwyd gan y gronfa. Ydy hynny'n awgrymu i chi bod y penderfyniad i werthu'r portffolio wedi bod yn un cywir?

are content with your role and the way that you presented information to the board. Now, since the decision was made to sell the portfolio of land, SWLD has created £17 million, selling only three and a half of the 15 assets that were purchased by the fund. Does that suggest to you that the decision to sell the portfolio was the right one?

[428] **Mr Frost:** Thank you for that question. I saw the reporting on that as well and I think the comparison may not be completely correct.

[429] **Alun Fred Jones:** What do you mean 'not correct'?

[430] **Mr Frost:** I don't think we recognise those figures exactly, but the principle that the buyer has—

[431] **Darren Millar:** Sorry, we've established—. The auditor general responded to these figures this morning and we're satisfied as a committee—

[432] **Mr Frost:** Okay. All right. Fine. I'm not going to quibble—the principle and the basis of the question I understand. I think the issue to me comes down to this: there is a question, which obviously the committee is looking at, as to whether the land was sold at full market value at the time, and the way in which it was sold. So, as of February 2012, was a proper price achieved for the sale of the land as a complete portfolio? And there is a separate but obviously related question, which is: would or should a different result have been obtained had a wholly different approach to selling the land been taken? I think that, from our point of view, we have worked extremely hard with Welsh Government and the Wales Audit Office and others to understand whether or not RIFW has any legal recourse to anybody in terms of the first question in terms of the sale of the assets. To date, at least, the evidence doesn't support the view that RIFW was badly advised at that stage. We all recognise that there's obviously a range of ways in which the land could have been sold, and you can't close out the possibility that the land might have been sold for more had it been sold in lots, over a different time frame, and the rest of it.

11:00

[433] I think the issue that confronted the board at the time in making its decisions was, in a sense, in the name of RIFW—it was focused on regeneration. I think that goes back to your earlier question about what was really in the members' minds. They were focused on regeneration and stimulating the Welsh economy. So, I think that there was a lot of pressure back then to turn the portfolio into cash and get on with what was seen as being the primary objective of RIFW in terms of regeneration.

[434] **Darren Millar:** Okay. Just one final question and then we'll close the session. Why didn't you relay to the RIFW board the information in relation to the changes to the final terms of the portfolio sale, for them to be able to approve or otherwise after the May 2011 board resolution?

[435] **Mr Bedford:** We absolutely did. We reported any changes at any subsequent board meeting between May 2011 and the final board meeting or meetings in January 2012.

[436] **Darren Millar:** So, the draft—. So, every single step of the way, every single piece of information relating to any change in the draft terms, right up until completion of the disposal of those assets, was communicated to the board.

[437] **Mr Frost:** Yes. We also got Morgan Cole, the lawyers, to provide a report—it's quite a lengthy report; it's eight or nine pages—for board members on the terms of the contract.

[438] **Alun Ffred Jones:** Was it presented to the members?

[439] **Mr Bedford:** Yes. At the board meeting—for the board meeting.

[440] **Darren Millar:** Just one second here. So, the terms communicated—.

[441] **Mr Thomas:** It's confidential.

[442] **Darren Millar:** Okay. Well, let me just ask this broad question so as not to go into any details. Were all of the terms of the overage arrangements made very clear to board members prior to the closure of the deal?

[443] **Mr Frost:** In our view, yes.

[444] **Darren Millar:** In your view, yes.

[445] **Mr Bedford:** Yes.

[446] **Alun Ffred Jones:** Are you happy with the—[*Inaudible.*—]—deals?

[447] **Mr Frost:** Um—

[448] **Alun Ffred Jones:** Could you find some words?

[449] **Darren Millar:** Are they appropriate? [*Laughter.*]

[450] **Mr Frost:** I mean, I think a lot has happened since then, and my earlier answer to your last question was, I suppose, by implication, focusing on what the view of the property market was at the time those decisions were made and had to be made in order to liquidate the portfolio and turn it into cash to invest. I think it's probably fair to say that the property market has improved materially in a 2015 perspective compared to where it was in 2011—

[451] **Alun Ffred Jones:** But all the more reason to get a very good overage agreement in place, surely?

[452] **Mr Frost:** I think that's a question that, perhaps, could be asked of Lambert Smith Hampton when you see them, but I think what LSH would say to that—because we've asked the question ourselves of them—is that the more overage you seek up front, the lower your day one receipt would be. So, you kind of trade immediate money in 2011–12 for the hope money that you get through overage.

[453] **Darren Millar:** Can I just ask you to confirm before we—. This is the very final question. At what board meeting was the Morgan Cole report shared with the RIFW board members?

[454] **Mr Bedford:** I have the minutes here, which I'm looking at. If it's not in here, then I'll have to get back to you.

[455] **Darren Millar:** It's just that it doesn't appear as a paper on any of the agendas that were circulated for the RIFW board. Perhaps you can drop us a note. You've agreed to provide us with some further information as well on

meetings outside of board meetings, as it were, with Welsh Government officials and Ministers, and some additional information as well, so we'd appreciate that. I'm afraid the clock has beaten us, but, Giles Frost, Leo Bedford, thank you very much for your assistance with the inquiry. We look forward to receiving the additional information. You will receive a copy of the transcript of today's proceedings and, if there's anything inaccurate in there in the way that it's been recorded, please do let us know.

11:04

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting**

[456] **Darren Millar:** Item 5 on our agenda is a motion under Standing Order 17.42 to resolve to exclude the public from the remainder of our meeting, but I'm going to suggest that we simply exclude the public from item 1 of our next meeting to give us time to evaluate the evidence that we've just received today.

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu that the committee resolves to
gwahardd y cyhoedd o eitem 1 yn y exclude the public from item 1 of the
cyfarfod ar 20 Hydref yn unol â Rheol meeting on 20 October in accordance
Sefydlog 17.42. with Standing Order 17.42.*

Cynigiwyd y cynnig.

Motion moved.

[457] **Darren Millar:** Does any Member object? There are no objections, so we'll go into private session on item 1 in our next meeting. Thank you.

Derbyniwyd y cynnig.

Motion agreed.

Daeth y cyfarfod i ben am 11:04.

The meeting ended at 11:04.