

THE NATIONAL ASSEMBLY FOR WALES: AUDIT COMMITTEE

REPORT 03-02 – Presented to the National Assembly for Wales on 16th March in accordance with section 102 (1) of the Government of Wales Act 1998

SECURING THE FUTURE OF CARDIFF BAY

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INTRODUCTION

1. In this report we examine the process that led to the winding up of the affairs of the former Cardiff Bay Development Corporation. We also examine the arrangements put in place to carry forward the Development Corporation's work to regenerate the Cardiff Bay area.
2. This is the second of three reports we plan to present to the Assembly about the regeneration of Cardiff Bay. In our first report,¹ we concentrated on the construction of the Cardiff Bay Barrage, the centrepiece of the Development Corporation's activities. Our second report is based on an examination of the wind up of the Cardiff Bay Development Corporation undertaken by the Auditor General for Wales.² In considering the results of the Auditor General's examination we took evidence from the Assembly's Permanent Secretary, Jon Shortridge. Our third report will focus on the results of a review which the Auditor General is currently undertaking. In this he is examining the first year of operation of the various bodies that have taken on those responsibilities which were formerly discharged by the Cardiff Bay Development Corporation. We look forward to the Auditor General's report and having another opportunity to take evidence on a subject of significant interest for the whole of Wales.
3. In the remainder of this report, we set out first our general assessment of the process that led to the winding up of the Development Corporation's activities. We then consider in greater detail three aspects of that process:
 - the sale of the Development Corporation's land at Ferry Road;
 - the decision to give Cardiff City and County Council day to day responsibility for the operation of Cardiff Bay Barrage and the Bay itself; and
 - the payment of set up costs to Cardiff City and County Council and to the Vale of Glamorgan Borough Council.
4. We have drawn a number of broad conclusions from our examination and linked them to a set of recommendations for the Assembly. We hope that these will assist the Assembly in monitoring the succession arrangements put in place following the wind up of the

¹ Audit Committee *The Cardiff Bay Barrage* Committee Report 01-01, February 2001

² Report by the Auditor General for Wales *Securing the Future of Cardiff Bay*, presented to the National Assembly for Wales on 28 June 2001

Development Corporation. We also draw out some useful lessons which we believe the Assembly should act on in future reorganisations of public services and public bodies in Wales.

Arrangements for winding up the activities of the Development Corporation

5. Winding up the affairs of the Cardiff Bay Development Corporation and ensuring that proper arrangements were in place to carry forward the task of regenerating the Cardiff Bay represented a considerable challenge. The Corporation had been established in April 1987 to regenerate about 1,092 hectares of the docklands area around Cardiff Bay. It continued working towards this objective until it wound up its operations on 31 March 2000. During its lifetime, the Corporation received in excess of £500 million in grant in aid from the Welsh Office and subsequently the Assembly. At the time of its wind up the Corporation left assets valued at more than £300 million before depreciation. It had also made significant progress in meeting its targets in relation to securing investment in the area, creating jobs and providing industrial, commercial and residential buildings.
6. The overall aim of the wind up process was to bring the affairs of the Cardiff Bay Development Corporation to an orderly conclusion and ensure the smooth transfer to the Corporation's successor bodies of assets, liabilities and responsibilities together with the necessary funding arrangements to go with them. The process itself was essentially a major, high level, complex negotiation facilitated by the Welsh Office and subsequently the Assembly between the Cardiff Bay Development Corporation on one hand and on the other the successor bodies, in particular Cardiff City and County Council and the Welsh Development Agency and also the Vale of Glamorgan County Borough Council and the Countryside Council for Wales. It was a very difficult exercise to manage and from the Assembly's perspective it did not go as smoothly as officials would have wished.³ We note that the situation was not helped by the fractured working relationship between the Development Corporation and Cardiff City and County Council.⁴
7. Also the timing of the key decisions about the final transfer of responsibilities to successor organisations meant that the wind up process had to be completed within a very compressed timescale. Although the Secretary of State first announced his decision to wind up the Cardiff Bay Development Corporation in March 1996, final decisions about

³ Qs 8 to 12

⁴ Q88

the successor organisations with responsibility for the management and operation of the Cardiff Bay Barrage and of the Bay itself, were not announced until March 1999 and October 1999, six months before the Corporation was due to be wound up on 31 March 2000.⁵

8. We were very concerned about the implications of all this, in particular whether the Assembly was at a disadvantage in terms of negotiating with Cardiff City and County Council. Assembly officials acknowledged that they were under huge pressure to ensure that the deadline of 31 March 2000 was met.⁶ However a key document in all this was the Memorandum of Understanding signed on 20 October 1999 by the Assembly and Cardiff City and County Council. This set out the parameters of the arrangements for the new Harbour Authority. These were subsequently translated into the formal legal agreement under section 165 of the 1980 Local Government Planning and Land Act between the Cardiff Bay Development Corporation Cardiff City and County Council.⁷ Thus the basic building blocks for transfer of the Corporation's responsibilities were in place six months before the wind up.⁸
9. Nevertheless we were concerned that signing the Harbour Authority Memorandum of Understanding with Cardiff City and County Council so late in the process meant that the Assembly found itself with no other viable alternative to Cardiff City and County Council. We were assured, however, that other options were considered. These included the slimming down of the Cardiff Bay Development Corporation and the creation of a harbour authority as a company limited by guarantee. The Assembly could have fallen back on options of this kind if both the need and political will had been there.⁹ However there was another key factor in the decision making process. This was the policy of the Assembly Cabinet supported by much of the Assembly itself that there should be fewer Assembly sponsored bodies. Consequently the negotiation taking place during the second half of 1999 with the aim of handing over responsibility for the Cardiff Bay Harbour Authority, among other things, to a local authority was entirely consistent with the Assembly's policies.¹⁰

⁵ AGW Report *Securing the Future of Cardiff Bay* paragraph 20 and Figure 7

⁶ Q20

⁷ Qs 20, 21

⁸ Q26

⁹ Q24

¹⁰ Q23

10. Finally in this context we asked what consideration had been given to simply extending the life of the Development Corporation by, say, twelve months. This would have allowed a little more time to deal with all these issues. The Permanent Secretary commented that in an announcement made in July 1997 the then Secretary of State had in effect extended the life of the Development Corporation by three months when he set a firm date of 31 March 2000 for its wind up. Having set that deadline there was no appetite to change it and the Permanent Secretary did not see the need, as Accounting Officer, to advise that this was an unreasonable deadline for Cabinet members to be working to.¹¹ We are grateful to the Permanent Secretary for his assurance on this point.
11. **Despite the problems created by the complexities of the wind up process and the intense pressure that all parties involved were under, the process was completed successfully and the affairs of the Cardiff Bay Development Corporation brought to a close with no significant loose ends at the point of transfer.¹² We endorse the Permanent Secretary's comments on this achievement and agree that all those concerned, in particular the staff of the Cardiff Bay Development Corporation, deserve credit for helping to secure this outcome.¹³**
12. **The Auditor General's Report together with the evidence we heard clearly identified some important lessons for the Assembly and we recommend that officials take full account of these in their future planning of the closure, re-organisation or restructuring of public bodies in Wales. We highlight the following.**
- **We endorse the key lesson drawn out in evidence by the Permanent Secretary. Namely in future closures and reorganisations of public bodies in Wales, the governing administration that has the primary responsibility for ensuring a successful outcome should have a fuller role in the process from the outset.¹⁴**
 - **The process of closing or reorganising public bodies inevitably becomes a negotiation between the parties involved and the nature of negotiations is such that they have a tendency to go to the wire. Consequently, it is crucial that key decisions are taken as early as possible in the process and that any delay in taking these key decisions is not allowed to weaken the Assembly's negotiating**

¹¹ Q38; AGW report *Securing the Future of Cardiff Bay*, Figure 7

¹² AGW Report *Securing the Future of Cardiff Bay* Key Findings pages 19 and 25

¹³ Q13

¹⁴ Q9

position.¹⁵ In this context Assembly officials are aware, for example, that previous work undertaken by the National Audit Office indicated that in the wind up of other Development Corporations key decisions on successor bodies were needed at least two years before the wind up date.¹⁶

We welcome the Permanent Secretary's recognition that another reason for making key decisions as early as possible is to avoid the adverse impact of uncertainty on staff. The closure and reorganisation of organisations is a stressful time for staff. This means the process must be managed sensitively and in an open way giving the individuals concerned as much information as possible. The aim should be to give staff an absolute assurance on their future and the prospects for their jobs and, again, this should be done as early as possible in the process.¹⁷

There is a risk that, in taking forward a process which is in effect a negotiation, officials may lose sight of a range of other related administrative matters. The Auditor General found that this happened in the course of the wind up of the Cardiff Bay Development Corporation in relation to the payment of Stamp Duty, the recovery of Value Added Tax and the handling of doubtful debts.¹⁸ While individually each of these matters may be relatively small, cumulatively they can have an adverse impact on efforts to draw to a close in an orderly way the activities of an organisation and transfer responsibilities to other organisations.

Securing continued regeneration in the Cardiff Bay area

13. In addition to examining the management of the process that led to the wind up of the Cardiff Bay Development Corporation, we also wanted to assess the succession arrangements which the Assembly had put in place. Our key concern was to consider whether these arrangements will ensure that value for money is secured on the investment which the Assembly has made, and plans to continue making in the future, in the Cardiff Bay area. During its lifetime, the Cardiff Bay Development Corporation received in excess of £500 million in grant in aid from the Welsh Office and the Assembly.¹⁹ The

¹⁵ Q12

¹⁶ Q12; AGW Report *Securing the Future of Cardiff Bay* paragraph 21

¹⁷ Qs 72, 73

¹⁸ Q72

¹⁹ AGW Report *Securing the Future of Cardiff Bay* Figure 1

Assembly also plans to provide total net funding of £107.7 million to the Corporation's successor bodies for the five year period 2000-01 to 2004-05.²⁰

14. In his report the Auditor General commented that it would be premature to come to any final judgement at this stage about whether the £500 million or so invested by the Development Corporation during its lifetime has provided sufficient impetus to secure its ultimate regeneration objectives. He noted though that the view of Assembly officials was that prospects looked encouraging.²¹ This was echoed in evidence to us. We asked whether the successor bodies were generally content with the final arrangements put in place. The Permanent Secretary told us that from his perspective he was not aware of problems. The successor bodies were not making representations to him saying that they were concerned about the way these arrangements were working out. Indeed as far as he was concerned, it was quite the reverse: his impression from discussions with officials at Cardiff City and County Council and the Welsh Development Agency was that the new arrangements were being managed effectively and in a professional way.²²
15. **The initial reaction of the successor bodies to the new arrangements is encouraging. Nevertheless it serves to emphasise the need for the Assembly to have in place robust arrangements for financial and performance monitoring of the successor bodies. We also believe it illustrates the need for periodic evaluations of the progress which the successor bodies are making against the targets which the Cardiff Bay Development Corporation had developed for its regeneration activities.**²³
16. We were pleased that the Permanent Secretary shared this view. He confirmed that as part of its financial monitoring the Assembly is also obtaining intelligence on what is happening against the targets for regeneration activities. However he saw a need to supplement this with a snapshot evaluation at a particular point in time to see in the round how the successor bodies are doing in terms of achieving the objectives and targets that they inherited from the Cardiff Bay Development Corporation.²⁴ He said that he envisaged carrying out in three to five years time a thorough evaluation of how the overall regeneration of Cardiff Bay has gone. In particular, this exercise would also consider

²⁰ AGW Report *Securing the Future of Cardiff Bay* Figure 9

²¹ AGW Report *Securing the Future of Cardiff Bay*, page 2 Executive Summary

²² Q28

²³ AGW Report *Securing the Future of Cardiff Bay* paragraphs 11 to 14 and Figure 3

²⁴ Q84

what had been achieved since the Development Corporation had been wound up.²⁵ The Permanent Secretary confirmed that a primary task for an evaluation of this nature would be to assess the extent to which the targets set by and for the Development Corporation had been achieved.²⁶

17. **We support the Permanent Secretary's proposal to carry out a thorough evaluation of how the regeneration of Cardiff Bay has gone and we recommend that the Assembly makes the funds available. In our view this exercise is an essential element of the Assembly's arrangements for ensuring that it secures value for money from the considerable resources that it has invested and will continue to invest in regenerating Cardiff Bay.**
18. **We also recommend that the Assembly ensures that any evaluation of the regeneration of the Cardiff Bay area is carried out in an open transparent way. We further recommend that the results of any evaluation should be made available to Assembly Members and that the Auditor General is given access to all the information and material supporting the evaluation.** In this context we await with interest his planned report on the first year of operation of the successor bodies to the Development Corporation.²⁷ **We take this opportunity to emphasise again the importance we attach to the Auditor General having an unfettered right of access to the books and records of the Cardiff Bay Harbour Authority in accordance with the relevant section 165 Agreement.** We note the Permanent Secretary's undertaking that he will be using his good offices to ensure that access is granted in a way that is satisfactory to all parties.²⁸
19. Finally, taking the succession arrangements as a whole we asked whether Cardiff City and County Council had emerged from the wind up process with a very good deal when compared with the other successor bodies. The Permanent Secretary commented that the outcome of the wind up process was satisfactory for all those concerned. He reiterated that the process had in effect been a hard negotiation and that the aim of Assembly officials was to ensure that the Assembly had the best outcome from this process. In this context he made a very important point that the Committee believes has potentially

²⁵ Q85

²⁶ Q86

²⁷ AGW Report *Securing the Future of Cardiff Bay* paragraph 7

²⁸ Qs 144 to 146

significant implications for the continuing regeneration of the Cardiff Bay area. The Permanent Secretary pointed out that in relation to the two local authorities involved in the process, Cardiff City and County Council and the Vale of Glamorgan County Borough Council, the Assembly did not have the same leverage as it did in dealing with the Welsh Development Agency, a body that is accountable to the Assembly, to whom the Assembly could say ‘take it or leave it’.²⁹ **Given that, in comparison with a body such as the Welsh Development Agency, the Assembly did not enjoy the same degree leverage particularly in relation to Cardiff City and County Council we are concerned that the delay in finalising the Memorandum of Understanding for the Harbour Authority may have further eroded the Assembly’s negotiating position on this key issue.**

20. **We also are concerned about the implications for the future regeneration of Cardiff Bay of the nature of the different relationships between the Assembly and the successor bodies. Accordingly we look to the Cabinet for clarification on the extent to which the Assembly can influence the activities of Cardiff City and County Council and those of the Vale of Glamorgan County Borough Council. In particular we are interested in the options available to the Assembly to respond to any risk that the regeneration targets for Cardiff Bay may be missed or that value for money is not being secured on the considerable resources that the Assembly continues to invest in the Cardiff Bay area.** This concern is a theme running through the remainder of this report in which we look in some detail at three specific aspects of the wind up process: the sale to Cardiff City and County Council of the site owned by the Development Corporation at Ferry Road; the decision to give Cardiff City and County Council responsibility for the day to day management of the Cardiff Bay Barrage and of the Bay itself; and the set up payments made to Cardiff City and County Council and the Vale of Glamorgan County Borough Council.

The sale of the Development Corporation’s land at the Ferry Road site

21. On the basis of the Auditor General’s report, we examined in detail the sale to Cardiff City and County Council of the land which the Cardiff Bay Development Corporation owned jointly at Ferry Road with Associated British Ports.³⁰ Although derelict and contaminated, the site was valued by independent consultants at £16.5 million based on

²⁹ Q155

³⁰ AGW Report *Securing the Future of Cardiff Bay* paragraphs 63 to 74

vacant possession. The Corporation and Associated British Ports agreed to sell the site at this price and to divide the sale proceeds equally between themselves. On this basis the Corporation's share of the sale would have been £7.95 million.

22. In July 1999, the Corporation's Board approved the sale of its holding of land at Ferry Road to Cardiff City and County Council for £5.95 million. This in effect represented a discount of £2 million for the Council and was approved by the Assembly on the basis that this reduction of £2 million represented the cost of moving from a market value to the best price to secure regeneration objectives.³¹ The contract for the sale of the land was signed in December 1999 and the sale completed in March 2000. In the course of the negotiations that were going on at that time about the succession arrangements for the Development Corporation, it was agreed that the amount due from the Council would be offset against the amount of £6.1 million in 'Regeneration Fund' monies payable to Cardiff City and County Council by the Assembly under the relevant section 165 Agreement over the three year period 2000-01 to 2002-03. Thus the sale to the Council of the land owned by the Corporation at the Ferry Road site was effectively a cashless transaction.³²
23. **We noted with concern the Auditor General's finding that the Development Corporation had not supported the proposal put forward by Cardiff City and County Council to develop a sports village on the Ferry Road site. Also the Corporation were 'unwilling vendors' and its internal auditors were concerned that the procedures adopted in respect of the disposal of the site were not in accordance with the Corporation's standard procedures or with the requirements of its Financial Memorandum.**³³ Given this we asked why Assembly officials had facilitated the sale to Cardiff City and County Council and whether the process that was followed was robust enough to secure value for money.
24. We were told that the Assembly took the view that there needed to be, if at all possible, an agreed solution to the development of the Ferry Road site. Although it was a prime site, its contaminated condition meant that it was always going to be a difficult site to develop. The Development Corporation was not attracted to the idea of having a sports village on the site but it did not have an alternative viable proposition for developing the site.

³¹ AGW Report *Securing the Future of Cardiff Bay* paragraph 70

³² AGW Report *Securing the Future of Cardiff Bay* paragraph 71; Annex B

³³ AGW Report *Securing the Future of Cardiff Bay* paragraphs 64 and 65

Accordingly the Assembly had two alternatives. One was to transfer the site to the Welsh Development Agency recognising that it would need extensive reclamation and marketing. The other alternative was to transfer the land to the relevant local authority, Cardiff City and County Council. This was the more persuasive of the two possible solutions. Cardiff City and County Council did have a proposed use for the site and also with the demise of the Corporation they would be the planning authority for the site.³⁴

25. On the handling of the sale, the Permanent Secretary confirmed that it was dealt with in accordance with the wind up and succession arrangements.³⁵ The process that was used was in accordance with the guidebook on wind up matters and at all stages there were independent valuations to back up the figures that were involved in the deal.³⁶ All the parties involved in the transaction agreed that a valuation of £16.5 million based on vacant possession was reasonable in view of the contaminated condition of the land and the associated liabilities.³⁷ The end result was a negotiated outcome that was satisfactory not only to Cardiff City and County Council but also to the other key player, Grosvenor Waterside the property division of Associated British Ports.³⁸
26. We also questioned the Permanent Secretary in detail about the £2 million discount that Cardiff City and County Council was given in relation to what it paid for the Development Corporation's share of the Ferry Road site. The Permanent Secretary told us that the valuation of £16.5 million for the site was based on, in effect, optimum use of the land within the local plan. The proposed use of building a sports village would have reduced the commercial value of the site. Consultants advised the Assembly that the wider economic benefits which would accrue from building a sports village on the site could be valued at at least £2 million.³⁹
27. As the Auditor General's report points out, another factor that came into play here was the issue of replacing the old Empire Pool in Cardiff which was demolished as part of the development of the Millennium Stadium.⁴⁰ The Development Corporation had offered Cardiff City and County Council a parcel of about five acres development land as a replacement site for the pool. This offer was not taken up. However the Welsh Office's

³⁴ Q91

³⁵ Q95

³⁶ Q92

³⁷ Q93

³⁸ Q92

³⁹ Q96

⁴⁰ AGW Report *Securing the Future of Cardiff Bay* paragraphs 68 to 70

independent consultants stated that such an area at Ferry Road would be the equivalent of £1.1 million in value. The Permanent Secretary confirmed that £1.1 million of the £2 million discount could be balanced against the commitment to make a site available for a swimming pool.⁴¹

28. In this context we noted that a new national swimming pool was being built in Swansea with the help of a Sportlot grant. We therefore looked to Assembly officials for assurance that the discount of £2 million given to Cardiff City and County Council in connection with the purchase of the Ferry Road site was not intended simply to compensate the Council for failing to secure a Sportlot grant. We were told that the facility in Swansea is effectively a training facility and so different in concept from the facility proposed by Cardiff City and County Council which incorporated leisure and diving use as well as training. Although Cardiff City and County Council was unsuccessful in its bid for Sportlot funding, it decided to pursue the project and the acquisition of the Ferry Road site separately.⁴² Officials emphasised that the £2 million discount was not to replace the potential Sportlot funding. They reiterated the point that the discount was given in relation to the wider economic and social benefits that it was estimated the proposed sports village would bring. The criteria against which officials judged this included the creation of jobs, the level of expenditure that would be generated and the number of visitors to Cardiff Bay.⁴³
29. Given that the different valuations placed on the Ferry Road site ranged up to £35 million, we were concerned to ensure that adequate safeguards to protect the Assembly had been built into the contractual arrangements for the sale of the site to Cardiff City and County Council.⁴⁴ The Permanent Secretary told us that officials had done as much as they could in the context of a complex negotiation to protect the Assembly's interests. The £2 million discount given to Cardiff is repayable if the proposed sports village does not go ahead. Also to ensure that Cardiff City and County Council does not benefit unduly from the onward sale of the land for a purpose other than a sports village, there is an overage clause in the contract enabling a thirty per cent clawback for the Assembly of any profit from the sale of the land within a ten year period. The Permanent Secretary made the point that overage clauses conventionally ran for five years. As for the prospects of an

⁴¹ Q96

⁴² Q99

⁴³ Q100

⁴⁴ AGW Report *Securing the Future of Cardiff Bay*, paragraphs 67, 73 and 74

immediate successful onward sale, the Permanent Secretary commented that the Cardiff Bay Development Corporation had not been able to market and sell the site. Also it is a very contaminated site that does not obviously have a very substantial market value in the short term. At the end of the ten year period, Cardiff and City County Council would have the full rights to the land and retain in full any profits from the sale of the land.⁴⁵

30. **We were surprised to learn that in addition to receiving this £2 million discount Cardiff City and County Council also benefited from acquiring the Development Corporation's Ferry Road site in what was, in effect, a cashless transaction - an arrangement that arguably cost the Assembly up to £850,000 in terms of interest foregone.**⁴⁶ We were told that the sale was handled in this way largely for reasons of administrative convenience. On 31 March 2000 the first tranche of the £6.1 million regeneration fund was payable to Cardiff City and County Council. On the same day the sale of the Ferry Road site was completed with the effect that Cardiff City and County Council was due to pay £5.95 million to the Corporation. So in these circumstances it was felt that for simple administrative reasons it made sense to net one amount off against the other.⁴⁷
31. We were not convinced by this line of argument and asked officials for more information about the composition of the £6.1 million regeneration fund for Cardiff Bay. We were told that the figure emerged from an agreement to provide transitional funding to Cardiff City and County Council over a three year period for regeneration. This was subsequently incorporated in the section 165 Agreement for non-developable assets and defined as the Regeneration Fund. The section 165 Agreement also provides a wide definition of 'regeneration' to which the Regeneration Fund should be applied. The £6.1 million sum was based on estimates produced by Cardiff Bay Development Corporation of the funds that would be needed to maintain certain functions over the three year period. It was made up as follows:

⁴⁵ Qs 119, 121-123

⁴⁶ AGW Report *Securing the Future of Cardiff Bay* paragraphs 71 and 72

⁴⁷ Q117

	£m
Marketing	2.4
Event management and tourism promotion	1.5
Support for new and existing businesses	1.3
Training and employment	0.6
Community activities	0.3
Total	6.1

Under the section 165 Agreement it is for the Council to determine the content of its regeneration programme and how it proposes to spend the Regeneration Fund. The regeneration programme does though have to be agreed with the Assembly.⁴⁸

32. Agreeing for reasons of administrative convenience to allow Cardiff City and County Council to offset the amount of £5.95 million which it was due to pay Cardiff Bay Development Corporation for its share of the Ferry Road site against the Regeneration Fund of £6.1 million leaves a residual balance of £150,000 in the Regeneration Fund and it is this amount that the Assembly will pay in cash terms to the Council.⁴⁹ We asked what Cardiff City and County Council proposed to do with this sum as we were concerned to establish whether the support that the Cardiff Bay Development Corporation had previously given to community groups in the area would run on.⁵⁰ We also wanted to establish more generally what the current position is on the Council's regeneration programme for the Cardiff Bay area.
33. The Permanent Secretary subsequently wrote to the Committee about this issue.⁵¹ In line with the relevant section 165 Agreement, Assembly officials are discussing with the Council its regeneration proposals and the linked payment arrangements. The Council has not yet finalised its proposed programme for regeneration and it has not incurred any expenditure to date on regeneration other than the Ferry Road land purchase. Assembly officials are waiting to see whether the Council's programme for regeneration will include

⁴⁸ Annex C

⁴⁹ Q42

⁵⁰ Qs 42 to 45

⁵¹ Annex B

provision for the continuing support of community groups through, for example, the development of social facilities and the creation and operation of community activities.

34. As we indicate throughout this report, our prime concern is to ensure that the Assembly secures value for money from the very considerable amounts of public money that have been invested and continue to be invested in the Cardiff Bay area. Given this, we are very uneasy about the implications of the sale of the Ferry Road site, in particular the way in which it was financed, for not guaranteeing sustainable regeneration around Cardiff Bay.
35. **We are troubled that the favourable terms given to Cardiff City and County Council, specifically the discount on the price of the land at Ferry Road and the subsequent cashless transaction, beg the question whether the Council now has a sufficiently strong financial incentive to push ahead with the redevelopment of the Ferry Road site. Secondly it remains far from clear to the Committee whether Cardiff City and County Council is expected to replenish the regeneration fund to the tune of £5.95 million, the amount used to offset the cost to the Council of buying the Development Corporation's interest in the land at the Ferry Road site. In these circumstances, it must be doubtful whether those functions that the Cardiff Bay Development Corporation regarded as central to the continuing regeneration of the Bay area are adequately funded.** These include activities such as marketing the Bay area, promoting tourism, supporting new and existing businesses, providing training and employment and support for community activities.
36. More fundamentally there is the issue of ensuring that the objectives and priorities of Cardiff City and County Council for the Cardiff Bay area are coherent with the Assembly's aim of securing value for money from its investment in Cardiff Bay, particularly in terms of sustainable regeneration. The events around the sale of the Ferry Road site provide a useful case study of the issues which this can raise. The Cardiff Bay Development Corporation was not convinced about Cardiff City and County Council's proposals for developing the Ferry Road site. However in the absence of a viable alternative, the Assembly facilitated the sale of the site to Cardiff City and County Council but in a way that raises concerns about other regeneration activities in Cardiff Bay.
37. **We welcome the fact that the Assembly must agree the regeneration programme developed by Cardiff City and County Council. We are however concerned about the possible implication of the wide definition used for some regeneration activities**

in Cardiff Bay, in particular whether there may be a risk that some initiatives labelled as regeneration may not actually contribute to the sustained regeneration of the Cardiff Bay area. We believe therefore that it is essential that Assembly officials work within a framework that sets out the goals the Assembly wants to see achieved in terms of the resources it has invested and continues to invest in the regeneration of Cardiff Bay; that Cardiff City and County Council makes it clear how its regeneration programme will contribute to the achievement of those goals; and that there are agreed measures of performance that allow effective monitoring of the progress being made. We are concerned that without arrangements of this kind there is a risk that work to regenerate the Bay area may lose direction and, as a consequence, the Assembly and the Corporation's successor bodies may fail to maximise the impact of the resources invested in the Cardiff Bay area.

38. Finally in relation to the sale of the Ferry Road site, we asked what responsibility Assembly officials have to advise Ministers on an actual or perceived clash of interests. This question was prompted because at the time key decisions about Ferry Road were made the then First Minister was also the Member of Parliament for Cardiff South and Penarth, the constituency in which the Ferry Road site lies. The Permanent Secretary confirmed that the basic arrangements on ministerial interests are set out in the Assembly's equivalent of the Ministerial Code and that these are matters for Ministers themselves.⁵² He also commented that if there is any potential for a conflict of interest, Assembly officials try to ensure that other Ministers are involved in the process.⁵³
39. Enlarging on this, the Permanent Secretary said that officials did their best to draw Ministers' attention to matters such as this. Ultimately though it had to be a matter for Ministers and not officials, particularly because as officials they were far less aware of a Member's constituency than the Member was.⁵⁴ The Permanent Secretary told us that throughout the decision making process on Ferry Road the Minister concerned was well aware of the duality of his interests. For that reason, to the best of the Permanent Secretary's recollection, no key decision was taken by the Minister alone. Papers were going to other Ministers at the same time so there was more of a collective Cabinet decision-making process and, as a matter of practice, at all key points the Assembly was

⁵² Q17

⁵³ Q18

⁵⁴ Q107

told what was happening.⁵⁵ In making those statements, the Minister was in a position to answer directly to the Assembly for the decisions that he was involved in taking.⁵⁶

40. We are grateful to the Permanent Secretary for the candid way in which he responded to our questions on this difficult issue. **We accept without reservation that Assembly officials sought to ensure the process of selling the Ferry Road site was undertaken in a thoroughly professional way.**⁵⁷ This does, however, raise matters of wider concern for the Assembly. Clearly it is vital for the Assembly to maintain the trust and confidence of all the people of Wales. Given this, it is essential that the Assembly as a whole deals in an open and transparent way with issues that may give rise to an actual clash of interests on the part of Ministers or even a perceived clash of interests. **Currently we have the Assembly's version of the Ministerial Code to guide us on handling potential clashes of interest. But we are a small country and we also have Members who represent regions rather than constituencies. This in itself, to use the Permanent Secretary's words, raises 'a tricky issue'⁵⁸ in relation to identifying potential clashes of interest or a duality of interest. This is an area where all Members must constantly combine vigilance and openness. Accordingly, we would welcome in the Cabinet's response to our report some assessment of current arrangements for dealing with potential clashes of interest on the part of Ministers and whether the Assembly collectively needs to look again at the adequacy of those arrangements.**

The decision to give Cardiff City and County Council responsibility for the day to day management of the Cardiff Bay Barrage and the Bay itself

41. In February 2001 we reported to the Assembly on the outcome of our examination of the project to construct the Cardiff Bay Barrage and to create a freshwater lake in Cardiff Bay.⁵⁹ This had been the centrepiece of the Development Corporation's work to regenerate the Cardiff Bay area. On the basis of the Auditor General's report, *Securing the Future of Cardiff Bay*, we returned to this subject and concentrated in particular on the decision to give Cardiff City and County Council responsibility for the day to day management of the Barrage and the Bay itself when the Development Corporation was wound up on 31 March 2000.

⁵⁵ Q108

⁵⁶ Q112

⁵⁷ Q114

⁵⁸ Q107

⁵⁹ Audit Committee *The Cardiff Bay Barrage* Committee Report 01-01, February 2001

42. We asked the Permanent Secretary what had been the key factors determining this decision. We were told that in March 1999, when the then Secretary of State made a general announcement about the Corporation's succession arrangements, the position was that there would be a Harbour Authority which would manage the Barrage and the Bay though it was not clear at that time what form the Harbour Authority would take. It was also expected that there would be a facilities management contract in place to manage the Barrage and the Bay and that whatever organisation became the Harbour Authority would inherit that contract.⁶⁰
43. During the summer of 1999 negotiations took place with Cardiff City and County Council on the possibility of it becoming the successor body that took on responsibility for the Harbour Authority and the day to day management of the Barrage and the Bay. Up to that point, the Council had not wanted to take on this responsibility. But in about August 1999 its position changed. In parallel with these negotiations Assembly officials and Ministers were becoming concerned that the arrangements which the Development Corporation was putting in place for the management of the Barrage and the Bay were not going to be completed satisfactorily by the wind up date of 31 March 2000.⁶¹
44. Their concerns turned around whether freshwater impoundment in Cardiff Bay could be successfully achieved by March or April 2000. Ministers and officials were not persuaded that it could. Because of technical problems it was unlikely that the Barrage would be ready to operate in a freshwater environment. This in turn would have meant that some or all of the £5 million due to be spent on dredging the Bay in advance of freshwater impoundment would have been nugatory and a significant sum of money lost: because of the continual flushing of the Bay that had to take place over the subsequent year, the material dredged out of the Bay would have been flowing back in again.⁶²
45. The preparations for freshwater impoundment were also linked to the issue of a facilities management contract for the Barrage and the Bay. The Cardiff Bay Development Corporation had run a tendering exercise for the award of this contract and Thames Water emerged from this process as the Development Corporation's preferred bidder. The Corporation's aim was to have a facilities management contract with Thames Water in

⁶⁰ Q124

⁶¹ Q124

⁶² Qs 124, 126

place by the time it wound up its affairs on 31 March 2000.⁶³ However the continuing uncertainty about freshwater impoundment meant there would have been a facilities management contract with Thames Water but with no fresh water facilities to manage.⁶⁴

46. In addition, Assembly officials were concerned about the higher than expected prospective cost of the contract with Thames Water. In parallel, Cardiff City and County Council said that if it was going to be the successor body responsible for managing this contract it was not persuaded that the basic arrangements built into it were ones that it was comfortable with. The Council thought that it could do all that was required more cheaply itself.⁶⁵ Assembly officials had very detailed and intensive discussions with Cardiff City and County Council and challenged the Council's figures. As a result of this, the Council undertook to carry out the facilities management of the Bay and the Barrage for £1 million less a year over a three year period than in the Development Corporation's proposed contract with Thames Water. As Accounting Officer, the Permanent Secretary was persuaded that these significant savings were achievable. Also persuasive was the fact that because of the decision to postpone freshwater impoundment in Cardiff Bay to April 2001 there would not be, in the short term, a freshwater lake to manage and also that Cardiff City and County Council was sufficiently confident in its estimates and ability to deliver these savings that they were written into the relevant section 165 Agreement.⁶⁶
47. One consequence of not making the decision to give Cardiff City and County Council responsibility for the Barrage and the Bay until so late in the wind up process was the need to ensure proper arrangements were in place to operate the Barrage when the Development Corporation was wound up on 31 March 2000. Because Cardiff City and County Council was not in an immediate position to take on the operation of the Barrage and because also of a proper concern for the safe operation of the Barrage, the new Harbour Authority together with Assembly officials had come to the same conclusion, namely that experienced operators had to remain in charge of Barrage operations to ensure that safety was not compromised in any way. For this reason the Harbour Authority extended for six months the contract that the Development Corporation had had in place with Crest Nicholson for the maintenance of the Barrage.⁶⁷

⁶³ Q127

⁶⁴ Q126

⁶⁵ Q128

⁶⁶ Q129

⁶⁷ Qs 134-136

48. The Permanent Secretary subsequently told us that the total cost of extending the Crest Nicholson contract was £220,000. The Harbour Authority was seeking additional funding from the Assembly in respect of £140,000 of this sum. At the time the Permanent Secretary wrote to us, the Assembly was considering this request.⁶⁸
49. The Permanent Secretary also gave us information on other additional funding requested by Cardiff City and County Council. Provisional figures in the Council's return on 2000-01 income and expenditure under the section 165 Agreement indicate additional payments for unforeseen expenditure of £1,132,000 relating to the Barrage project and other contract claims. These figures have not yet been subject to detailed scrutiny. However in terms of the overall budget they were more than offset by savings and slippage. Assembly officials have undertaken to provide the Committee with full details once they have received and scrutinised the Council's final return. We look forward to receiving this. In addition Cardiff City and County Council has submitted further requests for additional expenditure for the current financial year, 2001-02. These total around £600,000 and are being considered by Assembly officials.⁶⁹ We will also be interested to learn about the outcome of this exercise.
50. In this context, we asked what was to prevent Cardiff City and County Council from cross-subsidising the various functions it is providing as a successor organisation under the relevant section 165 Agreements. We were told that throughout the wind up process, Assembly officials sought to ensure that, wherever possible, the resources which the Assembly gave Cardiff City and County Council were ringfenced for the purpose for which it was receiving those resources. In turn the section 165 Agreements are explicit about the purposes for which the Council will apply the funding that the Assembly provides. To monitor this, the Assembly has put in place arrangements to ensure that expenditure is being properly incurred in accordance with budgets and in accordance with the reasons for those budgets.⁷⁰
51. It seems to us that the key test of the successor arrangements put in place for the day to day management of the Barrage and the Bay is that they deliver the standard of performance stipulated by the Assembly within the level of resources which the Assembly plans to make available to Cardiff City and County Council. There are two components

⁶⁸ Annex B

⁶⁹ Annex B

⁷⁰ Qs 141, 142

to this: the final overall cost of the project to construct the Barrage and the freshwater lake and the overall cost of the day to day management of the Barrage and the Bay.

52. When we examined the Cardiff Bay Barrage last year, we said that we expected the Assembly to maintain firm oversight of the rest of the work needed to complete the construction of the Barrage and create the freshwater lake and so ensure that the overall estimate of £220 million for the cost of this project was not exceeded.⁷¹ We took the opportunity to ask the Permanent Secretary what the current position was. He confirmed that the latest estimate was still about £220 million. But because of various claims and associated works, Assembly officials would not have a definitive figure for some time. However he was not aware of any problems on the horizon that would lead officials to seriously question the £220 million estimate.⁷²
53. **We welcome the assurance that the Permanent Secretary gave us on the overall cost of the Cardiff Bay Barrage project. We believe that this reinforces the recommendation in our previous report that Assembly officials maintain firm oversight of the remainder of the project to ensure that the overall estimate for the cost of the project, £220 million, is not exceeded.**
54. **We also expect Assembly officials to exercise a high level of vigilance in monitoring the day to day management of the Barrage and the Bay. In particular we expect them to ensure that in providing services under the relevant section 165 Agreement, Cardiff City and County Council lives within the cap of £19,313,191 placed on annual running costs and the cost of oxygenating the Bay and so secures the saving of £3 million over three years compared with the equivalent figure submitted by Thames Water.⁷³ Clearly this will mean scrutinising very carefully claims from Cardiff City and County Council for Assembly funding of additional expenditure.**
55. **On the issue of the risk of cross-subsidising functions, we note that the relevant section 165 Agreements are explicit about the purposes for which funding provided by the Assembly can be used. We also recommend that as the Assembly develops the practical implementation of funding arrangements it should be prepared, where appropriate, to ring fence resources to ensure that the funds which it provides are only used for the purposes intended.**

⁷¹ Audit Committee *The Cardiff Bay Barrage* Committee Report 01-01, February 20001 paragraph 48(i)

⁷² Q138

⁷³ AGW Report *Securing the Future of Cardiff Bay*, paragraph 87

Set up payments made to Cardiff City and County Council and to the Vale of Glamorgan County Borough Council

56. In his report, the Auditor General described the circumstances that led to the Cardiff Bay Development Corporation making payments to Cardiff City and County Council and the Vale of Glamorgan County Borough Council intended to help both Councils with set up costs associated with taking on their new responsibilities as successor bodies to the Development Corporation. The Development Corporation paid £500,000 to Cardiff City and County Council and £40,000 to the Vale of Glamorgan County Borough Council.⁷⁴
57. In relation to the payment of £500,000 to Cardiff City and County Council, we noted that this amount was paid on account to the Council and that there was some uncertainty about the basis for the claim.⁷⁵ We asked what Assembly officials had done to confirm that expenditure amounting to £500,000 had been properly, reasonably and necessarily incurred by Cardiff City and County Council. We were told that officials had not reached a conclusion on this and that it was something that would be concluded as part of the audit of the Council's accounts. Officials will want to satisfy themselves that expenditure of £500,000 was properly incurred for purposes in relation to the wind up process and to the extent that any of this expenditure was not properly incurred then the Assembly will be looking to claw it back.⁷⁶
58. On the payment to the Vale of Glamorgan, Assembly officials initially took the view that although the amount of £40,000 was relatively small it was not justified. However following further discussion with the Vale and consultation with Ministers, the amount of £40,000 was paid. Effectively, the Vale of Glamorgan made a case for the payment of this amount and the Assembly officials accepted it after due analysis and scrutiny.⁷⁷ It was confirmed that this expenditure of £40,000 will also be subject to scrutiny by District Audit in their course of their review of the Vale of Glamorgan's accounts.⁷⁸
59. **We expect Assembly officials to ensure that District Audit complete as quickly as possible a thorough audit of the set up payments made to the City and Council of Cardiff and the Vale of Glamorgan County Borough Council. We will be very interested to know the outcome of both audits.**

⁷⁴ AGW Report *Securing the Future of Cardiff Bay* paragraphs 91 to 96

⁷⁵ AGW Report *Securing the Future of Cardiff Bay* paragraph 95

⁷⁶ Q149

⁷⁷ Q152

⁷⁸ Q153

The committee's conclusions and recommendations

60. Bringing the affairs of the Cardiff Bay Development Corporation to an orderly close and putting in place appropriate successor arrangements was clearly a considerable challenge. It involved a tough, high level negotiation, facilitated by the Assembly, between the Development Corporation and its four designated successor bodies. In one regard, this process was a success. It was completed in time to meet the target date for the wind up Development Corporation and there were no significant loose ends at the point of transfer.
61. However a second and much more important measure of success is whether the arrangements that were put in place on 1 April 2000 will ensure continued and sustained regeneration around Cardiff Bay and secure value for money from the considerable resources which the Assembly has invested and continues to invest in the area. Although it is too early to reach a definitive conclusion on this, there clearly is a risk that value for money will not be secured. We were, however, reassured that Assembly officials were aware of this and we look to them to monitor vigilantly, and if necessary direct, the activities of the Development Corporation's successor bodies to ensure that the Assembly's aims for the Cardiff Bay area are ultimately achieved.
62. Our detailed conclusions and recommendations are as follows.
- (i) **Despite the problems created by the complexities of the wind up process and the intense pressure that all parties involved were under, the process was completed successfully and the affairs of the Cardiff Bay Development Corporation brought to a close with no significant loose ends at the point of transfer. We endorse the Permanent Secretary's comments on this achievement and agree that all those concerned, in particular the staff of the Cardiff Bay Development Corporation, deserve credit for helping to secure this outcome.**
 - (ii) **The Auditor General's Report together with the evidence we heard clearly identified some important lessons for the Assembly and we recommend that officials take full account of these in their future planning of the closure, re-organisation or restructuring of public bodies in Wales. We highlight the following.**
 - **We endorse the key lesson drawn out in evidence by the Permanent Secretary. Namely in future closures and reorganisations of public bodies in Wales, the governing administration that has the primary responsibility**

for ensuring a successful outcome should have a fuller role in the process from the outset.

- The process of closing or reorganising public bodies inevitably becomes a negotiation between the parties involved and the nature of negotiations is such that they have a tendency to go to the wire. Consequently it is crucial that key decisions are taken as early as possible in the process and that any delay in taking these key decisions is not allowed to weaken the Assembly's negotiating position. In this context Assembly officials are aware, for example, that previous work undertaken by the National Audit Office indicated that in the wind up of other Development Corporations key decisions on successor bodies were needed at least two years before the wind up date.
 - We welcome the Permanent Secretary's recognition that another reason for making key decisions as early as possible is to avoid the adverse impact of uncertainty on staff. The closure and reorganisation of organisations is a stressful time for staff. This means the process must be managed sensitively and in an open way giving the individuals concerned as much information as possible. The aim should be to give staff an absolute assurance on their future and the prospects for their jobs and, again, this should be done as early as possible in the process.
 - There is a risk that, in taking forward a process which is in effect a negotiation, officials may lose sight of a range of other related administrative matters. The Auditor General found that this happened in the course of the wind up of the Cardiff Bay Development Corporation in relation to the payment of Stamp Duty, the recovery of Value Added Tax and the handling of doubtful debts. While individually each of these matters may be relatively small, cumulatively they can have an adverse impact on efforts to draw to a close in an orderly way the activities of an organisation and transfer responsibilities to other organisations.
- (iii) The initial reaction of the successor bodies to the new arrangements is encouraging. Nevertheless it serves to emphasise the need for the Assembly to have in place robust arrangements for financial and performance monitoring of the successor bodies. We also believe it illustrates the need for periodic

evaluations of the progress which the successor bodies are making against the targets which the Cardiff Bay Development Corporation had developed for its regeneration activities.

- (iv) We support the Permanent Secretary’s proposal to carry out a thorough evaluation of how the regeneration of Cardiff Bay has gone and we recommend that the Assembly makes the funds available. In our view this exercise is an essential element of the Assembly’s arrangements for ensuring that it secures value for money from the considerable resources that it has invested and will continue to invest in regenerating Cardiff Bay.**
- (v) We also recommend that the Assembly ensures any evaluation of the regeneration of the Cardiff Bay area is carried out in an open and transparent way. We further recommend that the results of any evaluation should be made available to Assembly Members and that the Auditor General is given access to all the information and material supporting the evaluation.**
- (vi) We take this opportunity to emphasise again the importance we attach to the Auditor General having an unfettered right of access to the books and records of the Cardiff Bay Harbour Authority in accordance with the relevant section 165 Agreement.**
- (vii) Given that, in comparison with a body such as the Welsh Development Agency, the Assembly did not enjoy the same degree leverage particularly in relation to Cardiff City and County Council we are concerned that the delay in finalising the Memorandum of Understanding for the Harbour Authority may have further eroded the Assembly’s negotiating position on this key issue.**
- (viii) We are also concerned about the implications for the future regeneration of Cardiff Bay of the nature of the different relationships between the Assembly and the successor bodies. Accordingly we look to the Cabinet for clarification on the extent to which the Assembly can influence the activities of Cardiff City and County Council and those of the Vale of Glamorgan County Borough Council. In particular we are interested in the options available to the Assembly to respond to any risk that the regeneration targets for Cardiff Bay may be missed or that value for money is not being secured on the considerable resources that the Assembly continues to invest in the Cardiff Bay area.**

- (ix) We noted with concern the Auditor General's finding that the Development Corporation had not supported the proposal put forward by Cardiff City and County Council to develop a sports village on the Ferry Road site. Also the Corporation were 'unwilling vendors' and its internal auditors were concerned that the procedures adopted in respect of the disposal of the site were not in accordance with the Corporation's standard procedures or with the requirements of its Financial Memorandum.
- (x) We were surprised to learn that in addition to receiving this £2 million discount Cardiff City and County Council also benefited from acquiring the Development Corporation's Ferry Road site in what was, in effect, a cashless transaction - an arrangement that arguably cost the Assembly up to £850,000 in terms of interest foregone.
- (xi) We are troubled that the favourable terms given to Cardiff City and County Council, specifically the discount on the price of the land at Ferry Road and the subsequent cashless transaction, beg the question whether the Council now has a sufficiently strong financial incentive to push ahead with the redevelopment of the Ferry Road site. Secondly it remains far from clear to the Committee whether Cardiff City and County Council is expected to replenish the regeneration fund to the tune of £5.95 million, the amount used to offset the cost to the Council of buying the Development Corporation's interest in the land at the Ferry Road site. In these circumstances, it must be doubtful whether those functions that the Cardiff Bay Development Corporation regarded as central to the continuing regeneration of the Bay area are adequately funded.
- (xii) We welcome the fact that the Assembly must agree the regeneration programme developed by Cardiff City and County Council. We are however concerned about the wide definition used for some regeneration activities in Cardiff Bay, in particular whether there may be a risk that some initiatives labelled as regeneration may not actually contribute to the sustained regeneration of the Cardiff Bay area. We believe therefore that it is essential that Assembly officials work within a framework that sets out the goals the Assembly wants to see achieved in terms of the resources it has invested and continues to invest in the regeneration of Cardiff Bay; that Cardiff City and

County Council makes it clear how its regeneration programme will contribute to the achievement of those goals; and that there are agreed measures of performance that allow effective monitoring of the progress being made. We are concerned that without arrangements of this kind there is a risk that work to regenerate the Bay area may lose direction and, as a consequence, the Assembly and the Corporation's successor bodies may fail to maximise the impact of the resources invested in the Cardiff Bay area.

- (xiii) We accept without reservation that Assembly officials sought to ensure the process of selling the Ferry Road site was undertaken in a thoroughly professional way.**
- (xiv) Currently we have the Assembly's version of the Ministerial Code to guide us on handling potential clashes of interest. But we are a small country and we also have Members who represent regions rather than constituencies. This in itself, to use the Permanent Secretary's words, raises 'a tricky issue' in relation to identifying potential clashes of interest or a duality of interest. This is an area where all Members must constantly combine vigilance and openness. Accordingly, we would welcome in the Cabinet's response to our report some assessment of current arrangements for dealing with potential clashes of interest on the part of Ministers and whether the Assembly collectively needs to look again at the adequacy of those arrangements.**
- (xv) We welcome the assurance that the Permanent Secretary gave us on the overall cost of the Cardiff Bay Barrage project. We believe that this reinforces the recommendation in our previous report that Assembly officials maintain firm oversight of the remainder of the project to ensure that the overall estimate for the cost of the project, £220 million, is not exceeded.**
- (xvi) We also expect Assembly officials to exercise a high level of vigilance in monitoring the day to day management of the Barrage and the Bay. In particular we expect them to ensure that in providing services under the relevant section 165 Agreement, Cardiff City and County Council lives within the cap of £19,313,191 placed on annual running costs and the cost of oxygenating the Bay and so secures the saving of £3 million over three years compared with the equivalent figure submitted by Thames Water. Clearly this**

will mean scrutinising very carefully claims from Cardiff City and County Council for Assembly funding of additional expenditure.

(xvii) On the issue of the risk of cross-subsidising functions, we note that the relevant section 165 Agreements are explicit about the purposes for which funding provided by the Assembly can be used. We also recommend that as the Assembly develop the practical implementation of funding arrangements, it should be prepared, where appropriate, to ring fence resources to ensure that the funds which it provides are only used for the purposes intended.

(xviii) We expect Assembly officials to ensure that District Audit complete as quickly as possible a thorough audit of the set up payments made to the City and Council of Cardiff and the Vale of Glamorgan County Borough Council. We will be very interested to know the outcome of both audits.

Annex A



Cynulliad Cenedlaethol Cymru

Pwyllgor Archwilio

The National Assembly for Wales

Audit Committee

Sicrhau Dyfodol Bae Caerdydd

Securing the Future of Cardiff Bay

Cwestiynau 1-157

Questions 1-157

Dydd Iau 5 Gorffennaf 2001

Thursday 5 July 2001

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Alun Cairns, Jocelyn Davies, Ann Jones, Helen Mary Jones.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Frank Grogan, Swyddfa Archwilio Genedlaethol Cymru; Dave Powell, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru; Ceri Thomas, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru.

Tystion: Jon Shortridge, Ysgrifennydd Parhaol, Cynulliad Cenedlaethol Cymru; Steve Phillips, Is-adran Cyllunio Ariannol, Cynulliad Cenedlaethol Cymru; David Richards, Prif Swyddog Cyllid Cynulliad Cenedlaethol Cymru; Emyr Roberts, Is-adran Polisi Economaidd, Cynulliad Cenedlaethol Cymru.

Assembly Members present: Janet Davies (Chair), Alun Cairns, Jocelyn Davies, Ann Jones, Helen Mary Jones.

Officials present: Sir John Bourn, Auditor General for Wales; Frank Grogan, National Audit Office Wales; Dave Powell, Compliance Officer of the National Assembly for Wales; Ceri Thomas, Compliance Officer of the National Assembly for Wales.

Witnesses: Jon Shortridge, Permanent Secretary, National Assembly for Wales; Steve Phillips, Financial Planning Division, National Assembly for Wales; David Richards, Principal Finance Officer, National Assembly for Wales; Emyr Roberts, Economic Policy Division, National Assembly for Wales.

*Dechreuodd y cyfarfod am 2.01 p.m.
The meeting began at 2.01 p.m.*

[1] **Janet Davies:** Good afternoon. I welcome you to this session on 'Securing the Future of Cardiff Bay'. I will go through the apologies and substitutions first. Peter Law is excluded from the meeting due to his former membership of the Assembly Cabinet, as

[1] **Janet Davies:** Prynhawn da. Croeso i chi i'r sesiwn hon ar 'Sicrhau Dyfodol Bae Caerdydd'. Af drwy'r ymddiheuriadau a'r dirprwyon yn gyntaf. Mae Peter Law wedi'i gau allan o'r cyfarfod am ei fod yn gyn-aelod o Gabinet y Cynulliad, fel arfer. Mae Helen

usual. Helen Mary Jones is substituting for Dafydd Wigley. I have received apologies from Alison Halford, but she does not have a substitute.

Mary Jones yn dirprwyo ar ran Dafydd Wigley. Daeth ymddiheuriad i law oddi wrth Alison Halford, ond nid oes ganddi ddirprwy.

As I have said, we will take evidence today on 'Securing the Future of Cardiff Bay'. I invite the witnesses to introduce themselves.

Fel y dywedais, byddwn yn derbyn tystiolaeth heddiw ar 'Sicrhau Dyfodol Bae Caerdydd'. Gwahoddaf y tystion i gyflwyno'u hunain.

Mr Shortridge: I am Jon Shortridge, the Permanent Secretary.

Mr Shortridge: Jon Shortridge, yr Ysgrifennydd Parhaol, wyf fi.

Mr Richards: I am David Richards, the Principal Finance Officer.

Mr Richards: David Richards, y Prif Swyddog Cyllid, wyf fi.

Mr Phillips: I am Steven Phillips, from the Financial Planning Division.

Mr Phillips: Steven Phillips wyf fi, o'r Isadran Cynllunio Ariannol.

Mr Roberts: I am Emyr Roberts, from the Economic Policy Division.

Mr Roberts: Emyr Roberts wyf fi, o'r Isadran Polisi Economaidd.

[2] **Janet Davies:** Witnesses may speak in either Welsh or English and translation equipment is available. We will have a short break around 3.15 p.m. or 3.30 p.m., depending on where we are with questions at that point. We will start now, as the sooner we start, the more time we will have for questions.

[2] **Janet Davies:** Caiff tystion siarad yn Gymraeg neu yn Saesneg ac mae offer cyfieithu ar gael. Byddwn yn cymryd egwyl fer oddeutu 3.15 p.m. neu 3.30 p.m., yn dibynnu ym mhle y byddwn gyda'r cwestiynau bryd hynny. Fe ddechreuwn yn awr, gan mai po gynharaf y dechreuwn ni, mwyaf o amser fydd gennym ar gyfer cwestiynau.

I address this question to Mr Shortridge. Looking at the arrangements for winding up the Cardiff Bay Development Corporation, before we consider in detail the Auditor General's report on the wind-up, I would like to consider the work completed by the corporation during its 13-year operational lifetime. During that period, the corporation was paid in excess of £500 million by the Welsh Office and, subsequently, by the Assembly. We can all see the development that has taken place outside. In your view, has the Welsh public received value for money from the £500 million invested?

Mr Shortridge: I think that it is still too early for anyone to give a fully concluded view on that matter but it is certainly my impression that the development is currently well on the way to being successful and being able to show positive value for money. I take quite a lot of assurance from what the Auditor General has said in the report, particularly in paragraph 12. Against the targets that it was set, the corporation did a very good job in its lifetime, in that it was well on the way to meeting most of them. I think that it is important, when everyone is considering an evaluation of the achievements of the development corporation, just to remember what south Cardiff was like when it inherited it. There has been an enormous transformation of a seriously contaminated and derelict part of the capital city.

Cwestiwn i Mr Shortridge yw hwn. O edrych ar y trefniadau ar gyfer dirwyn Corfforaeth Datblygu Bae Caerdydd i ben, cyn inni ystyried yn fanwl adroddiad yr Archwilydd Cyffredinol ar y dirwyn i ben, hoffwn ystyried y gwaith a gyflawnwyd gan y gorfforaeth yn ystod ei hoes weithredol o 13 blynedd. Yn ystod y cyfnod hwnnw, talwyd dros £500 miliwn i'r gorfforaeth gan y Swyddfa Gymreig ac wedyn gan y Cynulliad. Gallwn i gyd weld y datblygiad sydd wedi digwydd y tu allan. Yn eich barn chi, a yw'r cyhoedd yng Nghymru wedi cael gwerth eu harian am y £500 miliwn a fuddsoddiwyd?

Mr Shortridge: Credaf ei bod yn dal i fod yn rhy gynnar i neb roi barn gwbl derfynol ar y mater hwnnw ond yn sicr, yr argraff a gaf fi yw bod y datblygiad yn argoeli'n llwyddiant ar hyn o bryd ac y bydd yn gallu dangos gwerth positif am arian. Cymeraf gryn dipyn o sicrwydd o'r hyn y mae'r Archwilydd Cyffredinol wedi'i ddweud yn yr adroddiad, yn enwedig ym mharagraff 12. Yn erbyn y targedau a osodwyd iddi, gwnaeth y gorfforaeth waith da iawn yn ystod ei hoes, a mynd gryn ffordd tuag at gwrdd â'r rhan fwyaf ohonynt. Credaf ei bod yn bwysig, tra bo pawb yn ystyried gwerthuso'r hyn a gyflawnwyd gan y gorfforaeth ddatblygu, cofio'n union sut le oedd de Caerdydd pan y'i hetifeddiwyd. Cafwyd trawsffurfiad anferth ar ran o'r brifddinas a oedd yn wirioneddol halogedig ac yn dadfeilio.

[3] **Janet Davies:** You have mentioned how derelict and contaminated south Cardiff was. Do you believe that it was necessary to set up a development corporation to achieve regeneration? Was it always the intention that the powers and responsibilities would return to local democratic control eventually?

Mr Shortridge: The decision to establish the development corporation was a political decision taken in 1986-87. It was a decision which, at the time, was well in accordance with government policy. It was a very understandable and logical thing to have done for south Cardiff. In terms of what the ultimate intentions were, I cannot absolutely recall what might have been on the record at the time, but it was certainly our expectation as officials that once the basic transformation had been wrought, the land would largely, if not wholly, revert back to the local authority.

[4] **Janet Davies:** Individual regeneration targets were set: you can see them, and the progress made against them, in paragraph 10 and figure 3. Do you believe that the targets are still fully achievable now that the corporation and its special funding are no longer in place? If so, when do you think they are likely to be met?

[3] **Janet Davies:** Yr ydych wedi crybwyll mor ddiffaith a halogedig yr oedd de Caerdydd. A ydych yn credu bod angen bryd hynny sefydlu corfforaeth ddatblygu i sicrhau adfywiad? Ai'r bwriad drwy'r amser oedd y byddai'r pwerau a'r cyfrifoldebau'n dychwelyd i reolaeth ddemocrataidd leol ar ddiwedd y dydd?

Mr Shortridge: Penderfyniad gwleidyddol a wnaethpwyd yn 1986-87 oedd y penderfyniad i sefydlu'r gorfforaeth ddatblygu. Yr oedd yn benderfyniad a oedd, ar y pryd, yn gwbl gydnaws â pholisi'r llywodraeth. Yr oedd yn beth dealladwy a rhesymegol iawn i'w wneud i dde Caerdydd. O ran beth oedd y bwriadau terfynol, ni allaf gofio'n union beth allai fod wedi'i gofnodi ar y pryd, ond yn sicr ein disgwyliad ni fel swyddogion oedd y byddai'r tir, ar ôl cyflawni'r trawsffurfiad sylfaenol, i raddau helaeth os nad yn gyfangwbl yn dychwelyd i'r awdurdod lleol.

[4] **Janet Davies:** Gosodwyd targedau adfywio unigol: gallwch eu gweld, a gweld pa mor bell y llwyddwyd i'w cyflawni, ym mharagraff 10 a ffigur 3. A gredwch fod modd cyflawni'r targedau'n llawn, a'r gorfforaeth a'i chyllid arbennig bellach wedi mynd? Os felly, pa bryd y tybiwch y mae'n debygol y'u cyflawnir?

Mr Shortridge: I certainly think that they are largely achievable. I do not think that I would want to commit myself to saying that they will all definitely be achieved, but I think that they should all largely be achieved. In terms of timescale, we are still talking of five to 10 years before one can make a fair assessment of the actual achievement. It is certainly my hope and expectation as Accounting Officer that we will be undertaking a full and proper study in due course of the value for money of the redevelopment of Cardiff Bay, so that the Welsh public can be assured that this money has been well spent.

Mr Shortridge: Yn sicr yr wyf yn credu bod modd eu cyflawni i raddau helaeth. Ni chredaf yr hoffwn ymrwymo i ddweud y caiff pob targed ei gyflawni'n bendant, ond yr wyf yn meddwl y dylid cyflawni pob un i raddau helaeth. O ran amser, yr ydym yn sôn am bump i 10 mlynedd eto cyn y gellir gwneud asesiad teg o'r hyn a gyflawnwyd mewn gwirionedd. Yn sicr, fy ngobaith a'm disgwyliad i fel Swyddog Cyfrifo yw y byddwn yn gwneud astudiaeth lawn a chywir maes o law o werth-am-arian ailddatblygiad Bae Caerdydd, er mwyn gallu sicrhau'r cyhoedd yng Nghymru fod yr arian hwn wedi'i wario'n ddoeth.

[5] **Alun Cairns:** Mr Shortridge, I refer you to paragraph 13, which shows that, before it was wound up, the corporation calculated that £170 million a year was being returned to the public purse from investments made in the Cardiff Bay area. Are you content with the basis of that calculation, and do you believe that the annual figure has increased or decreased since the succession arrangements took effect?

[5] **Alun Cairns:** Mr Shortridge, cyfeiriai chi at baragraff 13, sydd yn dangos fod y gorfforaeth, cyn iddi gael ei dirwyn i ben, wedi cyfrifo fod £170 miliwn y flwyddyn yn cael ei ddychwelyd i'r pwrs cyhoeddus o fuddsoddiadau a wnaethpwyd yn ardal Bae Caerdydd. A ydych yn fodlon â sail y cyfrifiad hwnnw, ac a ydych yn credu fod y ffigur blynyddol wedi cynyddu neu wedi gostwng ers i'r trefniadau olynu ddod i rym?

Mr Shortridge: I have no reason to doubt the basis of the calculation. I think it is a calculation, or a figure, that one has to use with care. It was the National Audit Office that chose to put this into its report. It is not a figure that I would use as a primary source for considering the overall value for money of the development.

Mr Shortridge: Nid oes gennyf unrhyw reswm dros amau sail y cyfrifiad. Yr wyf yn meddwl ei fod yn gyfrifiad neu ffigur y mae'n rhaid ei ddefnyddio'n ofalus. Y Swyddfa Archwilio Genedlaethol a ddewisodd gynnwys hyn yn ei hadroddiad. Nid yw'n ffigur y byddwn i'n ei ddefnyddio fel prif ffynhonnell ar gyfer ystyried gwerth

cyffredinol am arian y datblygiad.

[6] **Alun Cairns:** What figure would you use?

[6] **Alun Cairns:** Pa ffigur fydddech chi'n ei ddefnyddio?

Mr Shortridge: I would wait until I had had my comprehensive study undertaken of the wider costs and benefits of the redevelopment.

Mr Shortridge: Byddwn i'n aros hyd nes y byddwn wedi cael cwblhau fy astudiaeth gynhwysfawr o gostau a manteision ehangach yr ailddatblygu.

[7] **Alun Cairns:** Figure 4 in the report shows an overview of the activities, projects, and so on, that would need to be taken on by a successor body. There are several unfinished projects on the list. Should any of these have been completed during the corporation's lifetime, and if so, why were they not finished?

[7] **Alun Cairns:** Mae ffigur 4 yn yr adroddiad yn amlinellu'r gweithgareddau, y prosiectau, ac ati, y byddai angen i gorff olynol ymgymryd â hwy. Mae nifer o brosiectau anorffenedig ar y rhestr. A ddylid bod wedi cwblhau unrhyw rai o'r rhain yn ystod oes y gorfforaeth, ac os dylid, pam na orffennwyd hwy?

Mr Shortridge: I am sure that we would have preferred it if more had been completed during the corporation's lifetime. However, I think that one has to recognise the sheer complexity of the task that the development corporation had before it. The sort of issues that it had to deal with and manage were such that I think it would be unreasonable to expect everything to be completed to time. Taken as a whole, I think that this list indicates that most of the key developments were either complete or well on the way to completion at the time that the development corporation was closed down.

Mr Shortridge: Yr wyf yn siwr y buasai'n well gennym pe buasai mwy wedi'i gwblhau yn ystod oes y gorfforaeth. Fodd bynnag, yr wyf yn meddwl fod yn rhaid cydnabod holl gymhlethdod y dasg a wynebai'r gorfforaeth ddatblygu. Yr oedd y math o faterion y bu'n rhaid iddi ddelio â hwy a'u rheoli yn gyfryw fel y byddai yn fy nhyb i yn afresymol disgwyl i bopeth gael ei gwblhau yn brydlon. Ar y cyfan, credaf fod y rhestr hon yn dangos fod y rhan fwyaf o'r datblygiadau allweddol naill ai wedi'u cwblhau neu'n agos at gael eu cwblhau ar yr adeg y cafodd y gorfforaeth ddatblygu ei dirwyn i ben.

[8] **Ann Jones:** First, I apologise for being late, Chair. My clock on the third floor obviously does not run on the same time as yours. I thought that I would be on time.

[8] **Ann Jones:** Yn gyntaf, ymddiheuraf am fod yn hwyr, Gadeirydd. Yn amlwg nid yw fy nghloc i ar y trydydd llawr yn rhedeg ar yr un amser â'ch un chi. Yr oeddwn yn meddwl y byddwn yma mewn pryd.

Were you satisfied with the way that the wind-up process progressed? Will you give us a flavour of the problems encountered during the process?

A oeddech yn fodlon gyda'r modd yr aeth y broses ddirwyn i ben yn ei blaen? A roddwch chi flas inni o'r problemau a wynebwyd yn ystod y broses?

Mr Shortridge: I think that I can say that all of us as officials found the wind-up process a very difficult process. It caused us a lot of concern. It certainly did not progress as smoothly or as easily as we would have wished. I make that as a factual observation. To balance it, I have to say that it was an incredibly complex and difficult process to organise; one for which the Welsh Office and then the Assembly were not actually primarily responsible. It was a very difficult exercise to manage and one which, from our perspective, did not go as smoothly as we would have wished.

Mr Shortridge: Credaf y gallaf ddweud inni i gyd fel swyddogion gael cryn anhawster gyda'r broses ddirwyn i ben. Achosodd gryn bryder inni. Yn sicr, nid aeth yn ei blaen mor esmwyth nac mor hawdd ag y buasem wedi'i ddymuno. Sylw ffeithiol yw hynny. Er mwyn cydbwysedd, rhaid imi ddweud ei bod yn broses anhygoel o gymhleth ac anodd i'w threfnu; ac yn un nad oedd y Swyddfa Gymreig ac wedyn y Cynulliad yn bennaf gyfrifol amdani mewn gwirionedd. Yr oedd yn ymarfer anodd iawn i'w reoli ac yn un, o'n safbwynt ni, na ddigwyddodd mor ddiraferth ag y buasem wedi ei ddymuno.

[9] **Ann Jones:** Given the benefit of hindsight, which is something we all use, what would you, given your chance again, have done differently to facilitate the wind-up of the corporation?

[9] **Ann Jones:** Gyda'r gallu i edrych yn ôl, rhywbeth a wnawn ni i gyd, beth fydddech chi, o gael eich cyfle eto, wedi ei wneud yn wahanol er mwyn hwyluso dirwyn y gorfforaeth i ben?

Mr Shortridge: The basic model that one had was that the development corporation would be told when it was going to have to wind itself up and then be given responsibility for ensuring that the wind-up proceeded in an orderly way. The way to achieve that was, first, that it should produce a complete and detailed audit of all the assets and liabilities that it would have to transfer at the time of its demise. Secondly, it would need to know which bodies the successor bodies were going to be and which assets and liabilities should be transferred to those successor bodies. Thirdly, with those two elements, it would need to produce the section 165 agreements—the legal agreements effecting the transfer.

The lesson that we learned—and I have learned from this process—is that while that is fine in theory and a very sensible way of proceeding, in practice, given the scale of the issues involved and therefore the importance that the successor bodies attached to the transfer arrangements being satisfactory to them, there is a case for the Assembly itself—in this case Assembly officials—being much more closely and directly involved in managing the wind-up process. What this report records is that what happened in practice was that we as Assembly officials—and not just us as Assembly officials, but Assembly Ministers and Welsh Office Ministers before them—found that we were having to get much more

Mr Shortridge: Y model sylfaenol ger ein bron oedd y byddai'r gorfforaeth ddatblygu'n cael gwybod pa bryd y byddai'n rhaid iddi ddirwyn ei hun i ben ac wedyn y rhoddid cyfrifoldeb iddi am sicrhau fod y dirwyn i ben yn digwydd mewn ffordd drefnus. I gyflawni hynny, byddai'n rhaid iddi, yn gyntaf, gynhyrchu rhestr gyflawn a manwl o'r holl asedau a rhwymedigaethau y byddai'n rhaid iddi eu trosglwyddo ar adeg ei dirwyn i ben. Yn ail, byddai angen iddi wybod pa gyrff fyddai'r cyrff olynol a pha asedau a rhwymedigaethau y dylid eu trosglwyddo i'r cyrff olynol hynny. Yn drydydd, gyda'r ddwy elfen hynny, byddai angen iddi lunio cytundebau adran 165—y cytundebau cyfreithiol sy'n gwireddu'r trosglwyddiad.

Y wers a ddysgwyd—ac yr wyf i wedi dysgu oddi wrth y broses hon—yw tra bod hynny'n iawn mewn egwyddor ac yn ffordd gall iawn o fynd ati, yn ymarferol, o gofio maint y materion dan sylw ac felly mor bwysig ydoedd i'r cyrff olynol fod y trefniadau trosglwyddo'n foddhaol iddynt hwy, mae achos dros sicrhau fod y Cynulliad ei hun—sef swyddogion y Cynulliad yn yr achos hwn—yn ymwneud yn llawer agosach a mwy uniongyrchol â rheoli'r broses ddirwyn i ben. Yr hyn a gofnodir yn yr adroddiad hwn yw mai beth ddigwyddodd yn ymarferol oedd ein bod ni swyddogion y Cynulliad—ac nid ni swyddogion yn unig, ond Gweinidogion y Cynulliad a Gweinidogion y Swyddfa Gymreig o'u blaen—yn canfod ein bod yn

closely involved in the process than had originally been envisaged, in order to facilitate outcomes in what were often very difficult and complex negotiations. Therefore, in answer to your question, the one lesson that I have learned is that, if such things are to be done in future, the governing administration, which has the primary responsibility for ensuring a successful outcome, should have a fuller role in the process from the outset.

[10] **Ann Jones:** I turn to figure 7 on page 14 of the report, which shows the key dates in the wind up process. It is clear that much work had been carried out by the corporation in preparing for its wind-up. Even if the corporation had finished all of its capital projects during its lifetime, there was always going to be that requirement for ongoing revenue funding of certain items. Was the corporation ever in a position to negotiate effectively with the potential successor body, without the ability to commit the Assembly to the ongoing revenue commitments?

Mr Shortridge: I do not think that that was a particular difficulty in the negotiations. I think that there was always the recognition that, when assets and liabilities transferred, the necessary funding arrangements would go with them. Obviously, we, as Assembly officials—or Welsh Office officials—had to be involved in those discussions in order to provide assurance to each side in terms of the detail. However, the principle was always

gorfod ymwneud yn llawer agosach â'r broses nag a ragwelwyd yn wreiddiol, er mwyn hwyluso canlyniadau mewn trafodaethau a oedd yn aml yn rhai anodd a chymhleth dros ben. Felly, i ateb eich cwestiwn, yr un wers a ddysgais yw, os bydd raid gwneud pethau o'r fath yn y dyfodol, y dylai'r corff llywodraethol, sydd â'r prif gyfrifoldeb dros sicrhau canlyniad llwyddiannus, gael rhan lawnach yn y broses o'r cychwyn cyntaf.

[10] **Ann Jones:** Trof at ffigur 7 ar dudalen 14 yn yr adroddiad, sy'n dangos y dyddiadau allweddol yn y broses ddirwyn i ben. Mae'n eglur fod llawer o waith wedi'i wneud gan y gorfforaeth i baratoi ar gyfer y dirwyn i ben. Hyd yn oed pe bai'r gorfforaeth wedi gorffen ei holl brosiectau cyfalaf yn ystod ei hoes, byddai'r gofyniad hwnnw am gyllid refeniw parhaus ar gyfer eitemau penodol yno o hyd. A fu'r gorfforaeth erioed mewn sefyllfa i negodi'n effeithiol gyda'r darpar gorff olynol, heb y gallu i ymrwymo'r Cynulliad i'r ymrwymadau refeniw parhaus?

Mr Shortridge: Nid wyf yn meddwl y bu hynny'n anhawster arbennig yn y trafodaethau. Yr wyf yn meddwl y cydnabuwyd erioed y byddai'r asedau a'r rhwymedigaethau a drosglwyddid yn cario'r trefniadau cyllid angenrheidiol gyda hwy. Wrth reswm, yr oedd yn rhaid i ni, fel swyddogion y Cynulliad—neu swyddogion y Swyddfa Gymreig—gymryd rhan yn y trafodaethau hynny er mwyn darparu

clear. You cannot have an orderly wind-up if the successor bodies do not have a reasonable expectation of having the necessary resources to go with the liabilities.

sicrwydd i'r naill ochr a'r llall yn nhermau'r manylion. Fodd bynnag, yr oedd yr egwyddor bob amser yn glir. Ni allwch gael trefn wrth ddirwyn i ben os nad oes gan y cyrff olynol ddisgwyliad rhesymol o gael yr adnoddau angenrheidiol i fynd gyda'r rhwymedigaethau.

[11] **Ann Jones:** Do you think then that Welsh Office officials and, subsequently, Assembly officials, should have been more closely involved in the process from the time that a firm date for the wind-up had been announced in 1997?

[11] **Ann Jones:** A ydych o'r farn felly y dylai swyddogion y Swyddfa Gymreig, a swyddogion y Cynulliad wedi hynny, fod wedi ymwneud yn agosach â'r broses o'r adeg pryd y cyhoeddwyd dyddiad pendant ar gyfer y dirwyn i ben yn 1997?

Mr Shortridge: I think that that is the lesson that I described when I answered your earlier question. I think that what we have learned from this process is that while, theoretically, this is something that can largely be done bilaterally, in practice, there should be a greater recognition that Assembly officials, in our case, should be much more closely involved in the process from the outset.

Mr Shortridge: Mae'n debyg gen i mai dyna'r wers a ddisgrifiais pan atebais eich cwestiwn cynharach. Yr wyf yn meddwl mai'r hyn yr ydym wedi'i ddysgu oddi wrth y broses hon yw tra bod hyn, mewn egwyddor, yn rhywbeth y gellir ei wneud i raddau helaeth rhwng y ddwy ochr, y dylid yn ymarferol roi mwy o gydnabyddiaeth i'r angen i swyddogion y Cynulliad, yn ein hachos ni, gael rhan lawer agosach yn y broses o'r dechrau.

[12] **Ann Jones:** Thank you. I will press on with a few more questions. Paragraphs 20 to 22 in the report state that the final decisions regarding succession arrangements were made in March 1999 for the ongoing regeneration activity, and in October 1999 for the arrangements for the Harbour Authority. That was only 12 and six months respectively

[12] **Ann Jones:** Diolch. Af ymlaen gydag ychydig o gwestiynau eto. Noda paragraffau 20 i 22 yn yr adroddiad y gwnaethpwyd y penderfyniadau terfynol parthed trefniadau olynu ym mis Mawrth 1999 ar gyfer y gweithgarwch adfywio parhaus, ac yn Hydref 1999 ar gyfer y trefniadau ar gyfer Awdurdod yr Harbwr. Dim ond 12 a chwe mis oedd

before the corporation was due to wind-up. Why were those key decisions not taken until late in the process?

Mr Shortridge: Essentially what we had was a very high level and major, complex negotiation, which was taking place between the development corporation on the one hand, and Cardiff City and County Council and the Welsh Development Agency on the other—there were certain other successor bodies but it was primarily those two. It was a negotiation that was facilitated by the National Assembly and the Welsh Office at both political and official level. The nature of negotiations is such that they have a natural tendency to go to the wire. Best practice from the earlier National Audit Office reports indicated that you needed two years to get these basic agreements in place, in order to secure an orderly transfer. However, the nature of the circumstances in which we found ourselves during this period, and the nature of the negotiations that were going on, meant that there was not agreement, until the dates that you indicated, on which bodies those key successor bodies would be. I think that there is a limit, and I think that you will understand that there is a limit, as to what, in these circumstances, officials can do to secure fundamental agreements of this nature.

[13] **Ann Jones:** I come to my last question. These key decisions had to be taken by the Welsh Office and then the Assembly because

hynny cyn i'r gorfforaeth gael ei dirwyn i ben. Pam na wnaethpwyd y penderfyniadau allweddol hynny tan yn hwyr yn y broses?

Mr Shortridge: Yn y bôn yr hyn oedd gennym oedd negodi mawr, cymhleth ar lefel uchel iawn, a oedd yn digwydd rhwng y gorfforaeth ddatblygu ar y naill law, a Chyngor Sir a Dinas Caerdydd ac Awdurdod Datblygu Cymru ar y llall—yr oedd ambell gorff olynu arall, ond y ddau hynny oedd y prif negodwyr. Hwyluswyd y broses negodi gan y Cynulliad Cenedlaethol a'r Swyddfa Gymreig ar lefel wleidyddol ac ar lefel swyddogol. Rhan o natur trafodaethau negodi yw tuedd naturiol i fynd at ymyl y dibyn. Dan yr ymarfer gorau yn ôl adroddiadau cynharach y Swyddfa Archwilio Genedlaethol, byddai angen dwy flynedd i roi'r cytundebau sylfaenol hyn yn eu lle, er mwyn sicrhau trosglwyddiad trefnus. Fodd bynnag, oherwydd natur yr amgylchiadau y cawsom ein hunain ynddynt yn ystod y cyfnod hwn, a natur y trafodaethau a oedd ar droed, ni chafwyd cytundeb, tan y dyddiadau a grybwyllwyd gennych chi, ar ba gyrff fyddai'r cyrff olynol allweddol hynny. Yr wyf yn meddwl fod pen draw, ac yr wyf yn meddwl y byddwch chi'n deall fod pen draw, ar yr hyn y gall swyddogion ei wneud yn yr amgylchiadau hyn i sicrhau cytundebau sylfaenol o'r math yma.

[13] **Ann Jones:** Dyma fy nghwestiwn olaf. Yr oedd yn rhaid i'r penderfyniadau allweddol hyn gael eu gwneud gan y

of the need to fund arrangements after the corporation had been wound up. So was the eventual timetable consistent with the successor arrangements being negotiated to provide long-term value for money for our Welsh taxpayers?

Mr Shortridge: Well, I think that this is the point at which I have to say that, despite the problems that we have discussed and will probably come back to, I think that the wind-up process was completed successfully. One of the conclusions of this report is that it was completed successfully. I think that, had there been more detailed comparisons with other urban development corporation wind-ups, you would have discovered that in other places there were very significant loose ends at the point of transfer. In the case of the Cardiff Bay Development Corporation, the National Audit Office has not found any significant loose ends. So I think that, despite all the problems that there have been, we managed to secure a successful outcome from this wind-up process and I pay credit to all those concerned, particularly in the Cardiff Bay Development Corporation. The staff in the development corporation had a particularly difficult time during that period.

[14] **Janet Davies:** Mr Shortridge, you referred briefly to the outcome, but we need

Swyddfa Gymreig ac wedyn y Cynulliad oherwydd yr angen i ariannu'r trefniadau ar ôl dirwyn y gorfforaeth i ben. Felly a oedd yr amserlen yn y diwedd yn gyson â'r trefniadau olynu a oedd yn cael eu negodi i ddarparu gwerth am arian i'n trethdalwyr yng Nghymru dros y tymor hir?

Mr Shortridge: Wel, yr wyf yn meddwl mai dyma'r pwynt lle mae'n rhaid imi ddweud, er gwaethaf y problemau a drafodwyd gennym ac y dewn yn ôl atynt yn ôl pob tebyg, fy mod yn credu i'r broses ddirwyn i ben gael ei chwblhau'n llwyddiannus. Un o gasgliadau'r adroddiad hwn yw i'r broses gael ei chwblhau'n llwyddiannus. Yr wyf o'r farn, pe cawsid cymariaethau manylach â phrosesau dirwyn i ben corfforaethau datblygu trefol eraill, y buasech wedi darganfod mewn manau eraill bod pethau arwyddocaol iawn heb eu datrys ar y pwynt trosglwyddo. Yn achos Corfforaeth Datblygu Bae Caerdydd, ni chanfu'r Swyddfa Archwilio Genedlaethol ddim byd arwyddocaol a oedd heb ei ddatrys. Felly yr wyf yn meddwl, er gwaethaf yr holl problemau a gafwyd, inni lwyddo i sicrhau canlyniad llwyddiannus i'r broses ddirwyn i ben, a thalaf deyrnged i bawb a fu'n ymhél â'r peth, yn enwedig yng Nghorfforaeth Datblygu Bae Caerdydd. Cafodd y staff yn y gorfforaeth ddatblygu amser arbennig o anodd yn ystod y cyfnod hwnnw.

[14] **Janet Davies:** Mr Shortridge, cyfeiriasoch yn fyr at y canlyniad, ond mae

to look a bit more closely at the outcome of the wind-up process. Alun would like to ask a few questions on that.

angen inni edrych ychydig yn fanylach ar ganlyniad y broses ddirwyn i ben hon. Hoffai Alun ofyn ychydig o gwestiynau ar hynny.

[15] **Alun Cairns:** Before I look at the outcome of the wind-up process, Janet, I have a few supplementaries to some of the questions that have been asked, if that is okay.

[15] **Alun Cairns:** Cyn imi edrych ar ganlyniad y broses ddirwyn i ben, Janet, mae gennyf ambell gwestiwn atodol i rai o'r cwestiynau a ofynnwyd eisoes, os yw hynny'n dderbyniol.

[16] **Janet Davies:** That is fine.

[16] **Janet Davies:** Popeth yn iawn.

[17] **Alun Cairns:** In general terms, Mr Shortridge, will you tell us what safeguards or actions are in place to prevent any potential conflict of interest in relation to Ministers and the arrangements of the successor bodies, should the arrangements affect their constituencies?

[17] **Alun Cairns:** Mewn termau cyffredinol, Mr Shortridge, a wnewch chi ddweud wrthym pa fesurau neu gamau diogelwch a sefydlwyd i atal unrhyw wrthdaro buddiannau posibl rhwng Gweinidogion a threfniadau'r cyrff olynol, pe byddai'r trefniadau'n amharu ar eu hetholaethau?

Mr Shortridge: The basic arrangements on ministerial interests are set out in the Assembly's equivalent of the ministerial code. These are matters for Ministers themselves.

Mr Shortridge: Amlinellir y trefniadau sylfaenol parthed buddiannau Gweinidogion yng nghôd gweinidogion y Cynulliad. Materion i'r Gweinidogion eu hunain yw'r rhain.

[18] **Alun Cairns:** In your advice to Ministers, though, does that code ever play a part, should those Ministers ever become responsible for taking decisions in relation to the wind-up of organisations such as CBDC, particularly in relation to the transfer of

[18] **Alun Cairns:** Ond yn eich cyngor chi i Weinidogion, a fydd y côd hwnnw'n chwarae rhan fyth, pe bai'r Gweinidogion hynny'n cael cyfrifoldeb dros wneud penderfyniadau ynghylch dirwyn i ben sefydliadau megis Corfforaeth Datblygu Bae Caerdydd, yn

assets?

enwedig o ran trosglwyddo asedau?

Mr Shortridge: As officials, we always try to ensure that if there is any potential for a conflict of interest, other Ministers are involved in the process.

Mr Shortridge: Fel swyddogion, byddwn i bob amser yn ceisio sicrhau, os oes unrhyw botensial ar gyfer gwrthdaro buddiannau, bod Gweinidogion eraill yn cael rhan yn y broses.

[19] **Alun Cairns:** Thank you very much. I draw your attention to figure 7, and to what happened on 20 October 1999, when the then First Secretary announced that Cardiff City and County Council would assume responsibility for the Harbour Authority. Why is it that the section 165 agreements relating to such matters were not signed until 27 and 28 March of the following year?

[19] **Alun Cairns:** Diolch yn fawr. Hoffwn dynnu'ch sylw at ffigur 7, ac at yr hyn a ddigwyddodd ar 20 Hydref 1999, pan gyhoeddodd y Prif Ysgrifennydd ar y pryd y byddai Cyngor Sir a Dinas Caerdydd yn cymryd cyfrifoldeb dros Awdurdod yr Harbwr. Pam na lofnodwyd y cytundebau adran 165 parthed y materion hyn tan 27 a 28 Mawrth y flwyddyn ganlynol?

Mr Shortridge: It was because these were very detailed, complex agreements. The statement in October 1999 set out the heads of terms, essentially, of the transfer of those responsibilities. Giving effect to those heads of terms in a way that was both comprehensive and satisfactory to all the parties concerned was a very long, detailed and complex task.

Mr Shortridge: Yr oedd oherwydd bod y rhain yn gytundebau manwl a chymhleth dros ben. Amlinellodd y datganiad yn Hydref 1999, yn y bôn, benawdau telerau trosglwyddo'r cyfrifoldebau hynny. Yr oedd dod â'r penawdau telerau hynny i rym mewn modd a oedd yn gynhwysfawr ac yn foddhaol i bob parti dan sylw yn dasg faith, manwl a chymhleth iawn.

[20] **Alun Cairns:** I appreciate that it was a very detailed task, but having announced the decision that the Harbour Authority and the maintenance contract would be followed through by Cardiff council, was the Assembly under pressure or in difficulty, and its negotiating hand weakened somewhat,

[20] **Alun Cairns:** Sylweddolaf ei bod yn dasg fanwl iawn, ond wedi cyhoeddi'r penderfyniad y byddai Awdurdod yr Harbwr a'r contract cynnal yn cael eu dilyn drwodd gan gyngor Caerdydd, a oedd y Cynulliad dan bwysau neu mewn cyfyngder, a'i law negodi wedi'i gwanhau rywfaint, pan ddaeth

when it came to agreeing the transfer of assets and liabilities from CBDC to Cardiff council?

yn fater o gytuno ar drosglwyddiad asedau a rhwymedigaethau oddi wrth y gorfforaeth ddatblygu i gyngor Caerdydd?

Mr Shortridge: I will ask Steve Phillips to comment on that question as well, because, from my perception, I was not aware of any difficulties where we were being disadvantaged because of the time pressure that we were all under to get the section 165 agreements signed off in March. Before I invite Steve to come in, I will make the other point that none of the section 165 agreements were signed until March, even though the memoranda of understanding to which they related were signed off in the previous March.

Mr Shortridge: Gofynnaf i Steve Phillips roi sylw ar y cwestiwn hwn hefyd oherwydd, o'r hyn a welwn i, nid oeddwn yn ymwybodol o unrhyw anawsterau lle'r oeddem yn dioddef cam oherwydd y pwysau amser a oedd arnom i gyd i gael llofnodi'r cytundebau adran 165 ym mis Mawrth. Cyn imi wahodd Steve i siarad, hoffwn wneud y pwynt arall na lofnodwyd dim un o'r cytundebau adran 165 tan fis Mawrth, er bod y memoranda dealltwriaeth perthnasol wedi'u llofnodi yn y mis Mawrth blaenorol.

Mr Phillips: Just to add to that, as the Permanent Secretary said, the document signed on 20 October effectively set out the principles that would be built on and would manifest themselves in a more detailed agreement, which was the section 165 agreement. The important thing to remember is that there was a detailed negotiation in the run-up to signing the memorandum of understanding. From our point of view, it contains some very important basic principles on the Assembly's future funding requirements for the Harbour Authority and the barrage. Those were subsequently translated into the section 165 agreement. To answer your question, I did not feel that we were particularly disadvantaged, but we were under huge time pressure because we had the

Mr Phillips: Os caf ychwanegu at hynny: fel y dywedodd yr Ysgrifennydd Parhaol, yr oedd y ddogfen a lofnodwyd ar 20 Hydref i bob pwrpas yn amlinellu'r egwyddorion y bwriedid adeiladu arnynt ac a fyddai'n amlygu'u hunain mewn cytundeb manylach, sef y cytundeb adran 165. Y peth pwysig i'w gofio yw y bu negodi manwl yn y cyfnod cyn llofnodi'r memorandwm dealltwriaeth. O'n safbwynt ni, mae'n cynnwys rhai egwyddorion sylfaenol pwysig iawn ynghylch gofynion cyllid y Cynulliad yn y dyfodol ar gyfer Awdurdod yr Harbwr a'r morglawdd. Trosglwyddwyd y rhain wedyn i'r cytundeb adran 165. I ateb eich cwestiwn, ni themlais ein bod yn dioddef cam yn arbennig, ond yr oeddem dan bwysau amser anferthol oherwydd yr oedd yn rhaid inni

very real deadline of 31 March to meet. However, we did not really feel disadvantaged in the negotiations because we had those basic principles set out in the terms of the memorandum of understanding, to which Cardiff City and County Council and the First Minister were prepared to sign up.

[21] **Alun Cairns:** We will come to discuss the financial arrangements later on. However, I am getting at the fact that, if the decision had been taken that Cardiff council should take responsibility for the Harbour Authority and the maintenance contract, then the Assembly had, in effect, ruled out any other option. That may well have been the preferred bidder or the recommendation from Cardiff Bay Development Corporation. You will remember, Mr Phillips, from the Economic Development Committee, that politicians held the view at the time—albeit that that was a political Committee in many ways—that Cardiff council held the Assembly over a barrel, because the commitment had already been made that the Harbour Authority and the maintenance contract should go to it. That had then weakened the Assembly's negotiating hand in terms of the transfer of assets.

Mr Phillips: Let me say two things in response to that. Had we left the signing of the memorandum of understanding for very much longer, we would have been in serious trouble in terms of time, because we had only

gwblhau'r broses erbyn 31 Mawrth yn bendant. Fodd bynnag, nid oeddem yn teimlo dan anfantais mewn gwirionedd yn y negodi gan fod gennym yr egwyddorion sylfaenol hynny wedi'u hamlinellu yn nhelerau'r memorandwm dealltwriaeth, yr oedd Cyngor Sir a Dinas Caerdydd a'r Prif Weinidog yn fodlon ei lofnodi.

[21] **Alun Cairns:** Cawn drafod y trefniadau cyllidol yn nes ymlaen. Fodd bynnag, cyfeirio yr wyf at y ffaith, os oedd y penderfyniad wedi'i wneud mai cyngor Caerdydd ddylai gymryd cyfrifoldeb am Awdurdod yr Harbwr a'r contract cynnal, yna yr oedd y Cynulliad, mewn effaith, wedi gwadu unrhyw opsiwn arall. Efallai'n wir mai dyna oedd y cynigydd a hoffid orau neu'r argymhelliad gan Gorfforaeth Datblygu Bae Caerdydd. Fe gofiwch, Mr Phillips, o'r Pwyllgor Datblygu Economaidd, fod gwleidyddion o'r farn ar y pryd—er mai Pwyllgor gwleidyddol oedd hwnnw mewn sawl ffordd—fod y Cynulliad ar drugaredd cyngor Caerdydd, gan fod yr ymrwymiad eisoes wedi'i wneud y dylai Awdurdod yr Harbwr a'r contract cynnal fynd iddo. Yr oedd hynny wedyn wedi gwanhau llaw negodi'r Cynulliad yn nhermau trosglwyddo asedau.

Mr Phillips: Gadewch imi ddweud dau beth mewn ymateb i hynny. Pe baem wedi gadael i lawer mwy o amser fynd heibio cyn llofnodi'r memorandwm dealltwriaeth, buasem mewn trafferthion difrifol yn

some six months left, and that was that. Yes, you have a point. Our negotiating position, in certain respects, may arguably have been weakened by the fact that it was publicly announced that Cardiff council would become the Harbour Authority. However, it is important to remember that we, as an Assembly, were not in a position to impose solutions on local authorities. Therefore, it was a negotiation. In a negotiation with Assembly sponsored public bodies, they are ultimately responsible to the Assembly. The position is not precisely the same in relation to local authorities, so that was a different sort of negotiation. Against that background, we had alternative options available. We could have created, for example, another Assembly sponsored public body to become the Harbour Authority had Cardiff council walked away from the negotiations at any point. Similarly, we could have—

nhermau amser, gan mai dim ond rhyw chwe mis oedd gennym ar ôl, a dyna ni. Oes, mae gennych bwynt. Gellir dadlau fod ein safle negodi, i ryw raddau, wedi'i wanhau gan y ffaith fod cyhoeddiad wedi'i wneud yn gyhoeddus mai cyngor Caerdydd fyddai Awdurdod yr Harbwr. Fodd bynnag, mae'n bwysig cofio nad oeddem ni, fel Cynulliad, mewn sefyllfa i orfodi atebion ar awdurdodau lleol. Felly, negodi a gafwyd. Wrth negodi â chyrff cyhoeddus a noddir gan y Cynulliad, maent yn y pen draw yn atebol i'r Cynulliad. Nid yw'r sefyllfa yn union yr un peth mewn perthynas ag awdurdodau lleol, felly math gwahanol o negodi oedd hynny. Yn erbyn y cefndir hwnnw, yr oedd gwahanol opsiynau ar gael inni. Buasem wedi gallu creu, er enghraifft, gorff cyhoeddus arall a noddir gan y Cynulliad i fod yn Awdurdod Harbwr pe bai cyngor Caerdydd wedi cerdded allan o'r negodi ar unrhyw bwynt. Yn yr un modd, buasem wedi gallu—

[22] **Alun Cairns:** Excuse me, Chair, for cutting across, but I am saying that the principle is that, having made that announcement on 20 October 1999, those options were not available any longer.

[22] **Alun Cairns:** Esgusodwch fi, Gadeirydd, am dorri ar draws, ond yr wyf fi'n dweud mai'r egwyddor yw, gan fod y cyhoeddiad hwnnw wedi'i wneud ar 20 Hydref 1999, nad oedd yr opsiynau hynny ar gael mwyach.

Mr Phillips: No, I would not necessarily agree with that because those options were available. Had Cardiff council decided to walk away from negotiations, there were other options available. We looked at those

Mr Phillips: Na, ni fyddwn o reidrwydd yn cytuno â hynny oherwydd yr oedd yr opsiynau hynny ar gael. Petasai cyngor Caerdydd wedi penderfynu cerdded i ffwrdd o'r negodi, yr oedd opsiynau eraill ar gael. Edrychwyd ar yr opsiynau hynny, ond amser

options, but the problem was time.

oedd y broblem.

[23] **Janet Davies:** Do you wish to come back on that, Mr Shortridge?

[23] **Janet Davies:** A oes arnoch chi eisiau dod yn ôl ar hynny, Mr Shortridge?

Mr Shortridge: I have two points. I think that, from my perspective as Accounting Officer, there was great value in having the basic parameters of this agreement set out in the memorandum of understanding in October, otherwise we would have had no basis to move from there to providing a section 165 agreement. So I do not think that there was an alternative to that. The other factor that weighed with me was that it was a policy of the Assembly Cabinet, and indeed pretty much the whole Assembly, that there should be fewer and fewer Assembly sponsored public bodies. So the fact that there was an outcome being negotiated that handed over the Harbour Authority and the barrage, among other things, to the local authority was entirely consistent with the Assembly's policies. In a sense, what we are talking about now is a consequence of that reasonable position.

Mr Shortridge: Mae gennyf ddau bwynt. Credaf, o'm safbwynt i fel Swyddog Cyfrifon, fod cryn werth mewn cael terfynau sylfaenol y cytundeb hwn wedi'u hamlinellu yn y memorandwm dealltwriaeth ym mis Hydref, neu fel arall ni fuasai gennym unrhyw sail i symud oddi yno at ddarparu cytundeb adran 165. Felly nid wyf yn meddwl fod dewis arall ar gael i hynny. Y ffactor arall a bwysodd arnaf fi oedd ei bod yn bolisi gan Gabinet y Cynulliad, ac yn wir gan y Cynulliad cyfan fwy neu lai, y dylai fod llai a llai o gyrff cyhoeddus a noddir gan y Cynulliad. Felly yr oedd y ffaith fod canlyniad yn cael ei negodi a fyddai'n trosglwyddo Awdurdod yr Harbwr a'r morglawdd, ymhlith pethau eraill, i'r awdurdod lleol yn gwbl gyson â pholisïau'r Cynulliad. Mewn un ystyr, mae'r hyn yr ydym yn ei drafod yn awr yn ganlyniad i'r safle rhesymol hwnnw.

[24] **Alun Cairns:** Mr Shortridge, I would like to press you somewhat on what Mr Phillips said. He said that a statement was made on 20 October 1999, and that the section 165 arrangements were completed on 27 and 28 March. Mr Phillips has just said that if Cardiff council had walked away, we could have looked at other options, albeit that

[24] **Alun Cairns:** Mr Shortridge, mi hoffwn bwysu rhywfaint arnoch ar yr hyn a ddywedodd Mr Phillips. Dywedodd y gwnaethpwyd datganiad ar 20 Hydref 1999, ac y cwblhawyd y cytundebau adran 165 ar 27 a 28 Mawrth. Mae Mr Phillips newydd ddweud petasai cyngor Caerdydd wedi cerdded i ffwrdd, y gallasem edrych ar

that might not have been in line with the Assembly's thinking or policy at that time. However, within such a tight timescale, was it ever realistic that the Assembly could have looked at any other option?

Mr Shortridge: I would have to check the files to give a definitive view. However, in principle I am sure that it was because, at an earlier stage, we were looking at the possibility of, in effect, slimming down the Cardiff Bay Development Corporation and creating a harbour authority as a company limited by guarantee. So I think that these sorts of things can be done at short notice if both the political will and the need is there.

[25] **Alun Cairns:** If, in the weeks leading up to 27 and 28 March, Cardiff council had said 'Well, sorry, we're walking away from this', was there a viable option available to the Assembly?

Mr Shortridge: I think that we are getting into hypothetical situations here. That was not a situation that actually happened in practice. I cannot tell you this afternoon what our cut-off point would have been for the use of an alternative option.

[26] **Alun Cairns:** The principle that I am trying to underline, Chair, is that making the decision closed off, or potentially closed off, many options for the Assembly and possibly

opsiynau eraill, er na fuasai hynny efallai yn unol â meddylfryd na pholisi'r Cynulliad ar y pryd. Fodd bynnag, o fewn amserlen mor dynn, a fu erioed yn realistig y gallasai'r Cynulliad edrych ar unrhyw opsiwn arall?

Mr Shortridge: Byddai'n rhaid imi edrych ar y ffeiliau i roi barn bendant. Fodd bynnag, mewn egwyddor yr wyf yn siwr ei bod, oherwydd, ar gyfnod cynharach, yr oeddem yn edrych ar bosibilrwydd teneuo Corfforaeth Datblygu Bae Caerdydd a chreu awdurdod harbwr fel cwmni cyfyngedig trwy warant. Felly yr wyf yn meddwl y gellir gwneud y pethau hyn ar fyr rybudd os yw'r ewyllys wleidyddol a'r angen yn bodoli.

[25] **Alun Cairns:** Petasai cyngor Caerdydd, yn yr wythnosau'n arwain at 27 a 28 Mawrth, wedi dweud 'Wel, mae'n ddrwg gennym, yr ydym yn cerdded i ffwrdd oddi wrth hyn', a oedd opsiwn ymarferol ar gael i'r Cynulliad?

Mr Shortridge: Yr wyf yn meddwl ein bod yn mynd i sefyllfaoedd damcaniaethol yma. Nid oedd hynny'n sefyllfa a ddigwyddodd mewn gwirionedd. Ni allaf ddweud wrthyhch y prynhawn yma beth fuasai'n pwynt torri-i-ffwrdd ar gyfer defnyddio opsiwn arall.

[26] **Alun Cairns:** Yr egwyddor yr wyf fi'n ceisio ei thanlinellu, Gadeirydd, yw bod gwneud y penderfyniad wedi cau, neu wedi creu'r potensial i gau, llawer o opsiynau i'r

weakened our negotiating hand in transferring the assets and liabilities to other bodies.

Mr Shortridge: To respond to that, if you do not close off options you do not have a wind-up. One of the implied criticisms in this report is that we had not closed off the options early enough and really, there comes a point when you have to have sufficient certainty to enable the orderly wind-up of a development corporation to go forward. What we negotiated, through the memoranda of understanding—which I think was novel to our approach—was that six months before the wind-up, the basic building blocks for the transfer were in place.

[27] **Alun Cairns:** Thank you. I move on to the outcome of the wind-up. The report makes reference to the fact that the negotiations around the wind-up process were both complex and difficult, as we have just discovered. Are you fully satisfied that, in terms of operational arrangements for continuing and protecting the corporation's legacy, the successor arrangements put in place are fully satisfactory?

Mr Shortridge: Yes, in the sense that we have detailed monitoring arrangements in place with all the successor bodies to ensure that the money that those successor bodies are being given is used for the purposes set

Cynulliad ac o bosibl wedi gwanhau'n llaw negodi wrth drosglwyddo'r asedau a'r rhwymedigaethau i gyrff eraill.

Mr Shortridge: I ymateb i hynny, os na chaewch opsiynau ni fyddwch yn dirwyn i ben. Un o'r beirniadaethau sydd ymhlyg yn yr adroddiad yw nad oeddem wedi cau'r opsiynau'n ddigon cynnar ac yn wir, fe ddaw pwynt pryd y mae'n rhaid ichi gael digon o sicrwydd i alluogi proses ddirwyn i ben corfforaeth ddatblygu i fynd rhagddi mewn modd trefnus. Yr hyn a negodwyd gennym, drwy'r memoranda dealltwriaeth—peth newydd yn ein dull o fynd ati, mi gredaf—oedd bod y blociau adeiladu sylfaenol ar gyfer y trosglwyddiad yn eu lle chwe mis cyn y dirwyn i ben.

[27] **Alun Cairns:** Diolch. Symudaf ymlaen at ganlyniad y dirwyn i ben. Mae'r adroddiad yn cyfeirio at y ffaith fod y negodi o gwmpas y broses ddirwyn i ben yn gymhleth ac yn anodd, fel yr ydym newydd ddarganfod. A ydych yn gwbl fodlon, yn nhermau trefniadau gweithredol ar gyfer parhau a gwarchod etifeddiaeth y gorfforaeth, fod y trefniadau olynu sydd wedi'u sefydlu yn gwbl foddhaol?

Mr Shortridge: Ydwyf, yn yr ystyr fod gennym drefniadau monitro manwl wedi'u sefydlu gyda phob corff olynol i sicrhau y caiff yr holl arian a roddir i'r cyrff olynol hynny ei ddefnyddio i'r pwrpasau a amlinellir

out in the section 165 agreements. We have very regular monitoring arrangements—monthly meetings—to check on progress.

yn y cytundebau adran 165. Mae gennym drefniadau monitro rheolaidd iawn—cyfarfodydd misol—i fwrw golwg ar y gwaith sydd yn digwydd.

[28] **Alun Cairns:** In your opinion, do you feel that the successor bodies are generally content with the final arrangements put in place?

[28] **Alun Cairns:** Yn eich barn chi, a ydych yn teimlo fod y cyrff olynol yn gyffredinol yn fodlon ar y trefniadau terfynol a sefydlwyd?

Mr Shortridge: Yes. I think that that is one of the things that the Auditor General will have an opportunity to comment on in his next report. However, from my perspective, I am not aware of any problems. I do not have successor bodies making representations to me saying that they are concerned about the way in which these arrangements are working out. Indeed, it is quite the reverse. My impression from the discussions that I have with officials at Cardiff council and the WDA is that the new arrangements are being managed effectively and in a professional way.

Mr Shortridge: Ydwyf. Yr wyf yn meddwl fod hynny'n un o'r pethau y caiff yr Ymchwilydd Cyffredinol gyfle i roi sylw arno yn ei adroddiad nesaf. Fodd bynnag, o'm safbwynt i, nid wyf yn ymwybodol o unrhyw broblemau. Nid welaf gyrff olynol yn dod ataf i ddweud eu bod yn bryderus ynghylch y ffordd y mae'r trefniadau hyn yn gweithio. Yn wir, y gwrthwyneb sydd yn wir. Fy argraff i o'r trafodaethau a gaf gyda swyddogion yng nghyngor Caerdydd a'r WDA yw fod y trefniadau newydd yn cael eu rheoli'n effeithiol ac mewn modd proffesiynol.

[29] **Alun Cairns:** I draw your attention to figure 8 of the report, which provides information on the successor arrangements that were put in place. I would like to pick up on one small point in this figure, which concerns the WDA and its new responsibility for the environmental management of Plymouth Park. Figure 4 in the report shows that this was a former landfill site that was presumably created by the local authority

[29] **Alun Cairns:** Tynnaf eich sylw at ffigur 8 yn yr adroddiad, sy'n darparu gwybodaeth ar y trefniadau olynol a sefydlwyd. Hoffwn edrych ar un pwynt yn y ffigur hwn, sy'n ymwneud â'r WDA a'i gyfrifoldeb newydd dros reolaeth amgylcheddol Parc Plymouth. Dengys ffigur 4 yn yr adroddiad mai hen safle tirlenwi oedd hwn a grëwyd, mae'n debyg, gan yr awdurdod lleol cyn i'r gorfforaeth gymryd cyfrifoldeb am yr ardal.

prior to the corporation taking responsibility for the area. Can you tell us why this responsibility did not revert to the appropriate local authority, rather than being transferred to the agency?

A allwch ddweud wrthym pam nad aeth y cyfrifoldeb hwn yn ôl i'r awdurdod lleol priodol, yn hytrach na chael ei drosglwyddo i'r awdurdod datblygu?

Mr Shortridge: I think that for the detail I will have to hand you over to Steve Phillips, but my understanding is that, as part of the negotiation, the local authority was not particularly keen to have this site back.

Mr Shortridge: Ar gyfer y manylion bydd yn rhaid imi'ch trosglwyddo i Steve Phillips, ond fy nealltwriaeth i yw nad oedd yr awdurdod lleol, yn ystod y negodi, yn arbennig o awyddus i gael y safle hwn yn ôl.

[30] **Janet Davies:** I bet.

[30] **Janet Davies:** Mae'n siwr.

Mr Phillips: Yes, that is all there is to it; it refused to take it.

Mr Phillips: Ie, dyna'r cwbl sydd i'w ddweud; gwrthododd y cyngor ei gymryd.

[31] **Alun Cairns:** Why might that be?

[31] **Alun Cairns:** Pam hynny, tybed?

Mr Phillips: The Vale of Glamorgan County Borough Council can, I suppose, answer that best itself. I suspect that it has something to do with the fact that there are, clearly, liabilities in relation to the site, not all of which can be quantified precisely. I know that the WDA is in an ongoing dialogue with the Vale of Glamorgan County Borough Council about the future of that site, so I think that it is being managed as best it can be. However, without wishing to speak for it, I think that the Vale of Glamorgan council concluded that it simply was not prepared to

Mr Phillips: Mae'n debyg y gall Cyngor Bwrdeistref Sirol Bro Morgannwg ateb hynny orau ei hun. Yr wyf yn amau fod a wnelo'r peth rywbeth â'r ffaith fod yna, yn amlwg, rwymedigaethau yn gysylltiedig â'r safle, ac na ellir eu mesur i gyd yn fanwl gywir. Gwn fod y WDA mewn deialog barhaus â Chyngor Bwrdeistref Sirol Bro Morgannwg ynghylch dyfodol y safle hwnnw, felly yr wyf yn meddwl ei fod yn cael ei reoli gystal ag y gellir. Fodd bynnag, heb ddymuno siarad drosto, yr wyf yn meddwl i gyngor Bro Morgannwg ddod i'r casgliad, yn syml, nad oedd yn barod i

accept the liability at the time.

dderbyn y rhwymedigaeth ar y pryd.

[32] **Alun Cairns:** What sort of liabilities can we expect in relation to that plot?

[32] **Alun Cairns:** Pa fath o rwymedigaethau y gallwn ni eu disgwyl mewn perthynas â'r plot hwnnw?

Mr Phillips: I cannot be precise about the liabilities that may arise, because I think that many of them are potentially unforeseeable, or certainly difficult to quantify at this stage, which is partly why the council concerned did not wish to take the site at the time.

Mr Phillips: Ni allaf fod yn fanwl ynghylch y rhwymedigaethau a all godi, oherwydd yr wyf yn meddwl y gallai llawer ohonynt fod yn amhosibl eu rhagweld, neu'n sicr yn anodd eu mesur ar hyn o bryd, a dyna'n rhannol pam nad oedd y cyngor dan sylw yn awyddus i gymryd y safle ar y pryd.

[33] **Alun Cairns:** Are you aware whether the agency was happy with having this responsibility, which is outside its core activity, transferred to it?

[33] **Alun Cairns:** A ydych yn ymwybodol a oedd yr awdurdod datblygu'n hapus o gael y cyfrifoldeb hwn, sydd y tu allan i'w weithgaredd craidd, wedi'i drosglwyddo iddo?

Mr Phillips: I would agree that it is outside its core activity. I would imagine that it was not particularly delighted to receive the responsibility but, as the Permanent Secretary said earlier, this is not a process that allows for loose ends. Effectively, it had to go somewhere. The nature of the section 165 arrangements were that the WDA inherited those loose ends, basically. That is the purpose of the section 165 (b) Transfer of Property, Rights and Liabilities Order.

Mr Phillips: Cytunaf ei fod y tu allan i'w weithgaredd craidd. Byddwn yn dychmygu nad oedd wrth ei fodd o gael y cyfrifoldeb ond, fel y dywedodd yr Ysgrifennydd Parhaol yn gynharach, nid yw hon yn broses sydd yn caniatáu gadael materion heb eu datrys. Yn y bôn, yr oedd yn rhaid iddo fynd i rywle. Natur y trefniadau adran 165 oedd mai'r WDA a etifeddai'r materion hynny oedd heb eu datrys, yn y bôn. Dyna bwrpas Gorchymyn Trosglwyddo Eiddo, Hawliau a Rhwymedigaethau adran 165(b).

[34] **Alun Cairns:** Thank you.

[34] **Alun Cairns:** Diolch.

[35] **Janet Davies:** Thank you, Alun. Helen Mary will now ask some questions on the funding of the successor arrangements.

[35] **Janet Davies:** Diolch, Alun. Mae Helen Mary yn mynd i ofyn cwestiynau yn awr ynghylch ariannu'r trefniadau olynu.

[36] **Helen Mary Jones:** May I ask one brief supplementary to an earlier question, before we move on to that?

[36] **Helen Mary Jones:** A gaf fi ofyn un cwestiwn byr yn atodiad i gwestiwn cynharach, cyn symud ymlaen at hynny?

[37] **Janet Davies:** Yes, of course.

[37] **Janet Davies:** Cewch, siwr iawn.

[38] **Helen Mary Jones:** Mr Shortridge has put forward a very persuasive case about why the establishment of a new Assembly sponsored public body was probably something that would not have been acceptable. Given that this was all coming at a very difficult time, when the Assembly was just establishing itself—in fairness to everybody who was having to deal with this, it was difficult for you to do long-term planning because you did not know what the Assembly was going to come up with—what consideration was given to simply extending the life of the development corporation, perhaps by 12 months, once the Assembly itself was established? That would have given you a little bit more time to do some of these more detailed negotiations.

[38] **Helen Mary Jones:** Mae Mr Shortridge wedi cyflwyno achos cryf iawn i'n darbwyllo pam yr oedd sefydlu corff cyhoeddus newydd a noddir gan y Cynulliad, mae'n debyg, yn rhywbeth a fuasai'n annerbyniol. O gofio i hyn i gyd ddod ar adeg anodd iawn, pan oedd y Cynulliad yn y broses o sefydlu'i hun—o ran tegwch i bawb a oedd yn gorfod delio â hyn, yr oedd yn anodd i chi gynllunio ar gyfer yr hirdymor oherwydd nid oeddech yn gwybod beth y byddai'r Cynulliad yn esgor arno—pa ystyriaeth a roddwyd i ymestyn oes y gorfforaeth ddatblygu, 12 mis efallai, unwaith yr oedd y Cynulliad ei hun wedi'i sefydlu? Buasai hynny wedi rhoi ychydig mwy o amser ichi wneud rhywfaint o'r negodi mwy manwl yma.

Mr Shortridge: The life of the development corporation was extended by about three

Mr Shortridge: Fe ychwanegwyd rhyw dri mis, yr wyf yn meddwl, at oes y gorfforaeth

months, I think, by the then Secretary of State for Wales following the 1997 election. That announcement, as I recall, was in the White Paper announcing the policy on establishing the Assembly. Having set that deadline, there was no appetite to change it, I have to say, and, as officials, we did not—I certainly did not see the need, as Accounting Officer, to advise that that was an unreasonable deadline for Cabinet members to be working to.

ddatblygu gan Ysgrifennydd Gwladol Cymru ar y pryd ar ôl etholiad 1997. Gwnaethpwyd y cyhoeddiad hwnnw, yn ôl a gofiau i, yn y Papur Gwyn yn cyhoeddi'r polisi ar sefydlu'r Cynulliad. Wedi gosod y dyddiad hwnnw, nid oedd unrhyw awydd i'w newid, mae'n rhaid imi ddweud, ac, fel swyddogion, nid oeddem—yn sicr, nid oeddwn i yn gweld yr angen, fel Swyddog Cyfrifon, i gynghori fod hwnnw'n ddyddiad afresymol i aelodau'r Cabinet fod yn gweithio tuag ato.

[39] **Helen Mary Jones:** Thank you. To move on to the specific funding issues, my question relates first of all to figure 9 of the report, which is on page 16. That shows that the Assembly is committed to funding the successor arrangements for five financial years, 2000-01 to 2004-05 inclusively, to a net total of just under £108 million. In addition, in 1999-2000, just under £7 million was paid to successor bodies, bringing the net estimated commitment to £115 million. As regards those liabilities that were foreseen and quantified at the time of the wind-up, is that a maximum commitment or could the cost of those elements increase over the time span that we still have to run?

[39] **Helen Mary Jones:** Diolch. I symud ymlaen at y materion cyllidol penodol, mae fy nghwestiwn yn cyfeirio yn gyntaf oll at ffigur 9 yn yr adroddiad, sydd ar dudalen 16. Mae hwnnw'n dangos fod y Cynulliad wedi ymrwmo i ariannu'r trefniadau olynol am bum mlynedd ariannol, sef 2000-01 i 2004-05, hyd at gyfanswm net o ychydig dan £108 miliwn. Ar ben hynny, yn 1999-2000, talwyd ychydig dan £7 miliwn i gyrff olynol, sy'n dod â'r ymrwymiad amcangyfrifedig net i £115 miliwn. O ran y rhwymedigaethau hynny a ragwelwyd ac a fesurwyd ar adeg y dirwyn i ben, ai dyna ben draw'r ymrwymiad neu a allai cost yr elfennau hynny gynyddu dros y cyfnod amser sydd o'n blaenau o hyd?

Mr Shortridge: Well, just to be clear, this is just taking a five-year snapshot. Most of these expenditure figures run on as well, lest there be any misunderstanding. Those figures remain just about our best estimates, but I would expect there to be some changes over time. However, I am not aware of anything at

Mr Shortridge: Wel, er mwyn bod yn glir, cipolwg yn unig dros bum mlynedd yw hyn. Mae'r rhan fwyaf o'r ffigurau gwariant hyn yn rhedeg ymlaen hefyd, rhag ofn bod unrhyw gamddealltwriaeth. Y ffigurau hynny yw'n hamcangyfrifon gorau ni o hyd, ond byddwn yn disgwyl gweld rhai newidiadau

the moment that would lead to substantial differences to the pattern of expenditure indicated by this table.

dros amser. Fodd bynnag, nid wyf yn ymwybodol o unrhyw beth ar y funud a fyddai'n arwain at wahaniaethau sylweddol i'r patrwm gwariant a ddangosir yn y tabl hwn.

[40] **Helen Mary Jones:** Figure 10 on the same page deals with the amounts payable to Cardiff City and County Council over five years. That amounts to around £73 million in net funding over the period. I would like to look a little more closely at two specific aspects of this funding. First, what exactly is included within the Harbour Authority running costs of £51 million? Given what you have said to us already about how closely you are monitoring the spend, can you tell us what you are doing about monitoring the incurred costs against those individual elements of what the Harbour Authority is supposed to be doing?

[40] **Helen Mary Jones:** Mae ffigur 10 ar yr un dudalen yn delio â'r symiau taladwy i Gyngor Sir a Dinas Caerdydd dros bum mlynedd. Mae hynny'n gyfanswm o ryw £73 miliwn mewn cyllid net dros y cyfnod. Hoffwn edrych ychydig yn fanylach ar ddwy agwedd benodol i'r cyllid hwn. Yn gyntaf, beth yn union sydd wedi'i gynnwys o fewn costau rhedeg Awdurdod yr Harbwr sef £51 miliwn? Yng ngoleuni'r hyn a ddywedaso ch wrthym eisoes ynghylch mor fanwl yr ydych yn monitro'r gwario, a allwch ddweud wrthym beth yr ydych yn ei wneud ynghylch monitro'r costau a ddaw i'n rhan yn erbyn yr elfennau unigol hynny o'r hyn y mae Awdurdod yr Harbwr i fod yn ei wneud?

Mr Shortridge: Perhaps I should bring in Emyr Roberts on the detail of that question but, basically, we have a spending profile on the costs of managing, operating and maintaining the barrage and the bay. We have monthly discussions with officials in Cardiff City and County Council on all of that, so that we can satisfy ourselves that it is operating within budget.

Mr Shortridge: Efallai y dylwn ddod ag Emyr Roberts i mewn ar fanylion y cwestiwn hwnnw ond, yn y bôn, mae gennym broffil gwario ar gostau rheoli, gweithredu a chynnal y morglawdd a'r bae. Cawn drafodaethau misol gyda swyddogion yng Nghyngor Sir a Dinas Caerdydd ar hynny i gyd, er mwyn gallu bodloni'n hunain ei fod yn gweithredu o fewn ei gyllideb.

Mr Roberts: We have a detailed budget profile, both for the Harbour Authority and

Mr Roberts: Mae gennym broffil cyllideb manwl, ar gyfer Awdurdod yr Harbwr ac ar

for the other bodies. The Harbour Authority and the other bodies claim, usually on a monthly basis, for their expenditure against that profile. When those claims come in, we examine them very carefully and discuss any issues with the Harbour Authority. We are engaged in a process of reviewing the outturn position for the last financial year. That work is ongoing. When the Harbour Authority submits claims to us for increased expenditure, either out of liabilities or unforeseen events, obviously we consider those very carefully and we will meet the Harbour Authority if necessary. We normally meet the Harbour Authority on a monthly basis, usually after the board meeting, to update ourselves on recent developments. Obviously, we also will discuss any specific cases or specific issues that come up at the time. Similar monitoring arrangements are in place for the Vale of Glamorgan County Borough Council, although it has a quarterly draw down rather than a monthly one. Similar arrangements are in place for the monitoring of the WDA.

[41] **Helen Mary Jones:** May I just ask a supplementary to that, Chair? Perhaps again Mr Roberts would want to respond to this. You mentioned a request for unforeseen amounts of money. I appreciate that you are working on the figures for the last financial year, so I would not expect you to give me a detailed answer to this. However, has it been

gyfer y cyrff eraill. Bydd Awdurdod yr Harbwr a'r cyrff eraill yn hawlio, bob mis fel arfer, am eu gwariant yn erbyn y proffil hwnnw. Pan ddaw'r hawliadau hynny i mewn, byddwn yn eu harchwilio'n ofalus iawn ac yn trafod unrhyw gwestiynau gydag Awdurdod yr Harbwr. Yr ydym wrthi mewn proses o adolygu sefyllfa derfynol y flwyddyn ariannol ddiwethaf. Mae'r gwaith hwnnw'n mynd yn ei flaen. Pan fydd Awdurdod yr Harbwr yn cyflwyno hawliadau i ni am wariant ychwanegol, un ai allan o rwymedigaethau neu ddigwyddiadau nas rhagwelwyd, yn amlwg byddwn yn ystyried y rheini yn ofalus iawn a byddwn yn cyfarfod ag Awdurdod yr Harbwr os oes angen. Fel rheol byddwn yn cyfarfod ag Awdurdod yr Harbwr bob mis, fel arfer ar ôl cyfarfod y bwrdd, i gael yr wybodaeth ddiweddaraf am ddatblygiadau diweddar. Yn amlwg, byddwn hefyd yn trafod unrhyw achosion penodol neu faterion penodol a fydd yn codi ar y pryd. Mae trefniadau monitro tebyg yn eu lle ar gyfer Cyngor Bwrdeistref Sirol Bro Morgannwg, er mai bob chwarter yn hytrach na bob mis y cyfarfyddir â hwy. Mae trefniadau tebyg yn eu lle ar gyfer monitro y WDA.

[41] **Helen Mary Jones:** A gaf fi ofyn cwestiwn atodol i hynny, Gadeirydd? Efallai eto y byddai Mr Roberts am ymateb i hwn. Soniasoch am gais am symiau o arian nas rhagwelwyd. Deallaf eich bod yn gweithio ar y ffigurau am y flwyddyn ariannol ddiwethaf, felly ni fyddwn yn disgwyl ichi roi ateb manwl imi ar hyn. Fodd bynnag, a yw wedi

asking for a lot of unforeseen amounts of money? Is it likely to come roughly within budget, or are we talking about needing to spend more money on it?

Mr Roberts: It has generally been fairly minor amendments, due to genuinely unforeseen events happening. I do not think that there is any significant variation yet that we have come across to the budget that we have actually set.

[42] **Helen Mary Jones:** Thank you. I will move on to my second specific question about the money that Cardiff council is spending. This relates to particular concerns from some of the community groups which felt that they were getting quite a lot of support from the former Cardiff Bay Development Corporation and had some concerns about whether that will run on. I would like to know if you have had firm plans from Cardiff council—and I imagine, from what Mr Shortridge has already said, that you should have had—on how it intends to spend the £6.1 million regeneration fund? What are the other projects that are included within the £11.74 million, of which the £6.1 million forms a part? What are they spending it on?

Mr Phillips: Shall I take that one? There is not actually £6.1 million there in reality because, as I am sure we will come on to later, the regeneration fund was reduced by

bod yn gofyn am lawer o symiau o arian nas rhagwelwyd? A ydyw'n debygol o ddod yn fras o fewn y gyllideb, ynteu a ydym yn sôn am angen i wario mwy o arian arno?

Mr Roberts: Diwygiadau cymharol fân a gafwyd ar y cyfan, oherwydd digwyddiadau gwirioneddol heb eu rhagweld. Nid wyf yn meddwl ein bod wedi dod ar draws unrhyw amrywiad arwyddocaol eto i'r gyllideb a osodwyd gennym.

[42] **Helen Mary Jones:** Diolch. Symudaf ymlaen at fy ail gwestiwn penodol am yr arian y mae cyngor Caerdydd yn ei wario. Mae a wnelo hyn â phryderon penodol gan rai o'r grwpiau cymunedol a deimlai eu bod yn cael cryn dipyn o gefnogaeth gan hen Gorfforaeth Datblygu Bae Caerdydd a bod ganddynt bryderon ynghylch a fyddai hynny'n parhau. Hoffwn wybod a ydych wedi cael cynlluniau pendant gan gyngor Caerdydd—ac yr wyf yn dychmygu, yn ôl yr hyn a ddywedodd Mr Shortridge yn barod, y dylech fod wedi cael—ynghylch sut y mae'n bwriadu gwario'r gronfa adnewyddu o £6.1 miliwn? Beth yw'r prosiectau eraill sydd wedi'u cynnwys o fewn yr £11.74 miliwn, y mae'r £6.1 miliwn yn rhan ohono? Ar beth y maent yn ei wario?

Mr Phillips: Beth am i mi ateb hynny? Nid oes £6.1 miliwn yno mewn gwirionedd, oherwydd, fel yr wyf yn siwr y trafodwn yn ddiweddarach, cwtogwyd £5.95 miliwn o'r

£5.95 million in the cashless transaction that is described in the main body of this report for the Ferry Road site. So, we are actually talking about a residual balance of £150,000.

gronfa adfywio yn y trafodiad di-arian a ddisgrifir ym mhrif gorff yr adroddiad hwn ar gyfer safle Ferry Road. Felly, yr ydym mewn gwirionedd yn sôn am weddill o £150,000.

[43] **Helen Mary Jones:** So what are they doing with the £150,000, then? In terms of the sums of money that we are talking about today, I appreciate that that does not seem like an awful lot of money, but if you are a community group in Butetown, there is an awful lot that you could do with a fairly small amount of that money.

[43] **Helen Mary Jones:** Felly beth maent yn ei wneud gyda'r £500,000? Yn nhermau'r symiau o arian yr ydym yn siarad amdanynt heddiw, yr wyf yn sylweddoli nad yw hynny'n ymddangos yn llawer iawn o arian, ond os ydych yn grwp cymunedol yn Butetown, gallech wneud llawer iawn gyda swm cymharol fach o'r arian hynny.

Mr Phillips: I am sure that that is the case. I have to say that I am not aware that Cardiff City and County Council has actually submitted definitive proposals for the use of the £150,000.

Mr Phillips: Mae'n siwr fod hynny'n wir. Rhaid imi ddweud nad wyf yn ymwybodol fod Cyngor Sir a Dinas Caerdydd mewn gwirionedd wedi cyflwyno cynigion pendant ar gyfer defnyddio'r £150,000.

Mr Roberts: I am not aware of it either. Perhaps we could check and come back to you on that.

Mr Roberts: Nid wyf innau'n ymwybodol o hynny ychwaith. Efallai y gallem gael golwg a dod yn ôl atoch chi ar hynny.

[44] **Helen Mary Jones:** Well, if I can press on this, Chair, I think that that is significant. As I say, it is not a very big sum of money but, in terms of what it was intended for and in terms of what became of the rest of the £6.1 million of the regeneration fund, I think that there are a lot of members of the Welsh public, particularly the ones who live very near here, who would like to know the answer to that. Given what Mr Shortridge has

[44] **Helen Mary Jones:** Wel, os caf fi bwysu ar hyn, Gadeirydd, yr wyf yn meddwl fod hynny'n arwyddocaol. Fel y dywedais, nid yw'n swm enfawr o arian ond, yn nhermau'r hyn y'i bwriadwyd ar ei gyfer ac yn nhermau'r hyn a ddigwyddodd i weddill y gronfa adfywio o £6.1 miliwn, yr wyf yn meddwl y byddai llawer o aelodau'r cyhoedd yng Nghymru, yn enwedig y rhai sydd yn byw'n agos iawn at y fan hon, yn hoffi

already told us about monitoring closely what this money is being spent on, that is one sum of money that I think we would appreciate you probing on a bit.

gwybod yr ateb i hynny. Gan fod Mr Shortridge wedi sôn yn barod am fonitro gwariant yr arian hwn yn fanwl, dyma un swm o arian y byddem, dybiwn i, yn gwerthfawrogi pe baech yn edrych i mewn iddo.

[45] **Janet Davies:** I do not know if Mr Shortridge wants to come in on this.

[45] **Janet Davies:** Ni wn a oes ar Mr Shortridge eisiau dod i mewn ar hyn.

Mr Shortridge: May I just say, Chair, that I very much agree with that point by Helen Mary, and I will make sure that you have a note on the position.

Mr Shortridge: A gaf fi ddweud, Gadeirydd, fy mod yn cytuno'n fawr iawn â'r pwynt yna gan Helen Mary, a gwnaf yn siwr y cewch nodyn ar y sefyllfa.

[46] **Helen Mary Jones:** Alun may want to ask a supplementary on this.

[46] **Helen Mary Jones:** Efallai fod ar Alun eisiau gofyn cwestiwn atodol ar hyn.

[47] **Janet Davies:** Right. Alun?

[47] **Janet Davies:** Iawn. Alun?

[48] **Alun Cairns:** How did you arrive at the figure of £6.1 million?

[48] **Alun Cairns:** Sut y daethoch at y ffigur o £6.1 miliwn?

Mr Phillips: I think that we looked at a number of ongoing commitments and activities in which the corporation was engaged. We looked in parallel at the ability and capacity of the relevant successor body—in this case, the county council—to take on those activities and we negotiated what we thought was an appropriate figure and that was the one.

Mr Phillips: Credaf inni edrych ar nifer o ymrwymadau a gweithgareddau yr oedd y gorfforaeth yn ymwneud â hwy ar y pryd. Ochr yn ochr â hyn edrychwyd ar allu'r corff olynol perthnasol—sef y cyngor sir yn yr achos yma—i ymgymryd â'r gweithgareddau hynny, a negodwyd yr hyn yr oeddem yn credu ei fod yn ffigur priodol, a dyna'r ffigur.

[49] **Alun Cairns:** To come up with the figure of £6.1 million, which is a large sum of money, I would imagine that there would need to be some projects contained in the building up of it rather than one party asking for £10 million, the other offering £5 million and you negotiating and arriving at £6.1 million in the middle. There must be more detail behind that figure than what you have given us.

Mr Phillips: There is, but I do not have all of the detail to hand or in my head. Again, we could provide a note on that, if that would help. There was a list of projects that the county council was looking at. There was another list of projects and activities, certainly in terms of community groups, in which the development corporation was engaged. We tried to balance the two and come up with what we thought was a reasonable sum.

[50] **Alun Cairns:** So what sort of projects were they looking at?

Mr Phillips: Regeneration projects and community activities.

[51] **Alun Cairns:** Would not that sort of responsibility fall to Cardiff council anyway?

[49] **Alun Cairns:** Er mwyn cael y ffigur £6.1 miliwn, sydd yn swm mawr o arian, fe dybiwn i y byddai angen bod rhai prosiectau wedi'u cynnwys yn y gwaith o'i adeiladu yn hytrach na bod y naill ochr yn gofyn am £10 miliwn, y llall yn cynnig £5 miliwn a'ch bod yn negodi ac yn cyrraedd £6.1 miliwn yn y canol. Rhaid bod mwy o fanylion y tu cefn i'r ffigur hwnnw na'r hyn a roesoch inni.

Mr Phillips: Oes, y mae, ond nid oes gennyf yr holl fanylion wrth law nac yn fy mhen. Eto, gallem ddarparu nodyn ar hynny, os byddai hynny o gymorth. Yr oedd rhestr o brosiectau yr oedd y cyngor sir yn edrych arnynt. Yr oedd rhestr arall o brosiectau a gweithgareddau, yn sicr yn nhermau grwpiau cymunedol, yr oedd y gorfforaeth ddatblygu'n ymwneud â hwy. Ceisiasom ni gydbwysu'r ddau a chael yr hyn a dybiem oedd yn swm rhesymol.

[50] **Alun Cairns:** Pa fath o brosiectau yr oeddent yn edrych arnynt, felly?

Mr Phillips: Prosiectau adfywio a gweithgareddau cymunedol.

[51] **Alun Cairns:** Oni fyddai'r math hwnnw o gyfrifoldeb yn disgyn ar gyngor Caerdydd beth bynnag?

Mr Phillips: The development assets and liabilities were transferring to the WDA as a consequence of these succession agreements and arrangements. However, there was a number of non-development assets, liabilities and related programmes and activities that reverted to both local authorities and would, if you like, be the normal course of business for the local authority in the absence of a development corporation.

[52] **Janet Davies:** Mr Shortridge, would you like to come in on this?

Mr Shortridge: The basic issue was that the Cardiff Bay Development Corporation was quite properly investing substantial amounts of money into community development as part of the redevelopment of Cardiff Bay. What we did not want, and what no-one wanted, was for that investment suddenly to be stopped. What we were negotiating through this process was a transitional series of payments to the county council so that local communities would not be adversely affected by the wind-up of the corporation.

[53] **Alun Cairns:** So, Mr Shortridge, what you are really saying is that Cardiff City and County Council was given the equivalent of an additional £6.1 million for community regeneration in Cardiff over and above the normal spending assessments that would go

Mr Phillips: Yr oedd yr asedau a rhwymedigaethau datblygu'n trosglwyddo i'r WDA o ganlyniad i'r cytundebau a threfniadau olynu hyn. Fodd bynnag, yr oedd nifer o asedau, rhwymedigaethau a rhaglenni a gweithgareddau cysylltiedig nad oedd a wnelont â datblygiad, a âi yn ôl i'r ddau awdurdod lleol ac a fyddai, os mynnwch, yn rhan o fusnes arferol yr awdurdod lleol yn absenoldeb corfforaeth ddatblygu.

[52] **Janet Davies:** Mr Shortridge, hoffech chi ddod i mewn ar hyn?

Mr Shortridge: Y pwynt yn y bôn oedd bod Corfforaeth Datblygu Bae Caerdydd yn gwbl briodol yn buddsoddi symiau sylweddol o arian mewn datblygiad cymunedol fel rhan o ailddatblygiad Bae Caerdydd. Yr hyn nad oedd arnom ei eisiau, ac nad oedd ar neb ei eisiau, oedd i'r buddsoddiad hwnnw ddod i ben yn sydyn. Yr hyn yr oeddem yn ei negodi drwy'r broses hon oedd cyfres drosiannol o daliadau i'r cyngor sir fel na fyddai cymunedau lleol yn dioddef yn sgîl dirwyn y gorfforaeth i ben.

[53] **Alun Cairns:** Felly, Mr Shortridge, beth yr ydych yn ei ddweud mewn gwirionedd yw y rhoddwyd i Gyngor Sir a Dinas Caerdydd yr hyn sydd yn cyfateb i £6.1 miliwn yn ychwanegol ar gyfer adfywiad cymunedol yng Nghaerdydd uwch ben a thu hwnt i'r

to other local authorities?

asesiadau gwariant arferol a âi i awdurdodau lleol eraill?

Mr Shortridge: That was part of the process of ensuring an orderly transition from the development corporation back to the local authority.

Mr Shortridge: Yr oedd hynny'n rhan o'r broses o sicrhau trawsnewid trefnus o'r gorfforaeth ddatblygu yn ôl i'r awdurdod lleol.

[54] **Alun Cairns:** So, that £6.1 million, or its equivalent, would have been spent on matters that for other local authorities, for example Swansea, would come under their normal spending patterns.

[54] **Alun Cairns:** Felly, buasai'r £6.1 miliwn hynny, neu'r hyn a fuasai'n gyfwerth, wedi'i wario ar faterion a fyddai, i awdurdodau lleol eraill, fel Abertawe, er enghraifft, yn dod o dan eu patrymau gwario arferol.

Mr Shortridge: I think that what everyone recognises is that this is a very special area. That is why we had an urban development corporation running it, rather than a local authority.

Mr Shortridge: Yr wyf yn credu fod pawb yn cydnabod fod hwn yn faes arbennig iawn. Dyna pam y cawsom gorfforaeth ddatblygu trefol i'w redeg, yn hytrach nag awdurdod lleol.

[55] **Alun Cairns:** So having received millions of pounds of public money in this part of Cardiff during the wind-up arrangements, an additional £6.1 million was transferred to Cardiff City and County Council for community regeneration when other councils would have to fund such regeneration themselves, not having had the benefit of large-scale inward investment to one pocket of their counties?

[55] **Alun Cairns:** Felly wedi derbyn miliynau o bunnoedd o arian cyhoeddus yn y rhan hon o Gaerdydd yn ystod y trefniadau dirwyn i ben, trosglwyddwyd swm ychwanegol o £6.1 miliwn i Gyngor Sir a Dinas Caerdydd ar gyfer adfywio cymunedol tra byddai'n rhaid i gynghorau eraill ariannu'r fath adfywiad eu hunain, heb gael mantais buddsoddiad oddi allan ar raddfa fawr i'r un boced yn eu siroedd hwy?

Mr Shortridge: The alternative would have

Mr Shortridge: Y dewis arall fyddai troi'r

been to turn the tap off, as I think that Helen Mary was implying. That did not seem to be part of an orderly wind-up of the redevelopment arrangements in Cardiff Bay.

tap i ffwrdd, fel yr oedd Helen Mary yn awgrymu, mae'n debyg. Nid oedd hynny'n ymddangos yn rhan o broses drefnus o ddirwyn y trefniadau ailddatblygu i ben ym Mae Caerdydd.

[56] **Alun Cairns:** Should not the continuation of those community projects have been subject to negotiation within the transfer of assets and liabilities to Cardiff City and County Council?

[56] **Alun Cairns:** Oni ddylasai parhad y prosiectau cymunedol hynny fod yn amodol ar negodi o fewn y trosglwyddiad asedau a rhwymedigaethau i Gyngor Sir a Dinas Caerdydd?

Mr Shortridge: No.

Mr Shortridge: Na.

[57] **Alun Cairns:** The point that I am getting at is that Cardiff City and County Council should naturally inherit those rather than turning the tap off and saying that they have finished. Surely the council would want to see those worthwhile community projects continued?

[57] **Alun Cairns:** Y pwynt sydd gennyf fi mewn golwg yw y dylai Cyngor Sir a Dinas Caerdydd etifeddu'r rheini yn naturiol yn hytrach na throi'r tap i ffwrdd a dweud eu bod wedi gorffen. Siawns na fyddai'r cyngor eisiau gweld parhau'r prosiectau cymunedol gwerth chweil hynny?

Mr Shortridge: I think that Cardiff City and County Council would find it very difficult to continue them without a budget to go with them.

Mr Shortridge: Yr wyf yn meddwl y byddai Cyngor Sir a Dinas Caerdydd yn ei chael hi'n anodd iawn eu parhau heb gyllideb i gyd-fynd â hwy.

[58] **Alun Cairns:** Similar to other counties around Wales?

[58] **Alun Cairns:** Fel siroedd eraill o gwmpas Cymru?

Mr Shortridge: I think that the point I am making is that you are not comparing like

Mr Shortridge: Yr wyf yn meddwl mai'r pwynt yr wyf yn ei wneud yw nad ydych yn

with like.

cymharu tebyg wrth ei debyg.

[59] **Helen Mary Jones:** I would like to ask a further supplementary question, Chair, then I have a further two questions.

[59] **Helen Mary Jones:** Hoffwn ofyn cwestiwn atodol arall, Gadeirydd, wedyn mae gennyf ddau gwestiwn arall.

You have undertaken to report on what is happening to the remaining £100,000 or whatever it is that is left. In doing so, I would appreciate if you were to ask about what has happened to the community groups that were being funded, because, of course, Alun is right. People on the ground tell me that not all of the £6.1 million has been transferred in the way that we had hoped. I would be quite surprised if we find that even £100,000 has been transferred. It would be useful, while you are looking at what happened to that £100,000, to also compare that to the kind of money that Cardiff Bay Development Corporation spent on those kind of initiatives and to see what has become of them since the handover.

Yr ydych wedi addo rhoi adroddiad ar yr hyn sydd yn digwydd i'r £100,000 neu beth bynnag sydd yn weddill. Pan wnewch hynny, byddwn yn ddiolchgar pe baech yn holi ynghylch beth sydd wedi digwydd i'r grwpiau cymunedol a oedd yn cael eu hariannu, oherwydd, wrth gwrs, mae Alun yn iawn. Dywed pobl ar lawr gwlad wrthyf nad yw'r cyfan o'r £6.1 miliwn wedi'i drosglwyddo yn y ffordd yr oeddem wedi gobeithio. Byddai'n gryn syndod imi pe canfyddem fod hyd yn oed £100,000 wedi'i drosglwyddo. Byddai'n fuddiol, tra byddwch yn edrych ar yr hyn a ddigwyddodd i'r £100,000 yna, mynd ati hefyd i gymharu hynny â'r math o arian a wariodd Corfforaeth Datblygu Bae Caerdydd ar y mathau hynny o gynlluniau a gweld beth a ddaeth ohonynt ers y trosglwyddo.

Mr Phillips: May I say one thing in response to that? Clearly we will do that. I have given a commitment to do it. However, it is important to recognise the central principle here, which is that the whole rationale for this part of the wind-up process was to return these activities to democratic, local control. Therefore, how the residual £150,000—or £6.1 million, were it that amount—is spent is

Mr Phillips: A gaf i ddweud un peth mewn ymateb i hynny? Bid siwr fe wnawn ni hynny. Yr wyf wedi addo ei wneud. Fodd bynnag, mae'n bwysig sylweddoli'r egwyddor ganolog yma, sef mai'r holl resymeg y tu ôl i'r rhan hon o'r broses ddirwyn i ben oedd dychwelyd y gweithgareddau hyn i reolaeth ddemocrataidd leol. Felly, ar ddiwedd y dydd mater i Gyngor

ultimately a matter for Cardiff City and County Council.

Sir a Dinas Caerdydd yw sut y caiff y £150,000 sydd yn weddill—neu'r £6.1 miliwn, pe bai'n gymaint â hynny—ei wario.

[60] **Helen Mary Jones:** It clearly is a matter for the council. However, in the process of this handover, and given that, as Alun Cairns has pointed out, this is a substantial amount of central government money being invested in meeting what I acknowledge to be a real need, I would not be happy to discover that that money is not being spent in Butetown, but is being used to collect litter in Llysfaen or in Canton where I live. I know that you cannot have control over that. However, there may be lessons to be learned for the future about how similar transfers could be carried out and how, from my perspective, we can protect the most vulnerable people involved in those transfers, who are least able to speak for themselves. There may be lessons to be learned about what happened to the community projects, if we ever find ourselves in a similar position again.

[60] **Helen Mary Jones:** Yn amlwg mae'n fater i'r cyngor. Fodd bynnag, ym mhroses y trosglwyddiad hwn, ac yn wyneb y ffaith fod hyn, fel y nododd Alun Cairns, yn swm sylweddol o arian y llywodraeth ganolog yn cael ei fuddsoddi i gwrdd ag angen sydd, yr wyf yn cydnabod, yn un gwirioneddol, ni fyddwn yn hapus o ddarganfod nad yw'r arian hwnnw'n cael ei wario yn Butetown, ond ei fod yn cael ei ddefnyddio i hel sbwriel yn Llys-faen neu yn Nhreganna lle'r wyf fi'n byw. Gwn na allwch gael rheolaeth dros hynny. Fodd bynnag, efallai fod gwersi i'w dysgu ar gyfer y dyfodol ynghylch sut y gellid gwneud trosglwyddiadau tebyg a sut, o'm safbwynt i, y gallwn warchod y bobl fwyaf bregus sydd ynghlwm wrth y trosglwyddiadau hynny, ac sydd yn lleiaf abl i siarad drostynt eu hunain. Gall fod gwersi i'w dysgu ynghylch beth ddigwyddodd i'r prosiectau cymunedol, os cawn ein hunain mewn sefyllfa debyg fyth eto.

Mr Phillips: I think that is entirely correct.

Mr Phillips: Yr wyf yn meddwl bod hynny yn llygad ei le.

[61] **Helen Mary Jones:** I am not saying that you can turn the clock back and prevent Cardiff council from withdrawing funding, as we know it has. However, we may be in a position to ensure that were we ever handing

[61] **Helen Mary Jones:** Nid wyf yn dweud y gallwch droi'r cloc yn ôl a rhwystro cyngor Caerdydd rhag tynnu cyllid yn ôl, rhywbeth y gwyddom y mae wedi'i wneud. Fodd bynnag, gallwn fod mewn sefyllfa i sicrhau pe baem

over something to a local authority or anybody else again, they would not be allowed to get away with doing that.

ni yn trosglwyddo rhywbeth i awdurdod lleol neu i unrhyw un arall byth eto, na fyddent yn cael gwneud hynny yn ddi-gosb.

Mr Phillips: That is entirely accepted and I think that that is right. However, to return to Mr Cairns's original question, what we were trying to do with this £6.1 million was to strike a balance between not turning the tap off—to borrow the Permanent Secretary's phrase—and finding an orderly and degressive process for managing the transition. I am quite certain that we did not get it right in all respects, because I am aware of community groups in Butetown and elsewhere that have had problems. However, these arrangements were based on our analysis at the time.

Mr Phillips: Derbynnir hynny'n llwyr a chredaf fod hynny'n iawn. Fodd bynnag, i ddychwelyd at gwestiwn gwreiddiol Mr Cairns, beth yr oeddem yn ceisio'i wneud gyda'r £6.1 miliwn yma oedd taro cydbwysedd rhwng peidio â throï'r tap i ffwrdd—os caf fenthyg ymadrodd yr Ysgrifennydd Parhaol—a dod o hyd i broses drefnus a gostyngol ar gyfer rheoli'r trawsnewid. Yr wyf yn eithaf sicr na wnaethom daro deuddeg ym mhob achos, oherwydd yr wyf yn ymwybodol o grwpiau cymunedol yn Butetown ac mewn mannau eraill sydd wedi cael problemau. Fodd bynnag, yr oedd y trefniadau hyn yn seiliedig ar ein dadansoddiad ar y pryd.

[62] **Alun Cairns:** I want to ask a brief supplementary question, if I may. I want to underline the difference between the £6.1 million and the £150,000. Regarding the £5.95 million, that was used purely to abate the £6.1 million. I do not want anyone to go away with the impression that it is only £150,000: £6.1 million of benefit, of resources, was given to Cardiff City and County Council. The financial arrangement might well have meant that it was only £150,000 in practical terms, but the council received a benefit. If it wanted to release the land, which was worth £5.95 million, then it would have received that equity. We need to

[62] **Alun Cairns:** Hoffwn ofyn cwestiwn atodol byr, os caf. Hoffwn danlinellu'r gwahaniaeth rhwng y £6.1 miliwn a'r £150,000. Parthed y £5.95 miliwn, unig ddiben hwnnw oedd gostwng y £6.1 miliwn. Nid oes arnaf eisiau i neb fynd oddi yma dan yr argraff mai dim ond £150,000 ydoedd: rhoddwyd £6.1 miliwn o fudd, o adnoddau, i Gyngor Sir a Dinas Caerdydd. Efallai'n wir fod y trefniant ariannol wedi golygu mai dim ond £150,000 ydoedd mewn termau ymarferol, ond fe dderbyniodd y cyngor fudd. Pe bai wedi dymuno rhyddhau'r tir, a oedd yn werth £5.95 miliwn, yna buasai wedi cael yr ecwiti hwnnw. Mae angen inni fod yn glir

be clear that it is £6.1 million. Was the sum of £6.1 million and that of £5.95 million, which abated the £6.1 million, arrived at wholly independently?

Mr Phillips: Yes. It was done at around about the same time, but the analysis of the composition of the £6.1 million and the analysis of the £5.95 million—which we will doubtless come to later—were two separate processes.

[63] **Janet Davies:** We will probably return to that later. Helen Mary, you have a few more questions on the successor funding arrangements?

[64] **Helen Mary Jones:** Yes. In paragraph 26 of the report, reference is made to the fact that in addition to the £73 million—which is clearly earmarked for Cardiff City and County Council over the five years—the Assembly may have to fund other liabilities that were either unforeseen or unquantifiable at the time of the wind-up. That develops on my earlier question about community resources. Given that we are now past the first year of the operation of the successor arrangements, could you tell us how much additional funding has so far been given to the council to cover these unforeseen or unquantifiable liabilities, whether in relation to the Harbour Authority or to any other of its roles as a successor body?

mai £6.1 miliwn yw'r swm. Ai yn hollol annibynnol y daethpwyd at y swm o £6.1 miliwn, a'r swm o £5.95 miliwn, a ostyngodd y £6.1 miliwn?

Mr Phillips: Ie. Fe'i gwnaethpwyd oddeutu'r un amser, ond dwy broses wahanol oedd y dadansoddiad o gyfansoddiad y £6.1 miliwn a dadansoddiad y £5.95 miliwn—y deawn ato yn ddiweddarach, mae'n siwr.

[63] **Janet Davies:** Mae'n debyg y deawn yn ôl at hynny yn ddiweddarach. Helen Mary, mae gennych chi ambell gwestiwn eto ar drefniadau ariannu'r olynwyr?

[64] **Helen Mary Jones:** Oes. Ym mharagraff 26 yn yr adroddiad, cyfeirir at y ffaith y gallai'r Cynulliad orfod talu am rwymedigaethau eraill a oedd naill ai heb eu rhagweld neu'n amhosibl eu mesur ar adeg y dirwyn i ben, a hynny ar ben y £73 miliwn sydd wedi'i glustnodi'n glir i Gyngor Sir a Dinas Caerdydd dros y pum mlynedd. Mae hynny'n ddatblygiad ar fy nghwestiwn blaenorol ynghylch adnoddau cymunedol. A ninnau bellach wedi mynd heibio blwyddyn gyntaf gweithredu'r trefniadau olynu, a allwch ddweud wrthym faint o gyllid ychwanegol a roddwyd hyd yma i'r cyngor i dalu am y rhwymedigaethau annisgwyl neu anfesuradwy hyn, boed mewn perthynas ag Awdurdod yr Harbwr neu ag unrhyw rôl arall

o'i eiddo fel corff olynol?

Mr Shortridge: I cannot give a precise figure. As Emyr indicated earlier, a few issues have arisen, but, overall, the sums involved have been really quite small. I am sure that we can quantify those for you and let you have a note.

Mr Shortridge: Ni allaf roi ffigur manwl. Fel y dywedodd Emyr yn gynharach, mae ambell fater wedi codi, ond ar y cyfan, symiau reit fach oedd dan sylw mewn gwirionedd. Yr wyf yn siwr y gallwn fesur y rheini ichi a gadael ichi gael nodyn.

[65] **Helen Mary Jones:** Thank you. This is my final main question, Chair. The nature of the functions transferred to the remaining successor bodies other than Cardiff City and County Council is such that the funding looks more straightforward. Paragraph 31 shows that £6 million of the £7.9 million other funding is the running costs of Techniquet, which is very straightforward, and the capital costs for the replacement of the Welsh Industrial and Maritime Museum. So to what does the other £1.9 million relate? What is that about?

[65] **Helen Mary Jones:** Diolch. Dyma fy mhrif gwestiwn olaf, Gadeirydd. Mae natur y swyddogaethau a drosglwyddwyd i'r cyrff olynol eraill ar wahân i Gyngor Sir a Dinas Caerdydd yn gyfryw fel bod y drefn ariannu i'w gweld yn symlach. Dengys paragraff 31 mai costau rhedeg Techniquet, sydd yn syml iawn, a chostau cyfalaf sefydlu Amgueddfa Ddiwydiant a Môr Gymreig newydd yw £6 miliwn o'r £7.9 miliwn o gyllid arall. Beth felly sydd i gyfrif am yr £1.9 miliwn arall? Beth sydd y tu ôl i hynny?

Mr Roberts: I can take that. There was some expenditure that was incurred during the non-operational period of CBDC. That is to what the £1.9 million actually refers. It was mainly superannuation payments and other payments needed to settle final accounts.

Mr Roberts: Gallaf fi ateb hynny. Cafwyd rhywfaint o wariant yn ystod cyfnod anweithredol Corfforaeth Datblygu Bae Caerdydd. Dyna sydd wrth wraidd yr £1.9 miliwn. Taliadau blwydd-dal a thaliadau eraill angenrheidiol i setlo cyfrifon terfynol oeddent yn bennaf.

[66] **Helen Mary Jones:** Thank you. That is helpful. Just as a quick supplementary to that, the funding is in there for the replacement

[66] **Helen Mary Jones:** Diolch. Mae hynny o gymorth. Dyma gwestiwn atodol i hynny, yn sydyn: mae'r cyllid yno ar gyfer yr

museum. When are we anticipating that that money will be spent? I think that we know where; we would like to know when.

amgueddfa newydd. Pa bryd yr ydym yn rhagweld y caiff yr arian hwnnw ei wario? Credaf ein bod yn gwybod ym mhle; fe hoffem gael gwybod pa bryd.

Mr Shortridge: I am not aware of any final decisions on that. Again, I will have to let you have a note on it, but my guess is that there is not anything definitive to tell you.

Mr Shortridge: Nid wyf yn ymwybodol o unrhyw benderfyniadau terfynol ar hynny. Eto, bydd raid imi adael ichi gael nodyn am hynny, ond y syniad sydd gennyf fi yw nad oes dim byd pendant i'w ddweud wrthyh.

[67] **Helen Mary Jones:** I thought so. Thank you.

[67] **Helen Mary Jones:** Dyna yr oeddwn yn ei amau. Diolch.

[68] **Janet Davies:** I think that we just want to look very briefly at the cost of the actual process of winding up. Jocelyn has some questions on this.

[68] **Janet Davies:** Yr wyf yn meddwl fod arnom eisiau edrych yn frysiog iawn ar gost y broses ddirwyn i ben ei hun. Mae gan Jocelyn gwestiynau ar hyn.

[69] **Jocelyn Davies:** The report states that the wind-up process was difficult and complex. What we have heard today certainly supports that. Therefore, the cost of the wind-up must have been very difficult and complex to estimate as well. So how accurate is your estimate of £3.6 million for the cost of the wind-up? What did that include? Is not that figure the lowest possible estimate of the wind-up process?

[69] **Jocelyn Davies:** Noda'r adroddiad fod y broses ddirwyn i ben yn anodd a chymhleth. Mae'r hyn yr ydym wedi'i glywed heddiw yn sicr yn ategu hynny. Mae'n rhaid fod cost y dirwyn i ben yn anodd a chymhleth iawn ei hamcangyfrif hefyd felly. Felly pa mor gywir yw'ch amcangyfrif o £3.6 miliwn ar gyfer cost y dirwyn i ben? Beth oedd hynny'n ei gynnwys? Onid yr amcangyfrif isaf posibl o'r broses ddirwyn i ben yw'r ffigur hwnnw?

Mr Shortridge: I would not want to try to attach more credibility to that figure than necessary. I think that, as officials, we gave it

Mr Shortridge: Ni fyddwn eisiau ceisio rhoi mwy o hygredded i'r ffigur hwnnw nag sydd yn angenrheidiol. Yr wyf yn meddwl ein bod,

as our best indicative estimate. I can tell you how it was built up and you can judge for yourself. It was based on 20 per cent of £15 million of Cardiff Bay Development Corporation's staff costs—and those costs include consultancies—10 per cent to 15 per cent of our division's staff costs, and the £540,000 in payments to the county councils, which are referred to in this report. That was the basis of this figure of £3.6 million.

[70] **Jocelyn Davies:** Anything else?

Mr Shortridge: No. That is how the figure was calculated. However, we do not all log our own time and so on, so this was just simply officials giving the National Audit Office their best estimate of what it might have cost.

[71] **Jocelyn Davies:** Okay. Thank you. That is all, Janet.

[72] **Janet Davies:** We will now go on to the evaluation of the wind-up process. I would like to kick off the questions and then Jocelyn will ask some more questions afterwards. The summary of findings on page 25 of the report does not include any instances of 'red lights', which shows that the Auditor General did not identify any significant issues that undermined the wind-up process. I think that

fel swyddogion, wedi ei gynnig fel ein hamcangyfrif dangosol gorau. Gallaf ddweud wrthyhych sut y'i lluniwyd a chewch chi farnu drosoch eich hunain. Fe'i seiliwyd ar 20 y cant o £15 miliwn o gostau staff Corfforaeth Datblygu Bae Caerdydd—ac mae'r costau hynny'n cynnwys costau ymgynghorwyr—10 y cant i 15 y cant o gostau staff ein his-adran ni, a'r £540,000 o daliadau i'r cynghorau sir, y cyfeirir atynt yn yr adroddiad hwn. Dyna oedd sail y ffigur hwn o £3.6 miliwn.

[70] **Jocelyn Davies:** Unrhyw beth arall?

Mr Shortridge: Na. Dyna sut y cyfrifwyd y ffigur. Fodd bynnag, ni fyddwn i gyd yn logio'n hamser ein hunain ac ati, felly mater syml oedd hyn o swyddogion yn rhoi i'r Swyddfa Archwilio Genedlaethol eu hamcangyfrif gorau o'r hyn y gallasai fod wedi'i gostio.

[71] **Jocelyn Davies:** Iawn. Diolch. Dyna'r cyfan, Janet.

[72] **Janet Davies:** Awn ymlaen yn awr at werthusiad y broses ddirwyn i ben. Hoffwn i gychwyn yr holi ac wedyn bydd gan Jocelyn ragor o gwestiynau. Nid yw crynodeb y canfyddiadau ar dudalen 25 yr adroddiad yn cynnwys unrhyw enghreifftiau o 'oleuadau coch', sydd yn dangos na nododd yr Archwilydd Cyffredinol unrhyw faterion arwyddocaol a danseiliodd y broses ddirwyn i

we are very pleased to see that. However, he did identify some minor weaknesses. What are the wider lessons, Mr Shortridge, that you think the Assembly can draw from this exercise?

Mr Shortridge: Well, as I said at the outset, and I do not want to appear complacent, but I think that, overall, everyone concerned did reasonably well under the circumstances. I pick my words carefully; I do not want to overstate it. I think that, in terms of the National Audit Office's own evaluation, the particular lessons are really on matters of detail. I was, personally, very concerned about how long it took—it was understandable but, nonetheless, it took a long time—to resolve the staffing issues, and the effect that that must have had on individual members of staff in Cardiff Bay Development Corporation. I think that there is an issue there as to how that can be better anticipated and dealt with in the future. There were also, as the report indicates, detailed financial matters that, I think, had not been fully anticipated or expected—those relating to repayments to Her Majesty's Customs and Excise, to stamp duty and so on. So I think that we got a better understanding of some of the less obvious, but nonetheless important, financial matters which were associated with transfers of assets. However, subject to that, without going over the old ground—if I can put it that way—about how we can try to ensure a better orchestration of the negotiations, I would not want to draw your attention to any other particular lessons this

ben. Mae'n debyg ein bod yn falch iawn o weld hynny. Fodd bynnag, fe nododd ambell fân wendid. Beth yw'r gwersi mwy cyffredinol, Mr Shortridge, y gall y Cynulliad eu dysgu o'r ymarferiad hwn yn eich tyb chi?

Mr Shortridge: Wel, fel y dywedais ar y dechrau, nid oes arnaf eisiau ymddangos yn hunan-fodlon, ond yr wyf yn meddwl, ar y cyfan, y gwnaeth pawb dan sylw yn weddol o dda dan yr amgylchiadau. Yr wyf yn dewis fy ngeiriau'n ofalus; nid oes arnaf eisiau gor-ddweud. Yr wyf yn meddwl, yn nhermau gwerthusiad y Swyddfa Archwilio Genedlaethol ei hun, mai gwersi ar faterion o fanylder a geir mewn gwirionedd. Yr oeddwn i, yn bersonol, yn bryderus iawn ynghylch yr amser a gymerwyd—yr oedd yn ddealladwy ond, serch hynny, fe gymerodd amser maith—i ddatrys y materion staffio, a'r effaith a gafodd hynny, mae'n siwr, ar aelodau staff unigol yng Nghorfforaeth Ddatblygu Bae Caerdydd. Credaf fod hynny'n codi'r cwestiwn sut y gellir rhagweld a delio â hynny'n well yn y dyfodol. Yr oedd hefyd, fel y sonia'r adroddiad, faterion ariannol manwl nad oedd, yn fy marn i, wedi'u rhagweld na'u disgwyl yn llawn—yn ymwneud ag ad-daliadau i Swyddfa Dollau Tramor a Chartref Ei Mawrhydi, â'r doll stampiau ac yn y blaen. Felly yr wyf yn meddwl inni gael gwell dealltwriaeth o rai o'r materion ariannol llai amlwg, ond pwysig serch hynny, a oedd yn gysylltiedig â throsglwyddo asedau. Fodd bynnag, yn amodol ar hynny, heb fynd dros yr hen dir—os caf ei roi felly—ynghylch sut

afternoon.

y gallwn geisio sicrhau gwell trefn i'r negodi, ni fyddwn yn dymuno tynnu'ch sylw at unrhyw wersi arbennig eraill y prynhawn yma.

[73] **Janet Davies:** You referred to the issue of the staff, which was probably one of the most difficult issues involved. I was involved on one side in local government reorganisation, when there were a lot of problems about to where staff were transferring and whether they could transfer. Bearing in mind that we are probably looking at the health authorities going in the next few years, do you feel that, taking the local government re-organisation—it was not ours, but it was in the public arena in Wales—and this particular one into account, there are any lessons to be learned for the wind-up of the health authorities?

[73] **Janet Davies:** Cyfeiriasoch at fater y staff, sef, mae'n debyg, un o'r materion anoddaf a wynebwyd. Yr oeddwn i ar un ochr i'r bwrdd yn ystod ad-drefnu llywodraeth leol, pryd y cafwyd llawer o broblemau ynghylch i ble'r oedd staff yn trosglwyddo a ph'run ai y gallent drosglwyddo. O gofio y byddwn, mae'n debyg, yn gweld yr awdurdodau iechyd yn diflannu yn yr ychydig flynyddoedd nesaf, a ydych yn teimlo, o ystyried ad-drefnu llywodraeth leol—nid ni oedd yn gyfrifol, ond fe ddigwyddodd yn yr arena gyhoeddus yng Nghymru—a'r achos hwn yn arbennig, fod unrhyw wersi i'w dysgu ar gyfer dirwyn yr awdurdodau iechyd i ben?

Mr Shortridge: All I can say about that is that, particularly as Permanent Secretary, I take staffing issues very seriously indeed. I will want to look very carefully at the arrangements that will be made for the wind-up of the health authorities. I think that, as a result of the Transfer of Undertakings (Protection of Employment) regulations, staff have, potentially, much greater assurance about their future than they might have had 20 years ago. Nonetheless, the closure of organisations is a very stressful time for staff, which means that it has to be very sensitively managed, and sensitive

Mr Shortridge: Y cyfan y gallaf ei ddweud am hynny, yn enwedig fel Ysgrifennydd Parhaol, yw fy mod yn cymryd materion staffio yn wirioneddol o ddirif. Bydd arnaf eisiau edrych yn ofalus iawn ar y trefniadau a wneir ar gyfer dirwyn yr awdurdodau iechyd i ben. Mae'n debyg, o ganlyniad i'r rheoliadau Trosglwyddo Ymgymeriadau (Gwarchod Cyflogaeth), fod gan staff, o bosibl, lawer mwy o sicrwydd am eu dyfodol nag a fyddai ganddynt efallai 20 mlynedd yn ôl. Serch hynny, mae cau sefydliadau yn gyfnod o gryn straen i staff, felly rhaid wrth reolaeth sensitif, a golyga rheolaeth sensitif

management means open management, giving people as much information as you can at any one time. The particular problem here, as I understand it, was associated with the fact that the section 165 agreements were not signed off until late in the day and, until the section 165 agreements were signed, some staff could not have an absolute assurance as to where their jobs were going. That was a particular concern of mine at the time.

reolaeth agored, gan roi cymaint o wybodaeth i bobl ag y gallwch ar unrhyw un tro. Y broblem arbennig yn y fan hon, yn ôl a ddeallaf fi, oedd na chafodd y cytundebau adran 165 eu llofnodi tan yn hwyr yn y dydd a, hyd nes byddai'r cytundebau adran 165 wedi'u llofnodi, ni allai rhai staff gael sicrwydd pendant parthed i ble'r oedd eu swyddi'n mynd. Yr oedd hynny'n destun pryder arbennig imi ar y pryd.

[74] **Janet Davies:** Thank you very much.

[74] **Janet Davies:** Diolch yn fawr.

[75] **Jocelyn Davies:** You mentioned stamp duty a moment ago. Looking at the transfer of assets and the issue of stamp duty in paragraph 47 on page 22 of the report, why was this not progressed and resolved much earlier on in the process?

[75] **Jocelyn Davies:** Soniasoch am doll stampiau funud yn ôl. O edrych ar y trosglwyddiad asedau a mater y doll stampiau ym mharagraff 47 ar dudalen 22 yr adroddiad, pam na chafodd hyn ei ddatblygu a'i ddatrys yn llawer cynt yn y broses?

Mr Shortridge: I think that the answer to that again is that, until you have certainty as to precisely what transfer is going to take place, you cannot quantify and determine the stamp duty. In practice, the actual amount of stamp duty associated with these transfers seems to me to be at a reasonable level and not one therefore, that, in the event, caused any of us particular problems.

Mr Shortridge: Yr wyf yn meddwl mai'r ateb i hynny, eto, yw na ellir mesur a phennu'r doll stampiau nes y bydd sicrwydd ynghylch pa drosglwyddiad yn union sydd yn mynd i ddigwydd. Yn ymarferol, mae swm gwirioneddol y doll stampiau sydd yn gysylltiedig â'r trosglwyddiadau hyn yn ymddangos yn rhesymol i mi ac nid yn un, felly, a achosodd broblemau arbennig i neb ohonom, fel y digwyddodd pethau.

[76] **Jocelyn Davies:** The report does say that it is a relatively small amount, but that

[76] **Jocelyn Davies:** Y mae'r adroddiad yn dweud mai swm cymharol fach ydyw, ond

was not the issue. The issue was whether it was payable or not. It states here in the report that counsel's advice had to be sought as to whether it was payable, not just on the amount. It could have ended up being a large amount.

Mr Shortridge: Yes, indeed, it could. All I can say to that is that there was genuine uncertainty at the time as to on what parts of this transfer stamp duty would be payable. Therefore, to ensure that the matter was dealt with properly, counsel's opinion was sought.

[77] **Jocelyn Davies:** Turning to the current assets that were transferred from the corporation to the Welsh Development Agency upon the wind-up, mentioned in paragraphs 50 to 52, why were debts totalling £33,000, which had been deemed doubtful by the corporation, transferred to the agency for collection? What does 'doubtful' mean: doubtful debts, or doubtful that they would ever be collected?

Mr Shortridge: Well, I think that all organisations find themselves in a situation where they have to write off debt. This £33,000 was debt that, at the time, people thought might well not be recoverable. However, as Accounting Officer, I am actually probably quite pleased that it was transferred, because I am not keen on debts to

nid dyna'r pwynt. Y cwestiwn yw a ydoedd yn daladwy ai peidio. Nodir yma yn yr adroddiad y bu'n rhaid ceisio barn cwnsler ynghylch a ydoedd yn daladwy, nid ar y swm yn unig. Fe allasai fod wedi tyfu'n swm mawr erbyn y diwedd.

Mr Shortridge: Gallasai yn wir. Y cwbl y gallaf fi ei ddweud am hynny yw bod gwir ansicrwydd ar y pryd ynghylch pa rannau o'r doll stampiau hon ar y trosglwyddiad a fyddai'n daladwy. Felly, er mwyn sicrhau ein bod yn delio â'r mater yn briodol, ceisiwyd barn cwnsler.

[77] **Jocelyn Davies:** I droi at yr asedau cyfredol a drosglwyddwyd oddi wrth y gorfforaeth i Awdurdod Datblygu Cymru adeg y dirwyn i ben, a grybwyllir ym mharagraffau 50 i 52, pam y trosglwyddwyd dyledion o gyfanswm o £33,000, y dyfarnwyd eu bod yn amheus gan y gorfforaeth, i'r awdurdod datblygu i'w casglu? Beth yw ystyr 'amheus': dyledion amheus, ynteu ei bod yn amheus a gaent eu casglu fyth?

Mr Shortridge: Wel, mae'n debyg fod pob sefydliad yn ei gael ei hun mewn sefyllfa lle mae'n rhaid dileu dyled. Yr oedd y £33,000 yma yn ddyled yr oedd pobl, ar y pryd, yn meddwl efallai'n wir na fyddai modd sicrhau y câi ei had-dalu. Fodd bynnag, fel Swyddog Cyfrifon, mae'n debyg fy mod i mewn gwirionedd yn eithaf balch iddi gael ei

public bodies being written off prematurely. So I think that, under the circumstances, the safe course was taken in transferring this £33,000, even if, in the end, it was not recovered.

throsglwyddo, oherwydd nid wyf yn hoff o weld dyledion i gyrff cyhoeddus yn cael eu dileu'n gynamserol. Felly yr wyf yn meddwl, dan yr amgylchiadau, y gwnaethpwyd y peth diogel wrth drosglwyddo'r £33,000 hyn, hyd yn oed os na chafwyd yr arian yn ôl yn y diwedd.

[78] **Jocelyn Davies:** I do not think that I would consider debt that you do not think that you can recover as an asset to be transferred. Should not the debts have been written off first by the corporation? Is it an asset if you do not think that you can recover it?

[78] **Jocelyn Davies:** Nid wyf yn meddwl y byddwn i'n ystyried dyled yr ydych chi'n amau y gallwch ei hadennill yn ased i'w drosglwyddo. Oni ddylai'r dyledion fod wedi'u dileu yn gyntaf gan y gorfforaeth? Ai ased ydyw os nad ydych yn meddwl y gallwch ei hadennill?

Mr Shortridge: Well, it is a liability. However, the point is—and it is a judgment that, as officials, we have to make all the time—whether you are going to pursue a particular debt or whether you are satisfied that it is irrecoverable. As Accounting Officer, I take some assurance from people going the extra mile and not writing it off because of the convenience of a wind-up of a development corporation.

Mr Shortridge: Wel, mae'n rhwymedigaeth. Fodd bynnag, y pwynt yw—ac mae hyn yn ddyfarniad y mae'n rhaid i ni, fel swyddogion, ei wneud drwy'r amser—a ydych am fynd ar ôl dyled ynteu a ydych yn fodlon nad oes modd ei hadennill. Fel Swyddog Cyfrifon, cymeraf rywffaint o gysur o'r ffaith fod rhywrai'n mynd yr ail filltir yn hytrach na dileu'r ddyled oherwydd hwylustod dirwyn corfforaeth ddatblygu i ben.

[79] **Jocelyn Davies:** I am glad that you are concerned about money owed to the public purse. Paragraph 51 states that value added tax was recoverable to a tune of something like £302,000, and that was not transferred to the agency for collection at the time of the wind-up, but was left until the end of the non-

[79] **Jocelyn Davies:** Yr wyf yn falch eich bod yn pryderu am arian sydd yn ddyledus i'r pwrs cyhoeddus. Noda paragraff 51 fod rhywbeth tebyg i £302,000 o dreth ar werth i'w adennill, ac na chafodd ei drosglwyddo i'r awdurdod i'w gasglu ar adeg y dirwyn i ben, ond ei adael tan ddiwedd y cyfnod

operational period in June 2000. Why was that? After all, these doubtful debts were transferred as assets. Should not the money due from value added tax have been transferred as an asset as well?

Mr Shortridge: I do not know why it was not transferred in March, but I guess that, even if it had been transferred in March, some or all of that £40,000 would have been lost.

[80] **Jocelyn Davies:** I had not mentioned the £40,000 yet. I was coming on to that.

Mr Shortridge: I do not know whether Steve can help on why we did not transfer it until July.

Mr Phillips: I suspect that it was an oversight, to be frank. However, I think that what you said earlier, Permanent Secretary, is right, in the sense that it would not probably have made a material difference to the amount that was ultimately recovered.

[81] **Jocelyn Davies:** I see. Therefore, in your monitoring of the corporation's activities, you did allow an amount of £40,000 to be lost, because, of course, by the

anweithredol ym mis Mehefin 2000. Pam y gwnaed hynny? Wedi'r cyfan, cafodd y dyledion amheus hyn eu trosglwyddo fel asedau. Oni ddylai'r arian a oedd yn dyledus oddi wrth dreth ar werth fod wedi'i drosglwyddo fel ased hefyd?

Mr Shortridge: Ni wn pam na throsglwyddwyd ef ym mis Mawrth, ond yr wyf yn tybio, hyd yn oed pe bai wedi'i drosglwyddo ym Mawrth, y buasai rhywfaint neu'r cwbl o'r £40,000 hynny wedi'i golli.

[80] **Jocelyn Davies:** Nid oeddwn wedi sôn am y £40,000 eto. Yr oeddwn yn dod at hynny.

Mr Shortridge: Tybed a all Steve helpu ynghylch pam na wnaethom ei drosglwyddo tan fis Gorffennaf.

Mr Phillips: Yr wyf yn amau mai diofalwch oedd hynny, â bod yn onest. Fodd bynnag, yr wyf yn meddwl bod yr hyn a ddywedasocho yn gynharach, Ysgrifennydd Parhaol, yn gywir, sef na fyddai, yn ôl pob tebyg, wedi gwneud gwahaniaeth sylweddol i'r swm a gafwyd yn ôl yn y diwedd.

[81] **Jocelyn Davies:** Fe welaf fi. Felly, wrth ichi fonitro gweithgareddau'r gorfforaeth, fe wnaethoch ganiatáu colli swm o £40,000, oherwydd, wrth gwrs, erbyn i hynny gael ei

time that that was brought to anybody's attention, it was too late to claim the £40,000 back from Her Majesty's Customs and Excise. That £40,000 is more than £33,000 that we of course had to guard against being lost to the public purse. However, this money was lost. I feel that money was possibly wasted trying to collect debts that were doubtful, but that this £40,000 was just allowed to be lost because of an oversight.

Mr Phillips: May I say that I think that both of these sums of money were, essentially, operational matters for the development corporation during its lifetime. That is not say that we should have, perhaps, paid them more attention than we did. However, ultimately, as the report records, the WDA has been able to recover all that was due from Customs and Excise, with the exception of this £40,000. I am not aware of the specific debts that were deemed doubtful within the £33,000. However, I think that, in the circumstances— at the very death in terms of the wind-up—it was the prudent course to transfer the debts rather than write them off. I dare say that the WDA would have made a value judgment as to whether or not to pursue them. Had it believed, as you just pointed out, that the debts would have potentially cost more to recover than they were worth, I dare say that it would have made a decision not to pursue them.

ddwyn i sylw unrhyw un, yr oedd yn rhy hwyr i hawlio'r £40,000 yn ôl oddi wrth Swyddfa Dollau Tramor a Chartref Ei Mawrhydi. Mae'r £40,000 hynny yn fwy na'r £33,000 yr oedd yn rhaid i ni, wrth gwrs, ochel rhag ei golli i'r pwrs cyhoeddus. Fodd bynnag, fe gollwyd yr arian hwn. Yr wyf yn teimlo i arian gael ei wastraffu o bosibl yn ceisio casglu dyledion a oedd yn amheus, ond y caniatwyd colli'r £40,000 hyn oherwydd diofalwch.

Mr Phillips: A gaf fi ddweud fy mod yn meddwl mai materion gweithredol, yn eu hanfod, i'r gorfforaeth ddatblygu yn ystod ei hoes oedd y ddau swm hyn o arian. Nid wyf yn dweud, serch hynny, na ddylem, efallai, fod wedi talu mwy o sylw iddynt nag a wnaethom. Fodd bynnag, ar ddiwedd y dydd, fel y cofnoda'r adroddiad, mae'r WDA wedi gallu adennill popeth a oedd yn ddyledus gan y Tollau Tramor a Chartref, ac eithrio'r £40,000 hyn. Nid wyf yn ymwybodol o'r dyledion penodol y dyfarnwyd eu bod yn amheus o fewn y £33,000. Fodd bynnag, yr wyf yn meddwl, dan yr amgylchiadau—yr unfed awr ar ddeg yn nhermau'r dirwyn i ben—mai'r peth doeth i'w wneud oedd trosglwyddo'r dyledion yn hytrach na'u dileu. Mae'n debyg gennyf fi y buasai'r WDA wedi gwneud penderfyniad ar sail y gwerth o fynd ar eu hôl neu beidio. Pe bai wedi credu, fel y dywedasoeh chi yn awr, y byddai wedi costio mwy, o bosibl, na gwerth y dyledion i fynd ar eu hôl, mae'n debyg gennyf fi y byddai wedi gwneud

penderfyniad i beidio â mynd ar eu hôl.

[82] **Janet Davies:** Do you want to come in on this, Mr Shortridge?

[82] **Janet Davies:** A hoffech chi wneud sylw ar hyn, Mr Shortridge?

Mr Shortridge: May I just say that I agree with you? When I was answering the Chair's question about lessons earlier, I think that one of the lessons to which I referred was the fact that there were some detailed financial matters around taxation and so on, which for whatever reason, those concerned had not sufficiently understood at the time. The consequence is what we see in paragraph 51. I agree with what you are saying.

Mr Shortridge: A gaf fi ddweud fy mod yn cytuno â chi? Pan oeddwn yn ateb cwestiwn y Cadeirydd am wersi yn gynharach, yr wyf yn meddwl mai un o'r gwersi y cyfeiriais atynt oedd y ffaith fod yna rai materion ariannol manwl ynghylch treth ac ati, nad oedd y bobl dan sylw, am ba reswm bynnag, wedi'u deall yn ddigonol ar y pryd. Y canlyniad yw'r hyn a welwn ym mharagraff 51. Cytunaf gyda'r hyn yr ydych yn ei ddweud.

[83] **Jocelyn Davies:** Turning to the continuation of regeneration in the bay area, can you explain the arrangements that you have in place to monitor this activity objectively? Is there monitoring of the regeneration?

[83] **Jocelyn Davies:** Â throi at barhad yr adfywiad yn ardal y bae, a allwch chi egluro'r trefniadau sydd gennych ar gyfer monitro'r gweithgaredd hwn yn wrthrychol? A gedwir llygad ar y gwaith adfywio?

Mr Shortridge: Is this separate and different from the financial monitoring?

Mr Shortridge: A yw hyn yn wahanol ac ar wahân i'r monitro ariannol?

[84] **Jocelyn Davies:** If you look at figure 3 in the report, which I believe is on page 9—

[84] **Jocelyn Davies:** Os edrychwch ar ffigur 3 yn yr adroddiad, sydd mi gredaf ar dudalen 9—

Mr Shortridge: The short answer to that is

Mr Shortridge: Yr ateb byr i hynny yw ein

that as part of our regular financial monitoring, we are obviously obtaining intelligence on what is happening against the various regeneration targets. However, I think that the way to assess these matters is not primarily through incremental monitoring. However, you do need to have a snapshot evaluation of a particular point in time so that you can see in the round how the successor bodies are doing, in terms of achieving the objectives and targets that they inherited from the development corporation.

bod, fel rhan o'n monitro ariannol rheolaidd, yn amlwg yn cael gwybodaeth am yr hyn sydd yn digwydd yn erbyn y gwahanol dargedau adfywio. Fodd bynnag, credaf nad drwy fonitro incrementaidd yn bennaf y mae asesu'r materion hyn. Fodd bynnag, y mae angen cael gwerthusiad sydyn o bwynt arbennig mewn amser fel y gallwch weld ym mhob agwedd sut y mae'r cyrff olynol yn ymdopi, yn nhermau cyflawni'r amcanion a'r targedau a etifeddasant oddi wrth y gorfforaeth ddatblygu.

[85] **Jocelyn Davies:** So you are using the targets of the development corporation?

[85] **Jocelyn Davies:** Felly yr ydych yn defnyddio targedau'r gorfforaeth ddatblygu?

Mr Shortridge: What I envisage in three to five years' time, say—if I get the necessary approval—is that we will conduct a thorough evaluation of how the regeneration of Cardiff Bay has gone, both overall but, more particularly, in terms of what has been achieved since the development corporation was wound up. I think that, given the scale of investment that has gone into it, the Assembly has a responsibility to satisfy itself that adequate and appropriate value for money is being secured. To the extent that it feels it is not, the Assembly has a responsibility to have learned that at a sufficiently early stage for it to be able to do something about it.

Mr Shortridge: Yr hyn a ragwelaf fi ymhen tair i bum mlynedd, dyweder—os caf y gymeradwyaeth angenrheidiol—yw y byddwn yn gwneud gwerthusiad trwyadl o lwyddiant adfywhad Bae Caerdydd, yn gyffredinol ond hefyd, yn fwy penodol, yn nhermau'r hyn a gyflawnwyd ers dirwyn y gorfforaeth ddatblygu i ben. Oherwydd maint y buddsoddiad a aeth i mewn iddi, credaf fod gan y Cynulliad gyfrifoldeb i'w fodloni'i hun fod gwerth am arian digonol a phriodol yn cael ei sicrhau. I'r graddau ei fod yn teimlo nad yw hynny'n digwydd, mae gan y Cynulliad gyfrifoldeb i fod wedi canfod hynny yn ddigon cynnar iddo allu gwneud rhywbeth amdano.

Mr Phillips: May I add one point to that? One of the advantages of transferring all of

Mr Phillips: A gaf fi ychwanegu un pwynt at hynny? Un o fanteision trosglwyddo holl

the development assets in a block to the WDA is that, through the WDA Land Division, we are able to evaluate the ongoing regeneration activity in the Cardiff Bay area. We have a dialogue with the agency and we are able to produce figures, which the Auditor General will doubtless want to come back to in the context of his next report. However, the succession arrangements allow for that ongoing monitoring and evaluation.

asedau'r datblygiad mewn bloc i'r WDA yw y gallwn, drwy Is-adran Tir y WDA, werthuso'r gweithgaredd adfywio sydd yn mynd rhagddo yn ardal Bae Caerdydd. Mae gennym ddeialog gyda'r awdurdod datblygu ac yr ydym yn gallu darparu ffigurau, y bydd yr Archwilydd Cyffredinol yn ddiau eisiau dod yn ôl atynt yng nghyd-destun ei adroddiad nesaf. Fodd bynnag, mae'r trefniadau olynu yn caniatáu'r monitro a'r gwerthuso parhaus hwnnw.

[86] **Jocelyn Davies:** Thank you for that information, but I will repeat my question. The corporation had targets, and you mentioned those targets, Mr Shortridge. Will you be using those targets when you evaluate the regeneration? Those targets were considered to be meaningful. Will you therefore be using them?

[86] **Jocelyn Davies:** Diolch am yr wybodaeth honno, ond ailadroddaf fy nghwestiwn. Yr oedd gan y gorfforaeth dargedau, a chrybwyllwyd y targedau hynny gennych chi, Mr Shortridge. A fyddwch yn defnyddio'r targedau hynny wrth werthuso'r gwaith adfywio? Ystyriwyd bod y targedau hynny'n rhai ystyrlon. A fyddwch yn eu defnyddio felly?

Mr Shortridge: Yes. Sorry, I should have made myself clearer. I would see a primary task for any holistic evaluation to be assessing the extent to which the targets set for and by the development corporation have been achieved.

Mr Shortridge: Byddwn. Mae'n ddrwg gennyf, dylaswn fod wedi egluro'n fwy clir. Tasg gyntaf i unrhyw werthuso holistaidd, yn ôl a welaf fi, fyddai asesu i ba raddau y cyflawnwyd y targedau a bennwyd gan ac ar ran y gorfforaeth ddatblygu.

[87] **Jocelyn Davies:** Thank you.

[87] **Jocelyn Davies:** Diolch.

[88] **Janet Davies:** Thank you, Jocelyn. We have had a look at the more general issues in this report. I would like to spend the rest of

[88] **Janet Davies:** Diolch, Jocelyn. Yr ydym wedi bwrw golwg ar y materion mwy cyffredinol yn yr adroddiad hwn. Hoffwn

the time looking at the specific issues that were examined by the National Audit Office. We will take a break fairly soon, but before we do so, perhaps we could consider the corporation's working relationship with Cardiff City and County Council. The report refers to some tensions. Mr Shortridge, looking at the issues of breakdown in the working relationships between Cardiff Bay Development Corporation and Cardiff council, what is your understanding as to why the breakdown occurred, and when did it come to your attention?

Mr Shortridge: Let me take the latter part of the question first. I became aware of it personally in 1997, when I became Director of Economic Affairs. However, I think—Steve can correct me if I am wrong—that coincidentally, it was at about that time that the wind-up issues began to come to a head, and so certain conflicts emerged. I do not think that it is for me as an official to make my own analysis of why these relationships became strained and broke down. The report states, as a matter of fact, that they did. I think that, in my experience, when there is a breakdown in the relationship it is always due to a conflict of objectives or of personality or both. However, I do not think that it is part of my role to analyse why these things happen. As officials we just have to manage within them.

dreulio gweddill yr amser yn edrych ar y materion penodol a archwiliwyd gan y Swyddfa Archwilio Genedlaethol. Fe gymerwn egwyl cyn bo hir, ond cyn gwneud hynny, efallai y gallem ystyried perthynas waith y gorfforaeth gyda Chyngor Dinas a Sir Caerdydd. Cyfeiria'r adroddiad at rai tensiynau. Mr Shortridge, o edrych ar faterion yn ymwneud â methiant yn y berthynas waith rhwng Corfforaeth Datblygu Bae Caerdydd a chyngor Caerdydd, beth yw eich dealltwriaeth chi o'r rheswm pam y digwyddodd y methiant, a pha bryd y daeth i'ch sylw chi?

Mr Shortridge: Gadewch imi gymryd rhan olaf y cwestiwn yn gyntaf. Deuthum i wybod amdano'n bersonol yn 1997, pan ddeuthum yn Gyfarwyddwr Materion Economaidd. Fodd bynnag, yr wyf yn meddwl—gall Steve fy nghywiro os wyf yn anghywir—mai oddeutu'r adeg honno, drwy gyd-ddigwyddiad, y dechreuodd y materion dirwyn i ben ddod i derfyn, ac felly daeth ambell wrthdrawiad i'r wyneb. Nid wyf yn meddwl mai mater i mi fel swyddog yw gwneud fy nadansoddiad fy hun o pam y datblygodd straen yn y perthynasau hyn ac y bu iddynt fethu. Noda'r adroddiad, fel mater o ffaith, fod hynny wedi digwydd. Credaf, yn fy mhrofiad i, pan fo perthynas yn methu fod hynny bob amser o ganlyniad i wrthdaro amcanion neu bersonoliaethau, neu'r ddau. Fodd bynnag, nid wyf yn meddwl ei bod yn rhan o'm rôl i i ddadansoddi pam y mae'r pethau hyn yn digwydd. Fel swyddogion, mae'n rhaid inni ddygnu ymlaen o fewn

iddynt.

[89] **Janet Davies:** The question is really concerned with whether there were conflicting objectives that would never be resolved between the two bodies. What did this breakdown mean for officials in Cathays Park? Did it affect their involvement in the wind-up process, particularly if there were conflicting objectives?

Mr Shortridge: What it meant for us was that we increasingly became aware that, if matters were left to run on the basis of the theoretical approach that I referred to earlier in my evidence, and if we just allowed things to continue, then there would be deadlock and the objective of securing an orderly and timely wind-up of the development corporation would be at serious risk. So, in those circumstances, we—not only officials but Ministers as well—sought increasingly to involve ourselves in the process in order to do all that we could to facilitate this orderly wind-up. That meant that, increasingly, we were acting as intermediaries between certain organisations. As a reflection of that, we decided to adopt the approach of having memoranda of understanding, which we, as Assembly officials, essentially, brokered between the relevant parties.

[90] **Janet Davies:** We will now break for

[89] **Janet Davies:** Gwir ddiben y cwestiwn yw canfod a oedd gwrthdaro amcanion rhwng y ddau gorff na ellid byth mo'i ddatrys. Beth oedd y methiant hwn yn ei olygu i swyddogion ym Mharc Cathays? A effeithiodd ar eu cyfraniad at y broses ddirwyn i ben, yn enwedig os oedd gwrthdrawiad amcanion?

Mr Shortridge: Yr hyn a olygodd i ni oedd inni ddod yn fwyfwy ymwybodol, pe gadewid pethau i redeg ar sail y dull damcaniaethol y cyfeiriais ato yn gynharach yn fy nhystiolaeth, a phe baem yn gadael pethau fel yr oeddent, yna y byddai popeth yn pallu a byddai perygl difrifol i'r nod o sicrhau dirwyn y gorfforaeth ddatblygu i ben yn drefnus ac amserol. Felly, yn yr amgylchiadau hynny, ceisiasom ni—nid swyddogion yn unig ond Gweinidogion hefyd—ymwneud mwyfwy â'r broses er mwyn gwneud y cyfan a allem i hwyluso'r dirwyn i ben trefnus hwn. Golygai hynny ein bod, fwyfwy, yn gweithredu fel canolwyr rhwng cyrff arbennig. I adlewyrchu hynny, penderfynasom ddefnyddio dull fyddai'n cynnwys memoranda dealltwriaeth, y gwnaethom ni, fel swyddogion y Cynulliad, eu trefnu drwy weithredu fel cyfryngwyr, i bob pwrpas, rhwng y partion perthnasol.

[90] **Janet Davies:** Cymerwn egwyl yn awr

coffee.

am goffi.

[*Cynhaliwyd egwyl goffi rhwng 3.20 p.m. a 3.30 p.m.*]

[*A coffee break was held between 3.20 p.m. and 3.30 p.m.*]

[91] **Janet Davies:** We will continue with the specific issues and move to the sale of the corporation's land at the Ferry Road peninsula. Mr Shortridge, why did your officials facilitate the sale of this land, given that the Assembly's sponsored body, the corporation, did not support the council's sports village proposals because it had reservations about the scheme's financial viability?

[91] **Janet Davies:** Awn ymlaen gyda'r materion penodol a symud at werthiant tir y gorfforaeth ym mhenrhyn Ferry Road. Mr Shortridge, pam y gwnaeth eich swyddogion hwyluso gwerthiant y tir hwn, o gofio nad oedd y corff a noddid gan y Cynulliad, sef y gorfforaeth, yn cefnogi cynigion y cyngor ar gyfer pentref chwaraeon am fod ganddi amheuan ynghylch ymarferoldeb ariannol y cynllun?

Mr Shortridge: The view that we took was that there needed to be, if at all possible, an agreed solution to the development of the Ferry Road site. The important thing to remember about the Ferry Road site is that its location is such as to make it a very prime site. However, its contaminated condition meant that it was always going to be a very difficult site to develop. The corporation, while it was not attracted to the idea of having a sports village there, did not, within its expected life cycle, have an alternative viable proposition to develop it. So I suppose that the alternatives that we faced were its being transferred to the WDA as a site that would require extensive reclamation and then marketing on the one hand, or its being transferred to the local authority. The local

Mr Shortridge: Ein golwg ni ar bethau oedd bod angen sicrhau, os oedd modd o gwbl, ateb y cytunid arno ar gyfer datblygu safle Ferry Road. Y peth pwysig i'w gofio am safle Ferry Road yw bod ei leoliad yn ei wneud yn safle deniadol iawn. Fodd bynnag, oherwydd ei gyflwr halogedig yr oedd bob amser yn mynd i fod yn safle anodd iawn i'w ddatblygu. Er nad oedd y gorfforaeth yn hoffi'r syniad o gael pentref chwaraeon yno, nid oedd ganddi, o fewn ei hoes ddisgwyliedig, gynnig ymarferol arall ar gyfer ei ddatblygu. Felly mae'n debyg mai'r dewisiadau a wynebem oedd ei drosglwyddo i'r WDA fel safle a fyddai'n galw am waith adennill helaeth ac wedyn ei farchnata ar naill law, neu ei drosglwyddo i'r awdurdod lleol. Yr oedd gan yr awdurdod lleol

authority did have a proposed use for the site, and with the demise of the development corporation, the local authority would be the local planning authority for this site. So if that was the use to which the local democratic body wanted to put this site, that was a very persuasive argument for seeking to find a solution that was acceptable to it.

[92] **Helen Mary Jones:** To pursue the Ferry Road issue, paragraph 64 of the report refers to the fact that the corporation was initially an unwilling vendor but that its board approved the sale subject to receiving assurances from the Assembly on its regularity, propriety and value for money. How did you satisfy yourself on these issues and what assurances were given to the corporation in this regard?

Mr Shortridge: The basic way in which I satisfied myself was through the integrity of the process that we went through in order to secure a negotiated outcome that was satisfactory not only to the council, but also to the other major landowner, Grosvenor Waterside. The process that we used was in accordance with the guidebook on wind-up matters, and we ensured that, at all stages, we had independent valuations to back up the various figures that were involved in the deal, which are set out in the report.

ddefnydd arfaethedig i'r safle, a chyda diflaniad y gorfforaeth ddatblygu, yr awdurdod lleol fyddai'r awdurdod cynllunio lleol y safle hwn. Felly os mai dyna'r defnydd yr oedd y corff democrataidd lleol yn ei ddeisyfu ar gyfer y safle hwn, yr oedd hynny'n ddadl gref iawn dros geisio cael ateb a fyddai'n dderbyniol ganddo.

[92] **Helen Mary Jones:** I fynd ymhellach ar fater Ferry Road, cyfeiria paragraff 64 yr adroddiad at y ffaith fod y gorfforaeth ar y dechrau yn werthwr anfodlon ond bod ei bwrdd wedi cymeradwyo'r gwerthiant ar yr amod y ceid sicrwydd gan y Cynulliad fod y gwerthiant yn rheolaidd, yn briodol ac yn rhoi gwerth am arian. Sut y gwnaethoch fodloni eich hun ar y materion hyn a pha sicrwydd a roddwyd i'r gorfforaeth yn hyn o beth?

Mr Shortridge: Y ffordd sylfaenol y bodlonais fy hun oedd drwy gywirdeb y broses yr aethom drwyddi er mwyn sicrhau canlyniad wedi'i negodi, a oedd yn dderbyniol nid yn unig gan y cyngor, ond hefyd gan y prif berchennog tir arall, sef Grosvenor Waterside. Yr oedd y broses a ddefnyddiasom yn unol â'r llawlyfr ar faterion dirwyn i ben, ac fe sicrhawyd, bob cam o'r ffordd, fod gennym brisiadau annibynnol i ategu'r amryfal ffigurau a oedd yn rhan o'r busnes, a amlinellir yn yr adroddiad.

[93] **Helen Mary Jones:** Turning to the valuation of Ferry Road, you said that this is a prime site despite its complex, contaminated condition. Can you therefore please explain how the amount of £7.95 million, as reported in figure 13 in the report, was arrived at? How did you, or rather they, arrive at that figure?

Mr Shortridge: Well it was—I get my dates muddled up—the Welsh Office/Assembly at the time was the prime mover in determining the valuation. We instructed Gooch Webster to produce a value for the site that took account of the extant optimum use in the local plan for the site, but also the contaminated condition of the land and the associated liabilities. It came up with a figure, based on vacant possession, of £16.5 million. All the parties to the agreement were prepared to agree to that as a reasonable valuation, albeit in pretty uncertain circumstances.

[94] **Helen Mary Jones:** May I pursue that a little further, because it is correct, is it not, that the valuation arrived at was not the highest valuation that was obtained? Were you satisfied, as Accounting Officer, that it was appropriate for this land to be sold for an amount that was lower than that which might have been achieved on the open market?

Mr Shortridge: I do not think that there is any evidence to suggest that if this site had

[93] **Helen Mary Jones:** Gan droi at brisiad safle Ferry Road, dywedasoch fod hwn yn safle deniadol er gwaethaf ei gyflwr cymhleth, halogedig. A allwch esbonio felly sut y daethpwyd at y swm o £7.95 miliwn, fel a gofnodir yn ffigur 13 yn yr adroddiad? Sut y daethoch chi, neu y daethant hwy yn hytrach, at y ffigur hwnnw?

Mr Shortridge: Wel, y Swyddfa Gymreig neu'r Cynulliad ar y pryd—yr wyf yn drysu fy nyddiadau—oedd y prif gorff a fynnodd y prisiad. Rhoesom gyfarwyddiadau i Gooch Webster roi pris ar y safle a fyddai'n ystyried y defnydd gorau a ragwelid yn y cynllun lleol ar gyfer y safle, ond hefyd gyflwr halogedig y tir a'r rhwymedigaethau cysylltiedig. Darparwyd ffigur, yn seiliedig ar feddiant gwag, o £16.5 miliwn. Yr oedd yr holl bartion a oedd yn rhan o'r cytundeb yn barod i gytuno ar hynny fel prisiad rhesymol, er iddo gael ei wneud mewn amgylchiadau go ansicr.

[94] **Helen Mary Jones:** A gaf fi fynd ychydig ymhellach ar ôl hynny, oherwydd y mae'n gywir, onid yw, nad y prisiad hwn oedd y prisiad uchaf a gafwyd? A oeddech yn fodlon, fel Swyddog Cyfrifon, ei bod yn briodol gwerthu'r tir hwn am swm a oedd yn is na'r hyn y gallesid ei gael ar y farchnad agored?

Mr Shortridge: Nid wyf yn meddwl fod yna unrhyw dystiolaeth i awgrymu y cawsid

been put up for sale on the open market, you would have received anything like £16.5 million for it. I think that the range of valuations that were in the consultant's report, from plus £35 million to minus £2.5 million, indicated how much uncertainty there was around this site and also around the potential uses for the site. I took my assurance from the fact that we had employed independent consultants to produce a valuation, which was then tested, not only by ourselves as officials, but by other interested people in this negotiation.

unrhyw beth tebyg i £16.5 miliwn am y safle hwn pe bai wedi'i roi ar werth ar y farchnad agored. Yr wyf yn meddwl fod yr amrediad o brisiau a gafwyd yn adroddiad yr ymgynghorydd, o plws £35 miliwn i minws £2.5 miliwn, yn arwydd o'r ansicrwydd a fodolai ynghylch y safle hwn a hefyd ynghylch y defnyddiau posibl i'r safle. Cymerais fy sicrwydd o'r ffaith ein bod wedi cyflogi ymgynghorwyr annibynnol i wneud prisiad, a gafodd ei roi ar brawf wedyn, nid yn unig gennym ni fel swyddogion, ond gan bobl eraill oedd â diddordeb yn y negodi hwn.

[95] **Alun Cairns:** I will go back to an earlier question and draw your attention to paragraph 65. In relation to the corporation's view, its internal auditors stated:

[95] **Alun Cairns:** Af yn ôl at gwestiwn cynharach a thynnu'ch sylw at baragraff 65. Mewn perthynas â barn y gorfforaeth, nododd ei harchwilwyr mewnol:

'the procedures adopted in respect of Ferry Road... were not in accordance with the Corporation's standard procedures for land disposals or the requirements of the Financial Memorandum. We understand that this matter was raised with the National Assembly, who advised that this was a wind-up and succession issue rather than a commercial sale.'

'nid oedd y gweithdrefnau a fabwysiadwyd parthed Ferry Road... yn unol â gweithdrefnau safonol y Gorfforaeth ar gyfer gwerthu tir na gofynion y Memorandwm Ariannol. Deallwn i'r mater hwn gael ei godi gyda'r Cynulliad Cenedlaethol, a nododd ei fod yn fater yn ymwneud â dirwyn y Gorfforaeth i ben a'r olyniant yn hytrach na gwerthiant masnachol.'

How did you reach that conclusion?

Sut y daethoch i'r casgliad hwnnw?

Mr Shortridge: I think that at the time, as a matter of fact, Ferry Road had been put into

Mr Shortridge: Yr wyf yn meddwl fod Ferry Road ar y pryd, mewn gwirionedd,

the memoranda of understanding, which were setting out the heads of terms for the transfer arrangements. Therefore, by definition, at that time, the Ferry Road site was being dealt with in accordance with the wind-up and succession arrangements.

[96] **Alun Cairns:** Continuing with the Ferry Road issue, paragraph 64 of the report makes reference to the fact that the corporation was, initially, an unwilling vendor. However, its board approved the sale subject—

We have covered that question. I am sorry. Looking at paragraphs 68 to 70, and the additional £2 million discount given on top of the reduced valuation, it is clear, in paragraph 69, how £1.1 million of that £2 million—in lieu of land previously offered for the replacement of the Empire Pool—was arrived at. The further £900,000 discount was given in relation to wider economic benefits. How was that amount arrived at?

Mr Shortridge: The valuation that we had was based upon what I have described as a sort of optimum use within the local plan. The proposed use, the building of the sports village, would have actually reduced the commercial value of the site. The advice that we had from our consultants was that the wider economic benefits that would accrue

wedi'i roi yn y memoranda dealltwriaeth, a oedd yn amlinellu penawdau'r telerau ar gyfer y trefniadau trosglwyddo. Felly, drwy ddiffiniad, ar y pryd hwnnw yr oeddid yn delio â safle Ferry Road yn unol â'r trefniadau dirwyn i ben ac olynu.

[96] **Alun Cairns:** Ar fater Ferry Road o hyd, cyfeiria paragraff 64 yn yr adroddiad at y ffaith fod y gorfforaeth, ar y cychwyn, yn werthwr anfodlon. Fodd bynnag, cymeradwyodd ei bwrdd y gwerthiant yn amodol—

Yr ydym wedi ymdrin â'r cwestiwn hwnnw. Mae'n ddrwg gennyf. O edrych ar baragraffau 68 i 70, a'r disgownt ychwanegol o £2 filiwn a roddwyd ar ben y prisiad is, mae'n glir, ym mharagraff 69, sut y daethpwyd at £1.1 miliwn o'r £2 filiwn hynny—sef yn lle tir a gynigiwyd yn flaenorol ar gyfer yr Empire Pool newydd. Rhoddwyd y £900,000 o ddisgownt pellach mewn perthynas â buddiannau economaidd ehangach. Sut y cyrhaeddwyd y swm hwnnw?

Mr Shortridge: Yr oedd y prisiad a gawsom yn seiliedig ar yr hyn a ddisgrifiais fel math o ddefnydd gorau posibl o fewn y cynllun lleol. Byddai'r defnydd arfaethedig, sef adeiladu'r pentref chwaraeon, mewn gwirionedd wedi lleihau gwerth masnachol y safle. Y cyngor a gawsom gan ein hymgyngorwyr oedd y gellid rhoi gwerth o £2 filiwn o leiaf ar y

from building a sports village on the site, could be valued at at least £2 million. As it happened, you could balance out £1.1 million of that against the commitment to make a site available for a swimming pool.

manteision economaidd ehangach a ddeilliai o adeiladu pentref chwaraeon ar y safle. Fel y digwyddai, gallech gydbwyso £1.1 miliwn o hynny yn erbyn yr ymrwymiad i ddarparu safle ar gyfer pwll nofio.

[97] **Alun Cairns:** On the matter of the site of the swimming pool in particular, is it not the case that a national swimming pool for Wales is being built in Swansea?

[97] **Alun Cairns:** Ar fater safle'r pwll nofio yn benodol, onid yw'n wir fod pwll nofio cenedlaethol i Gymru'n cael ei adeiladu yn Abertawe?

Mr Shortridge: Yes.

Mr Shortridge: Ydyw.

[98] **Alun Cairns:** How can we reconcile a swimming pool being built in Swansea in place of the Empire Pool with the additional funds and discounts being given to Cardiff council to replace the very same pool?

[98] **Alun Cairns:** Sut y gallwn ni gysoni adeiladu pwll nofio yn Abertawe i gymryd lle'r Empire Pool â'r cyllid a'r disgowntiau ychwanegol a roddir i gyngor Caerdydd i gymryd lle'r union bwll hwnnw?

Mr Shortridge: My understanding is that, because the Empire Pool was to be replaced, the development corporation had offered a site to the council for that replacement facility, so there was a commitment to do that.

Mr Shortridge: Yn ôl a ddeallaf fi, oherwydd bod pwll nofio newydd i gymryd lle'r Empire Pool, yr oedd y gorfforaeth ddatblygu wedi cynnig safle i'r cyngor ar gyfer y pwll hwnnw, felly yr oedd ymrwymiad i wneud hynny.

[99] **Alun Cairns:** The establishment of a national swimming pool for Wales in Swansea did not affect that arrangement in any way?

[99] **Alun Cairns:** Nid effeithiwyd ar y trefniant hwnnw mewn unrhyw fodd wrth sefydlu pwll nofio cenedlaethol i Gymru yn Abertawe?

Mr Phillips: The basic answer to the

Mr Phillips: 'Na' yw'r ateb sylfaenol i'r

question is 'no'. However, around about the same time that this proposal was being put together—I am talking here of early 1999—Cardiff, Swansea and Newport, as I recall, were bidding for a Sportlot grant. The successful bidder was, in fact, Swansea—if you are referring to the facility at Sketty Lane, near the university. The facility in Swansea is not identical in concept to the proposed sports village. As I understand it, the facility in Swansea is effectively a training facility, whereas this is more of a training and leisure facility, with diving facilities and so on. Cardiff council, as I said, was unsuccessful in its bid for Sportlot funding, but decided to pursue the project and the acquisition of the Ferry Road site separately.

[100] **Alun Cairns:** So, what we are saying then is that, although Cardiff was unsuccessful in its Sportlot application, it received in place of that a discount of £2 million on the land at Ferry Road?

Mr Phillips: Not in place of it; it received the £2 million discount for the reasons explained by the Permanent Secretary in relation to the wider economic and social benefits that the sports village would have brought, in our estimation. We identified a number of criteria against which we would judge that: specifically, the creation of jobs, the level of expenditure that would be generated, and the number of visitors to the

cwestiwn. Fodd bynnag, oddeutu'r un pryd ag yr oedd y cynnig hwn yn cael ei lunio—yr wyf yn sôn yma am ddechrau 1999—yr oedd Caerdydd, Abertawe a Chasnewydd, yn ôl a gofiau, yn ymgeisio am grant Sportlot. Abertawe, mewn gwirionedd, oedd yr ymgeisydd llwyddiannus—os ydych chi'n cyfeirio at y cyfleuster yn Lôn Sgeti, ger y brifysgol. Nid yw'r cyfleuster yn Abertawe yr un peth o ran cysyniad â'r pentref chwaraeon arfaethedig. Yn ôl a ddeallaf fi, cyfleuster hyfforddi i bob pwrpas yw'r cyfleuster yn Abertawe, tra bod hwn yn fwy o gyfleuster hyfforddi a hamdden, gyda chyfleusterau deifio ac ati. Fel y dywedais, methodd cyngor Caerdydd, â'i gais am arian Sportlot, ond penderfynodd fwrw ymlaen â'r prosiect a phrynu safle Ferry Road ar wahân.

[100] **Alun Cairns:** Felly, yr hyn yr ydym yn ei ddweud yw, er bod cais Sportlot Caerdydd yn aflwyddiannus, y derbyniodd yn lle hynny ddisgownt o £2 filiwn ar y tir yn Ferry Road?

Mr Phillips: Nid yn lle hynny; derbyniodd y disgownt o £2 filiwn am y rhesymau a esboniwyd gan yr Ysgrifennydd Parhaol parthed y manteision economaidd a chymdeithasol ehangach y buasai'r pentref gwyliau wedi'u cyflwyno, yn ein tyb ni. Nodwyd nifer o feini prawf y byddem yn barnu hynny yn eu herbyn: yn benodol, creu swyddi, y lefel gwariant a gynhyrchid, a'r nifer o ymwelwyr i'r bae.

bay.

[101] **Alun Cairns:** To return to the £6.1 million for other regeneration that we discussed earlier, if you add that to the discount of £2 million—although the sum was reduced from the maximum amount that could potentially have been available through auctioning the land—Cardiff received a benefit of £8.1 million in the successor arrangements, just in those two schemes. Is that the case?

Mr Phillips: Yes, you could look at it in those terms.

[102] **Alun Cairns:** So Cardiff received the benefit of £8 million over and above what other local authorities around Wales would have received during that year of financial allocation, during the standard spending assessment and so on.

Mr Shortridge: I think that the point to emphasise is that the objective here was, and continued to be, one of urban regeneration and not one of maximising income or revenue. It was the regeneration objective that we had very much in mind when putting together the arrangements at Ferry Road.

[103] **Alun Cairns:** Who took the final

[101] **Alun Cairns:** I ddod yn ôl at y £6.1 miliwn ar gyfer gwaith adfywio arall a drafodwyd gennym yn gynharach, os ychwanegwch hynny at y disgownt o £2 filiwn—er y gostyngwyd y swm o'r swm mwyaf a allasai fod ar gael drwy werthu'r tir mewn ocsiwn—derbyniodd Caerdydd fudd o £8.1 miliwn yn y trefniadau olynu, yn y ddau gynllun hynny'n unig. A yw hynny'n wir?

Mr Phillips: Ydyw, fe allech edrych arni yn y termau hynny.

[102] **Alun Cairns:** Felly derbyniodd Caerdydd £8 miliwn uwchlaw a thros ben y dyraniad ariannol y byddai awdurdodau lleol eraill o gwmpas Cymru wedi'i dderbyn yn ystod y flwyddyn honno, yn ystod yr asesiad gwariant safonol ac ati.

Mr Shortridge: Credaf mai'r pwynt i'w bwysleisio yw mai'r amcan yn y fan hon oedd, ac yw o hyd, adfywio trefol ac nid mwyhau incwm neu refeniw. Yr amcan adfywio oedd yn flaenllaw yn ein meddyliau wrth inni lunio'r trefniadau ar gyfer Ferry Road.

[103] **Alun Cairns:** Pwy wnaeth y penderfyniad terfynol i roi'r disgownt £2

decision to give this discount of £2 million? filiwn hwn?

Mr Shortridge: That would have been a ministerial decision.

Mr Shortridge: Penderfyniad gweinidog fyddai hynny.

[104] **Alun Cairns:** Right. So that was a ministerial decision. Which constituency does the land of Ferry Road fall into?

[104] **Alun Cairns:** Iawn. Penderfyniad gweinidog oedd hwnnw felly. Ym mha etholaeth y mae'r tir yn Ferry Road?

Mr Shortridge: I would think that it is Lorraine Barrett's constituency.

Mr Shortridge: Etholaeth Lorraine Barrett, fe dybiwn i.

Mr Phillips: Cardiff South and Penarth, I think, yes.

Mr Phillips: De Caerdydd a Phenarth, yr wyf yn meddwl, ie.

[105] **Alun Cairns:** I asked you earlier how we manage conflicts of interest if there may be a ministerial interest in the negotiation and transfer of assets. Was there any form of conflict of interest, or the potential for a perception of a conflict of interest, if a Minister at the time happened to be the Member of Parliament for that constituency?

[105] **Alun Cairns:** Gofynnais ichi yn gynharach sut y byddwn ni'n ymdrin â gwrthdaro buddiannau os gall fod budd gweinidogol ynghlwm wrth broses negodi a throsglwyddo asedau. A oedd yna unrhyw ffurf ar wrthdrawiad buddiannau, neu botensial ar gyfer credu bod gwrthdrawiad buddiannau, os oedd Gweinidog ar y pryd yn digwydd bod yn Aelod Seneddol dros yr etholaeth honno?

Mr Shortridge: As I said in answer to your earlier questions, these are ultimately judgments for the Ministers concerned. However, throughout this process, as officials, we sought to ensure that more than one Minister was involved in the process.

Mr Shortridge: Fel y dywedais wrth ateb eich cwestiynau cynharach, materion ar gyfer doethineb y Gweinidogion dan sylw yw'r rhain yn y pen draw. Fodd bynnag, drwy gydol y broses hon, fel swyddogion, ceisiasom sicrhau fod mwy nag un

Gweinidog yn ymwneud â'r broses.

[106] **Alun Cairns:** May I clarify that the Member of Parliament at the time, who was also the Secretary of State for Wales or the First Minister of the Assembly during that time, played a leading role in the sanctioning of a £2 million discount for a parcel of land that happened to fall into Cardiff South and Penarth?

[106] **Alun Cairns:** A gaf i eglurhad fod yr Aelod Seneddol ar y pryd, a oedd hefyd yn Ysgrifennydd Gwladol Cymru neu'n Brif Weinidog y Cynulliad yn ystod y cyfnod hwnnw, wedi chwarae rhan flaenllaw yn awdurdodi disgownt o £2 filiwn am barsel o dir a ddigwyddai fod o fewn De Caerdydd a Phenarth?

Mr Shortridge: He had an important role to play, yes.

Mr Shortridge: Yr oedd ganddo ran bwysig i'w chwarae, oedd.

[107] **Helen Mary Jones:** I have a brief supplementary on this matter. May I refer you back to your earlier comments about the kind of advice that you, as officials, would give to Ministers? Clearly, the Minister in question was not the Assembly Member for Cardiff South and Penarth at that time. However, he was the Member of Parliament for Cardiff South and Penarth and, for a variety of reasons, very strongly identified with that area. The kind of advice that you might give to a Minister in those circumstances would obviously relate primarily to her or his position within the Assembly, potential constituency interests and those sorts of things. However, would you also take into account what could almost be considered an outside interest for somebody who happens to represent one constituency here but a different constituency at Westminster, or has another strong interest,

[107] **Helen Mary Jones:** Mae gennyf gwestiwn atodol byr ar y mater hwn. A gaf eich cyfeirio'n ôl at eich sylwadau blaenorol ynghylch y math o gyngor y byddech chi, fel swyddogion, yn ei roi i Weinidogion? Yn amlwg, nid oedd y Gweinidog dan sylw yn Aelod Cynulliad dros Dde Caerdydd a Phenarth ar y pryd. Fodd bynnag, yr oedd yn Aelod Seneddol dros Dde Caerdydd a Phenarth ac, am amryfal resymau, yr oedd wedi'i uniaethu'n gryf iawn â'r ardal honno. Byddai'r math o gyngor y byddech chi efallai'n ei roi i Weinidog yn yr amgylchiadau hynny yn amlwg yn ymwneud yn bennaf â'i safle ef neu hi yn y Cynulliad, buddiannau etholaethol posibl a'r math yna o beth. Fodd bynnag, a fyddech chi hefyd yn cymryd i ystyriaeth yr hyn y gellid bron ei ystyried yn fudd allanol i rywun sydd yn digwydd cynrychioli un etholaeth yma ond etholaeth wahanol yn San Steffan, neu sydd â

whatever that might be? Would it be an appropriate step for you, as officials, to draw that potential conflict of interest to the Minister's attention, even though it did not directly relate to the Assembly?

Mr Shortridge: We try, as officials, to draw Ministers' attention to matters such as this. It is not our ultimate responsibility to do so, and it would be difficult for us to do so at times, because we are far less aware of a Member's constituency than the Member is. In particular, for those Members who represent regions as opposed to constituencies, it is a tricky issue. So I try to be very careful. We do our best to draw such things to Ministers' attention, but ultimately, it must be a matter for them.

[108] **Helen Mary Jones:** May I ask directly whether the interest in question was drawn to the attention of the Minister responsible?

Mr Shortridge: Throughout the process, the Minister concerned was well aware of the duality of his interests. I use the word 'duality' because I do not want to prejudge it by saying that it was a conflict. It was for that reason that, to the best of my recollection, no key decision was taken by him alone. Papers were going to other Ministers at the same time, so there was more of a collective

buddiant cryf arall, beth bynnag y gallai hynny fod? A fyddai'n gam priodol i chi, fel swyddogion, ddwyn sylw'r Gweinidog at y darpar wrthdaro buddiannau hwnnw, er nad oedd a wnelo'r peth yn uniongyrchol â'r Cynulliad?

Mr Shortridge: Byddwn yn ceisio, fel swyddogion, dynnu sylw Gweinidogion at faterion fel hyn. Nid ein cyfrifoldeb ni yn y pen draw yw gwneud hynny, a byddai'n anodd inni wneud ar adegau, oherwydd yr ydym yn llawer llai ymwybodol o etholaeth Aelod nag ydyw'r Aelod ei hun. Yn arbennig, gyda'r Aelodau hynny sydd yn cynrychioli rhanbarthau yn hytrach nag etholaethau, mae'n gwestiwn dyrys. Felly ceisiaf fod yn ofalus iawn. Gwnawn ein gorau i dynnu'r pethau hyn i sylw Gweinidogion, ond ar ddiwedd y dydd, mater iddynt hwy ydyw, o reidrwydd.

[108] **Helen Mary Jones:** A gaf i ofyn yn uniongyrchol a dynnwyd sylw'r Gweinidog cyfrifol at y buddiant dan sylw?

Mr Shortridge: Drwy gydol y broses, yr oedd y Gweinidog dan sylw'n ymwybodol iawn o ddeuolrwydd ei fuddiannau. Defnyddiaf y gair 'deuolrwydd' oherwydd nid oes arnaf eisiau ei ragfarnu drwy ddweud mai gwrthdaro ydoedd. Dyna oedd y rheswm, yn ôl a gofiat fi, na chymerwyd unrhyw benderfyniad allweddol ganddo ef yn unig. Yr oedd papurau'n mynd at Weinidogion

Cabinet decision-making process. I think that, as a matter of practice, at all key points, the Assembly was told what was happening.

eraill ar yr un pryd, felly yr oedd proses fwy torfol ar waith ym mhenderfyniadau'r Cabinet. Yr wyf yn credu, fel mater o ymarfer, y dywedwyd wrth y Cynulliad ar bob cam allweddol beth oedd yn digwydd.

[109] **Alun Cairns:** In my general question on the potential for conflict of interest, you said that it is usual that other Ministers take responsibility. Why did that not happen in this instance?

[109] **Alun Cairns:** Yn fy nghwestiwn cyffredinol ar y potensial ar gyfer gwrthdaro buddiannau, dywedasoch ei bod yn arferol i Weinidogion eraill gymryd cyfrifoldeb. Pam na ddigwyddodd hynny yn yr achos hwn?

Mr Shortridge: I do not think that I said that they take responsibility. I think that what I said was that other Ministers would have been involved in the decision-making process.

Mr Shortridge: Nid wyf yn meddwl imi ddweud eu bod yn cymryd cyfrifoldeb. Yr wyf yn meddwl mai'r hyn a ddywedais oedd y byddai Gweinidogion eraill wedi bod â rhan yn y broses benderfynu.

[110] **Alun Cairns:** Please accept my apologies.

[110] **Alun Cairns:** Derbyniwch fy ymddiheuriadau, os gwelwch yn dda.

Mr Shortridge: The record will show which one of us is right.

Mr Shortridge: Bydd y cofnod yn dangos pa un ohonom sydd yn iawn.

[111] **Alun Cairns:** Of course it will. Is it not usual that, in difficult circumstances, Ministers would not play any role?

[111] **Alun Cairns:** Wrth gwrs y bydd. Onid yw'n arferol, mewn amgylchiadau anodd, na fyddai Gweinidogion yn chwarae rhan o gwbl?

Mr Shortridge: These are judgments for them and although in some circumstances I can be asked for my advice, and will give it

Mr Shortridge: Materion iddynt hwy farnu arnynt yw'r rhain ac er y gellir gofyn am fy nghyngor i mewn rhai amgylchiadau, a'i gael

to them privately, whatever advice I give, these are judgments for Ministers.

yn breifat, pa gyngor bynnag a roddaf fi, mater i'r Gweinidogion eu barnu yw'r rhain.

[112] **Alun Cairns:** Were you asked for advice at the time? It is a 'yes' or 'no' answer, I would have thought.

[112] **Alun Cairns:** A ofynnwyd ichi am gyngor ar y pryd? 'Do' neu 'naddo' yw'r ateb, dybiwn i.

Mr Shortridge: We offered some advice, but I do not think that we were asked for it. So it is not quite a 'yes' or 'no' answer. It is also the case that the Minister concerned came and made statements to the Assembly, so he was in a position to answer directly to the Assembly for the decisions that he was involved in taking.

Mr Shortridge: Fe gynigiasom gyngor, ond nid wyf yn meddwl y gofynnwyd inni amdano. Felly nid 'do' na 'naddo' yn hollol yw'r ateb. Mae'n wir hefyd y daeth y Gweinidog dan sylw a gwneud datganiadau i'r Cynulliad, felly yr oedd ef mewn sefyllfa i ateb yn uniongyrchol i'r Cynulliad am y penderfyniadau yr oedd ganddo ran yn eu gwneud.

[113] **Alun Cairns:** You offered advice. Was it fully accepted and acted upon?

[113] **Alun Cairns:** Cynigiasoch gyngor. A dderbyniwyd ef yn llawn a gweithredu arno?

Mr Shortridge: Chair, I really do not want to pursue this.

Mr Shortridge: Gadeirydd, yn wir nid oes arnaf awydd mynd ar ôl y mater hwn.

[114] **Janet Davies:** We have pursued this line far enough.

[114] **Janet Davies:** Yr ydym wedi dilyn y trywydd hwn yn ddigon pell.

Mr Shortridge: May I just say, because I do not want people to draw one conclusion rather than another from this exchange, that, as officials, we sought to ensure that this process was undertaken in a thoroughly professional way.

Mr Shortridge: A gaf fi ddweud, gan nad oes arnaf eisiau i bobl dynnu un casgliad rhagor nag un arall o'r sgwrs hon, y bu i ni fel swyddogion geisio sicrhau yr ymgwymerwyd â'r broses hon mewn ffordd gwbl broffesiynol.

[115] **Helen Mary Jones:** Whether it was or not, was a matter for the Members.

[115] **Helen Mary Jones:** Pa un ai a wnaed hynny ai peidio, yr oedd yn fater i'r Aelodau.

[116] **Alun Cairns:** Before I ask my final two questions, and with the permission of the Chair, of course, may I ask whether you think that public perception of such issues is of critical importance?

[116] **Alun Cairns:** Cyn imi ofyn fy nau gwestiwn olaf, a chyda chaniatâd y Cadeirydd, wrth gwrs, a gaf fi ofyn a ydych yn meddwl fod y ffordd y mae'r cyhoedd yn amgyffred y materion hyn o bwys critigol?

Mr Shortridge: I do not think that I want to be drawn on that. These are matters for Ministers and politicians. As Accounting Officer, I have to satisfy myself that decisions are taken properly, particularly where those decisions involve large sums of money, and that is what I have sought to do throughout this process.

Mr Shortridge: Nid wyf yn meddwl yr hoffwn ddweud dim ar hynny. Materion i Weinidogion a gwleidyddion yw'r rhain. Fel Swyddog Cyfrifon, mae'n rhaid imi fodloni fy hun fod penderfyniadau'n cael eu gwneud mewn modd priodol, yn enwedig lle bo'r penderfyniadau hynny'n ymwneud â symiau mawr o arian, a dyna yr wyf wedi ceisio'i wneud drwy gydol y broses hon.

[117] **Alun Cairns:** Why was the sale of the land, in effect, a cashless transaction, which resulted in up to £850,000 of lost interest to the Assembly? How can this be justified on value for money grounds?

[117] **Alun Cairns:** Pam yr oedd gwerthiant y tir, mewn effaith, yn drafodiad di-arian, a olygodd bod y Cynulliad yn colli hyd at £850,000 mewn llog? Sut y gellir cyfiawnhau hyn ar sail gwerth am arian?

Mr Shortridge: I think that it was a cashless transaction largely for reasons of convenience, although Steve Phillips may want to elaborate on that. While I think that, in theory, it may have resulted in a loss of interest, in practice, when all the audited accounts are looked at, I think that it is

Mr Shortridge: Yr wyf yn meddwl ei fod yn drafodiad di-arian yn bennaf am resymau cyfleustra, er efallai y dymuna Steve Phillips ymhelaethu ar hynny. Er fy mod yn meddwl, mewn theori, ei fod efallai wedi arwain at golli llog, mewn ymarfer, pan edrychir ar yr holl gyfrifon archwiliedig, credaf ei bod yn

unlikely that it will have.

annhebygol y bydd hynny wedi digwydd.

Mr Phillips: I can only add that, effectively, the position that we were in was that, on 31 March 2000, the £6.1 million—or at least the first tranche of it—was payable to Cardiff City and County Council under the wind-up arrangements. On the same day, the transaction, or the disposal, of the Ferry Road site was completed, with the effect that Cardiff council was due to pay £5.95 million. So, as the Permanent Secretary said, for simple administrative reasons, it made sense to net one figure off against the other.

Mr Phillips: Ni allaf ond ychwanegu mai'r sefyllfa yr oeddem ynnddi, mewn gwirionedd, oedd bod y £6.1 miliwn—neu o leiaf y rhandal cyntaf ohono—yn daladwy i Gyngor Sir a Dinas Caerdydd ar 31 Mawrth dan y trefniadau dirwyn i ben. Ar yr un diwrnod, cwblhawyd trafodiad, neu werthiant, safle Ferry Road, a olygai fod cyngor Caerdydd i fod i dalu £5.95 miliwn. Felly, fel y dywedodd yr Ysgrifennydd Parhaol, am resymau gweinyddol syml, yr oedd yn gwneud synnwyr gosod un ffigur yn erbyn y llall.

[118] **Alun Cairns:** May I underline what my reading of the situation is, which is that, having received £6.1 million for other regeneration, which we have already explored, and a £2 million discount for the transfer of the land at Ferry Road, Cardiff had an £8.1 million benefit? However, it also potentially cost—I add the word 'potentially'—the sum of £850,000 in interest to the Assembly. Is that a fair summary?

[118] **Alun Cairns:** A gaf fi danlinellu fy nealltwriaeth i o'r sefyllfa, sef, ar ôl derbyn £6.1 miliwn ar gyfer gwaith adfywio arall, yr ydym eisoes wedi ymchwilio iddo, a disgownt o £2 filiwn ar drosglwyddiad y tir yn Ferry Road, bod Caerdydd ar ei hennill o £8.1 miliwn? Fodd bynnag, yr oedd cost botensial hefyd—ychwanegaf y gair 'potensial'—o swm o £850,000 mewn llog i'r Cynulliad. A ydyw hynny'n grynodedeg?

Mr Shortridge: I think that the Auditor General's next report will reveal the extent to which there has been a loss, or an implied loss, of £850,000. I will not go further this afternoon than to say that I think that it is possible that it will be less than that.

Mr Shortridge: Yr wyf yn meddwl y bydd adroddiad nesaf yr Archwilydd Cyffredinol yn datgelu i ba raddau y bu colled, neu golled ymhlyg, o £850,000. Nid af ymhellach y prynhawn yma na dweud fy mod yn meddwl ei bod yn bosibl y bydd yn llai na hynny.

[119] **Alun Cairns:** I draw your attention to paragraphs 73 to 74. Are you satisfied that the assurances built into the contract covering the sale of the Ferry Road site, adequately protect the Assembly's interests?

[119] **Alun Cairns:** Tynnaf eich sylw at baragraffau 73 i 74. A ydych yn fodlon fod y sicrwydd sydd wedi'i gynnwys yn y contract parthed gwerthiant safle Ferry Road yn gwarchod buddiannau'r Cynulliad yn ddigonol?

Mr Shortridge: Yes, in the sense that, as paragraph 74 indicates, the £2 million discount is repayable if the sports village does not go ahead. We have a 10-year overage clause, which ensures that there will be a clawback of 30 per cent of any profit from the sale of the land if it takes place within 10 years. Conventionally, overage clauses only run for five years; in this case it runs for 10 years. So I think that, in the circumstances, we did as much as we could have done, in a complex negotiation, to protect the Assembly's interests.

Mr Shortridge: Ydwyf, yn yr ystyr fod, fel y noda paragraff 74, y disgownt £2 filiwn i'w ad-dalu os nad aiff y pentref chwaraeon yn ei flaen. Mae gennym gymal gwarged 10 mlynedd, sydd yn sicrhau y gellir adfachu 30 y cant o unrhyw elw o werthu'r tir os gwneir hynny o fewn 10 mlynedd. Yn gonfensiynol, dim ond am bum mlynedd y bydd cymalau gwarged yn rhedeg; yn yr achos hwn mae'n rhedeg am 10 mlynedd. Felly yr wyf o'r farn, dan yr amgylchiadau, ein bod wedi gwneud yr hyn a allem, mewn proses negodi gymhleth, i warchod buddiannau'r Cynulliad.

[120] **Alun Cairns:** To clarify the situation, if the land is sold on for development to a private developer within a 10-year period, 40 per cent of the profit goes to Cardiff council?

[120] **Alun Cairns:** I egluro'r sefyllfa, os gwerthir y tir ymlaen i'w ddatblygu i ddatblygwr preifat o fewn cyfnod 10 mlynedd, bydd 40 y cant o'r elw'n mynd i gyngor Caerdydd?

Mr Shortridge: Yes. That is right.

Mr Shortridge: Ie. Dyna ni.

[121] **Alun Cairns:** So having acquired a parcel of land at a £2 million discount, if it chose the following day to sell that land on, Cardiff council could well receive 40 per cent of whatever sum is gained at the time,

[121] **Alun Cairns:** Felly wedi sicrhau parcel o dir ar ddisgownt o £2 filiwn, pe bai'n penderfynu gwerthu'r tir yfory, gallai cyngor Caerdydd yn hawdd dderbyn 40 y cant o ba swm bynnag a enillir ar y pryd, yn enwedig o

particularly given the way that development property has increased in value?

gofio'r modd y mae eiddo datblygu wedi cynyddu o ran gwerth?

Mr Shortridge: Well, the first thing that would happen is that it would lose its £2 million discount. Secondly, this is a site that a development corporation had not been able to market successfully and sell. This is a very contaminated site, which does not obviously have a very substantial market value in the short term, although I acknowledge that special circumstances might arise where what you have indicated could happen.

Mr Shortridge: Wel, y peth cyntaf fyddai'n digwydd yw y byddai'n colli ei ddisgownt o £2 filiwn. Yn ail, safle yw hwn nad oedd corfforaeth ddatblygu wedi gallu ei farchnata'n llwyddiannus a'i werthu. Mae hwn yn safle halogedig iawn, nad oes gwerth sylweddol iawn yn amlwg iddo ar y farchnad yn y tymor byr, er y cydnabyddaf y gallai amgylchiadau arbennig godi lle gallai'r hyn a amlinellwyd gennyh chi ddigwydd.

[122] **Alun Cairns:** So Cardiff council could be in a very fortunate position should it decide to sell the land on. My final question is: who retains any profit from any subsequent sale of the land by Cardiff council if this sale takes place after 10 years has elapsed from the time when the council first acquired the land from the corporation? What is the position if the council elects to use the land for a purpose other than a sports complex, but retains ownership of it for at least 10 years?

[122] **Alun Cairns:** Felly gallai cyngor Caerdydd fod mewn sefyllfa ffodus iawn pe bai'n penderfynu gwerthu'r tir ymlaen. Dyma fy nghwestiwn olaf: pwy sydd yn cadw unrhyw elw os gwerthir y tir gan gyngor Caerdydd os digwydd y gwerthiant hwn wedi i 10 mlynedd fynd heibio o'r adeg pan brynodd y cyngor y tir yn y lle cyntaf oddi wrth y gorfforaeth? Beth yw'r sefyllfa os penderfyna'r cyngor ddefnyddio'r tir i bwrpas ar wahân i bentref chwaraeon, ond ei fod yn cadw meddiant arno am o leiaf 10 mlynedd?

Mr Shortridge: Under the overage clause, after 10 years, it will have the full rights.

Mr Shortridge: Dan y cymal gwarged, caiff yr hawliau llawn wedi 10 mlynedd.

[123] **Alun Cairns:** So there is potential for not only a 40 per cent profit, if they sell within 10 years, but the council could sit on

[123] **Alun Cairns:** Felly y mae potensial nid yn unig ar gyfer elw o 40 y cant, os gwerthant o fewn 10 mlynedd, ond gallai'r

the plot of land—its maintenance costs are probably negligible—and then receive 100 per cent of the profit after 10 years?

Mr Shortridge: If indeed there were profits after 10 years, yes.

[124] **Janet Davies:** We turn now to the decision that was reached to give the county council responsibility for the day-to-day management of the barrage and the bay. On the management of the barrage and the bay, can you summarise the process undertaken to reach this decision and the key factors that eventually determined it?

Mr Shortridge: The original position at March 1999 was that there would be a harbour authority that would manage the barrage and the bay. It was not absolutely clear at that time what form that harbour authority would take. It was also expected that there would be a facilities management contract in place to manage the barrage and the bay and that whatever organisation became the Harbour Authority would inherit that contract. In about August 1999, it became apparent that Cardiff council was beginning to change its position on the management of the bay. Up until that point, it had not wanted to take on the responsibilities for the barrage and the bay. I think that it just thought that it was too big a risk, too complicated and not something in which it

cyngor eistedd ar y llain o dir—mae'r costau cynnal yn nesaf peth i ddim, mae'n debyg—ac wedyn gael 100 y cant o'r elw ar ôl 10 mlynedd?

Mr Shortridge: Os yn wir y bydd elw wedi 10 mlynedd, oes.

[124] **Janet Davies:** Trown yn awr at y penderfyniad a wnaethpwyd i roi cyfrifoldeb i'r cyngor sir am reoli'r morglawdd a'r bae o ddydd i ddydd. Ar bwnc rheolaeth y morglawdd a'r bae, a allwch chi grynhoi'r broses a ddilynwyd i gyrraedd y penderfyniad hwn a'r ffactorau allweddol y tu ôl iddo yn y pen draw?

Mr Shortridge: Y sefyllfa wreiddiol ym Mawrth 1999 oedd y ceid awdurdod harbwr a fyddai'n rheoli'r morglawdd a'r bae. Nid oedd yn hollol glir ar y pryd pa ffurf fyddai i'r awdurdod harbwr hwnnw. Disgwyliad hefyd y byddai contract rheoli cyfleusterau yn ei le ar gyfer rheoli'r morglawdd a'r bae ac y byddai pa gorff bynnag a ddeuai'n Awdurdod Harbwr yn etifeddu'r contract hwnnw. Oddeutu mis Awst 1999, daeth yn amlwg fod cyngor Caerdydd yn dechrau newid ei safbwynt ar reolaeth y bae. Hyd y pwynt hwnnw, nid oedd wedi dymuno ymgymryd â'r cyfrifoldebau am y morglawdd a'r bae. Mae'n debyg ei fod yn meddwl ei fod yn risg rhy fawr, yn rhy gymhleth ac nid yn rhywbeth y byddai'n dymuno ymhél ag ef. Newidiodd ei safbwynt

would want to involve itself. Its position changed during the summer of 1999 and so negotiations took place with it on the possibility of it becoming the successor body. Latterly, in parallel with those negotiations, we, as Assembly officials, and also Assembly Ministers, were becoming concerned that the arrangements that were being put in place by the development corporation for the management of the barrage and the bay were not going to be completed satisfactorily by the wind-up date. So we then had two interlocking sets of concerns and negotiations. First, who would be the successor harbour authority and secondly, how were the barrage and the bay going to be properly prepared for fresh water impoundment and who was going to have responsibility for that. I will pause there and you can come back to that on supplementaries, Chair.

[125] **Janet Davies:** Are you satisfied that the successor arrangements will produce efficient management and represent good value for money?

Mr Shortridge: Sorry?

[126] **Janet Davies:** Having talked about the successor arrangements, do you think that what was eventually produced, that is, the council taking over as the Harbour Authority, will produce efficient management of the barrage and the bay and represent good value

yn ystod haf 1999 ac felly dechreuwyd negodi gydag ef ar y posibilrwydd mai'r cyngor fyddai'r corff olynol. Wedyn, ochr yn ochr â'r negodi hwnnw, yr oeddem ni, swyddogion y Cynulliad, a Gweinidogion y Cynulliad hefyd, yn dechrau pryderu na fyddai'r trefniadau yr oedd y gorfforaeth ddatblygu yn eu sefydlu ar gyfer rheoli'r morglawdd a'r bae wedi'u cwblhau'n foddhaol erbyn y dyddiad dirwyn i ben. Felly wedyn yr oedd gennym ddwy set gysylltiedig o bryderon a thrafodaethau. Yn gyntaf, pw y fyddai'r awdurdod harbwr olynol ac yn ail, sut yr oedd y morglawdd a'r bae'n mynd i gael eu paratoi'n iawn ar gyfer cronni dwr croyw a phwy oedd yn mynd i fod yn gyfrifol am hynny. Oedaf yn y fan hon a chewch ddod yn ôl at hynny drwy gwestiynau atodol, Gadeirydd.

[125] **Janet Davies:** A ydych yn fodlon y bydd y trefniadau olynu'n sicrhau rheolaeth effeithlon ac yn cynrychioli gwerth da am arian?

Mr Shortridge: Mae'n ddrwg gennyf?

[126] **Janet Davies:** Wedi sôn am y trefniadau olynu, a ydych yn meddwl y bydd yr hyn a drefnwyd yn y diwedd, hynny yw, bod y cyngor yn cymryd yr awenau fel Awdurdod yr Harbwr, yn sicrhau rheolaeth effeithlon dros y morglawdd a'r bae ac yn

for money?

cynrychioli gwerth da am arian?

Mr Shortridge: Viewed from my perspective at the moment, I am generally satisfied about that. It will be a matter for the Auditor General's next report, so I will be interested to see what his conclusions will be. However, in terms of where we were in November 1999, when we had a whole series of really fundamentally important decisions to take, I am just very pleased and relieved that we took the decisions that we did. I think that if we had continued to go with the Thames Water contract and sought to have the dredging completed by March or April 2000, with a view to fresh water impoundment in March/April 2000, everything that we have seen since then indicates to me that that would not have happened satisfactorily and, quite possibly, significant sums of money would have been lost. That would have been partly because there would have been a facilities management contract with Thames Water, with no fresh water facilities to manage, and partly because substantial sums of money would have been paid out on dredging, of which some or all would have been nugatory because, given the continual flushing that had to take place over the subsequent year, the material dredged out of the bay would have been flowing back in again. When I say substantial sums of money, I think that the dredging contract at the time was estimated to be about £5 million.

Mr Shortridge: O edrych o'm safbwynt i ar y funud, yr wyf ar y cyfan yn fodlon am hynny. Bydd yn fater i adroddiad nesaf yr Archwilydd Cyffredinol, felly bydd gennyf ddiddordeb mewn gweld beth fydd ei gasgliadau. Fodd bynnag, yn nhermau lle yr oeddem ym mis Tachwedd 1999, pan oedd gennym gyfres gyfan o benderfyniadau hollol sylfaenol bwysig i'w gwneud, yr wyf yn falch iawn inni wneud y penderfyniadau a wnaethom. Yr wyf yn meddwl pe baem wedi parhau â chontract Thames Water a cheisio cael cwblhau'r carthu erbyn Mawrth neu Ebrill 2000, gyda golwg ar Gronni dŵr croyw ym Mawrth/Ebrill 2000, mae popeth yr ydym wedi'i weld ers hynny'n dweud wrthyf fi na fyddai hynny wedi digwydd yn foddhaol ac, o bosibl, y byddai symiau arwyddocaol o arian wedi'u colli. Byddai hynny wedi bod yn rhannol oherwydd y byddai contract rheoli cyfleusterau wedi bod gyda Thames Water, heb ddim cyfleusterau dŵr croyw i'w rheoli, ac yn rhannol oherwydd y byddid wedi talu symiau sylweddol o arian am waith carthu, a rhywfaint neu'r cyfan o'r gwaith hwnnw'n ddiwerth oherwydd, o ystyried y llifolchi parhaus y bu raid ei wneud dros y flwyddyn ganlynol, byddai'r deunydd a gâi ei garthu allan o'r bae yn llifo'n ôl i mewn eto. Pan ddywedaf symiau sylweddol o arian, yr wyf yn meddwl y cafwyd amcangyfrif o ryw £5 miliwn am y contract carthu ar y pryd.

[127] **Janet Davies:** Thank you. There is one small issue that I do not understand fully; I may have missed the nuances on it. In relation to the Thames Water contract, would it not have been possible to renegotiate it so that the dredging and the fresh water impoundment could have taken place later, as it did in the end? Why did the contract demand this by the end of March 2000?

Mr Shortridge: It was the intention of the development corporation at the time, and I quite understand it. Its big investment was to establish the barrage and the bay, and if it was going to be wound-up at the end of March 2000, it really wanted that flagship development to be fully operational. Therefore, it was very keen that it should happen. In order to ensure that it happened, it had gone through a tendering procedure that resulted in Thames Water being its preferred bidder for the facilities management and operation of the barrage and it was in the process of putting a dredging contract in place. All that was in November 1999 and we only had three to four months to ensure that the dredging would be completed satisfactorily. In parallel with that, as I think that Members will remember, it became apparent that when they started to test the computer-operated sluice gates on the barrage, they had all sorts of problems. I think that we, as officials, and Ministers also, were not persuaded at the time that the barrage would be fit to operate in a freshwater environment by April 2000. So

[127] **Janet Davies:** Diolch. Y mae un mater bach nad wyf yn ei ddeall yn llawn; efallai fy mod wedi colli'r hyn sydd yn cael ei awgrymu. Yng nghyswllt contract Thames Water, oni fuasai'n bosibl ei ailnegodi fel y gallasai'r carthu a'r cronni dwr croyw ddigwydd yn ddiweddarach, fel y gwnaeth yn y diwedd? Pam yr oedd y contract yn mynnu hyn erbyn diwedd Mawrth 2000?

Mr Shortridge: Dyna fwriad y gorfforaeth ddatblygu ar y pryd, ac yr wyf yn deall hynny'n iawn. Sefydlu'r morglawdd a'r bae oedd ei buddsoddiad mawr, ac os oedd i gael ei dirwyn i ben ar ddiwedd Mawrth 2000, yr oedd yn awyddus iawn i'r datblygiad arloesol hwnnw fod yn gwbl weithredol. Felly, yr oedd yn frwd iawn iddo ddigwydd. Er mwyn sicrhau y byddai'n digwydd, yr oedd wedi mynd drwy drefn dendro a sefydlodd Thames Water fel ei ddewis gynigiwr ar gyfer rheoli'r cyfleusterau a gweithredu'r morglawdd ac yr oedd yn y broses o sefydlu contract carthu. Yr oedd hynny i gyd ym mis Tachwedd 1999, a dim ond tri i bedwar mis oedd gennym i sicrhau y câi'r carthu ei gwblhau'n foddhaol. Ochr yn ochr â hynny, fel y cofia Aelodau mae'n debyg, daeth yn amlwg pan ddechreusant brofi'r llifddorau cyfrifiadurol ar y morglawdd, bod ganddynt bob math o broblemau. Yr wyf yn meddwl nad oeddem ni, fel swyddogion, a Gweinidogion hefyd, wedi'n darbwylo ar y pryd y byddai'r morglawdd yn iawn i weithredu mewn amgylchedd dwr croyw erbyn Ebrill 2000. Felly yr oedd ystyriaethau gweithredol

there were very serious operational considerations upon which judgments had to be made. Those judgments had a knock-on effect in terms of what should happen, if anything, on dredging and what should happen in terms of who should have responsibility for the management of the bay.

[128] **Janet Davies:** Yes, but why was it acceptable for Cardiff council to take over under these circumstances and not Thames Water?

Mr Shortridge: Thames Water was never going to be a successor body, it was going to be providing a contract service to whatever organisation became the successor body. We, as officials, were concerned at the prospective costs of the Thames Water contract. Those costs were much higher than we had expected. In parallel, Cardiff council was saying that if it was going to be the successor body having to manage this contract, it was not persuaded that the basic arrangements built into it were ones with which it was comfortable. The council thought that it could do it much more cheaply itself. As I think that the Committee knows, it has undertaken—and this is written into the section 165 agreements—to do it for £1 million per year less than the Thames Water contract proposed. Those were significant savings, which, in the end, I, as Accounting Officer, was persuaded would be achievable.

difrifol iawn yr oedd yn rhaid gwneud dyfarniadau ar eu sail. Câi'r dyfarniadau hynny effaith wedyn yn nhermau beth ddylai ddigwydd, os unrhyw beth, ynghylch carthu a beth ddylai ddigwydd yn nhermau pwy ddylai fod â chyfrifoldeb am reoli'r bae.

[128] **Janet Davies:** Ie, ond pam yr oedd hi'n dderbyniol i gyngor Caerdydd gymryd yr awenau dan yr amgylchiadau hyn ac nid Thames Water?

Mr Shortridge: Ni fwriadwyd erioed i Thames Water fod yn gorff olynol, yr oedd yn mynd i fod yn darparu gwasanaeth contract i ba gorff bynnag a ddeuai'n gorff olynol. Yr oeddem ni, fel swyddogion, yn bryderus ynghylch darpar gostau contract Thames Water. Yr oedd y costau hyn yn llawer uwch nag a ddisgwyliwyd. Ar yr un pryd, yr oedd cyngor Caerdydd yn dweud os mai ef fyddai'r corff olynol fyddai'n gorfod rheoli'r contract hwn, nid oedd wedi'i ddarbwylllo fod y trefniadau sylfaenol a oedd wedi'u hadeiladu i mewn iddo yn rhai yr oedd yn gyfforddus â hwy. Yr oedd y cyngor yn meddwl y gallai wneud y gwaith yn llawer rhatach ei hun. Fel y gwyr y Pwyllgor, mae'n debyg, y mae wedi addo—ac mae hyn wedi'i ysgrifennu yn y cytundebau adran 165—ei wneud am £1 filiwn y flwyddyn yn llai nag a gynigid yng nghontract Thames Water. Yr oedd y rheini'n arbedion arwyddocaol, ac yn rhai, yn y diwedd, y'm perswadiwyd i, fel

Swyddog Cyfrifon, y gellid eu cyflawni.

[129] **Alun Cairns:** Thames Water had gone through an 18-month, I think, European procurement procedure to become the preferred bidder. How could you satisfy yourself that within the relatively short period of time in which Cardiff City and County Council put together its bid, that that was competitive and that it could achieve what it set out to do?

[129] **Alun Cairns:** Yr oedd Thames Water wedi mynd drwy weithdrefn caffael Ewropeaidd yn para, yr wyf yn meddwl, 18 mis er mwyn bod yn ddewis gynigydd. Sut allech chi fodloni'ch hun o fewn y cyfnod amser cymharol fyr pryd y lluniodd Cyngor Sir a Dinas Caerdydd ei gynnig yntau, fod hwnnw'n gystadleuol ac y gallai gyflawni'r hyn yr oedd yn bwriadu ei wneud?

Mr Shortridge: We had very detailed and intensive discussions with Cardiff during this period. As a result of those discussions and the challenge that we made to its figures, it did change them quite substantially. I think that, in the end, taking into account the wider considerations, which, among other things, included the fact that there was not going to be a freshwater lake to manage in the short term anyway, and also given that Cardiff council was sufficiently confident in terms of its figures to have them underwritten in the agreements, so that it would be delivering these savings for the Assembly, was all very persuasive.

Mr Shortridge: Cawsom drafodaethau dwys a manwl iawn gyda Chaerdydd yn ystod y cyfnod hwn. O ganlyniad i'r trafodaethau hynny a'r her a wnaethom i'w ffigurau, fe wnaeth eu newid yn eithaf sylweddol. Yr wyf yn meddwl, yn y diwedd, yn wyneb yr ystyriaethau ehangach, a oedd yn cynnwys, ymhlith pethau eraill, y ffaith na fyddai yno llyn dŵr croyw i'w reoli yn y tymor byr beth bynnag, a hefyd gan fod cyngor Caerdydd yn ddigon hyderus o'i ffigurau i sicrhau eu bod wedi'u gwarantu yn y cytundebau, fel y byddai'n sicrhau'r arbedion hyn i'r Cynulliad, fod hyn i gyd wedi dwyn cryn berswâd.

[130] **Alun Cairns:** In the first part of your answer you said that the council changed its figures because you challenged them, and in the second part of your answer, you said that those figures were sufficiently robust that Cardiff council was happy to use them in the

[130] **Alun Cairns:** Yn rhan gyntaf eich ateb dywedasoch fod y cyngor wedi newid ei ffigurau oherwydd i chi eu herio, ac yn ail ran eich ateb, dywedasoch fod y ffigurau hyn yn ddigon cadarn fel bod cyngor Caerdydd yn hapus i'w defnyddio yn y contract. Onid yw

contract. Is that not a dichotomy?

hynny'n ddeuoliaeth?

Mr Shortridge: No, because what I was explaining was a process that went on over a period of time. The outcome of that process was that its figures resulted in a £1 million per year saving compared with the cost of using Thames Water. Given that we had been through that process with the council, we were sufficiently satisfied that those figures were deliverable and, in any case, they became actually deliverable, because we wrote them into the agreement with Cardiff.

Mr Shortridge: Na, oherwydd yr hyn yr oeddwn yn ei egluro oedd proses a aeth yn ei blaen dros gyfnod o amser. Canlyniad y broses honno oedd i'w ffigurau roi arbediad o £1 filiwn y flwyddyn o gymharu â chost defnyddio Thames Water. Gan ein bod wedi bod drwy'r broses honno gyda'r cyngor, yr oeddem yn ddigon bodlon y gellid cael y ffigurau hynny a, beth bynnag, fe warantwyd y gellid eu cyflawni, oherwydd inni eu hysgrifennu i mewn i'r cytundeb gyda Chaerdydd.

[131] **Alun Cairns:** What about Cardiff council inheriting the responsibility on the day that CBDC was wound-up? It was forced to use the existing managers of the barrage for a considerable period. Did that cost the Assembly any additional money or was that borne by Cardiff council?

[131] **Alun Cairns:** Beth am gyngor Caerdydd yn etifeddu'r cyfrifoldeb ar y dydd y cafodd y gorfforaeth ddatblygu ei dirwyn i ben? Fe'i gorfodwyd i ddefnyddio rheolwyr y morglawdd ar y pryd am gyfnod sylweddol. A gostiodd hynny unrhyw arian ychwanegol i'r Cynulliad ynteu ai cyngor Caerdydd a dalodd y gost honno?

Mr Shortridge: Sorry, I missed the point. What additional money?

Mr Shortridge: Mae'n ddrwg gennyf, collais y pwynt. Pa arian ychwanegol?

[132] **Alun Cairns:** As Cardiff council was not completely ready to inherit the management of the barrage on the date the CBDC was wound-up, the name of the contractors which ran it for CBDC, which has slipped my mind at the moment—

[132] **Alun Cairns:** Am nad oedd cyngor Caerdydd yn gwbl barod i etifeddu rheolaeth y morglawdd ar ddyddiad dirwyn y gorfforaeth i ben, mae enw'r contractwyr a'i rheolai ar ran y gorfforaeth, sydd wedi mynd yn angof gennyf am funud—

Mr Shortridge: Crest Nicholson Marinas Limited.

Mr Shortridge: Crest Nicholson Marinas Limited.

[133] **Alun Cairns:** Crest Nicholson was requested to continue to manage the barrage for an additional six months. Clearly, it would have been in an extremely strong negotiating position, because neither the Assembly nor Cardiff council had anywhere else to go. It was the only one who knew how to run the barrage. Who bore the cost of that additional six months' work?

[133] **Alun Cairns:** Gofynnwyd i Crest Nicholson barhau i reoli'r morglawdd am chwe mis ychwanegol. Yn amlwg, buasai mewn safle negodi eithriadol o gryf, gan nad oedd gan y Cynulliad na chynghor Caerdydd unman arall i fynd. Dyma'r unig un a wyddai sut i redeg y morglawdd. Pwy a dalodd gost y chwe mis ychwanegol hynny o waith?

Mr Shortridge: I will ask Steve to give the detail, but it is not unusual for contracts to be rolled on in this way, and I am not aware that there was any significant problem associated with the Crest Nicholson contract.

Mr Shortridge: Gofynnaf i Steve roi'r manylion, ond nid yw'n anarferol i gontractau gael eu treiglo ymlaen fel hyn, ac nid wyf yn ymwybodol o unrhyw broblem arwyddocaol yn gysylltiedig â chontract Crest Nicholson.

[134] **Alun Cairns:** I am focusing on the cost.

[134] **Alun Cairns:** Yr wyf yn canolbwyntio ar y gost.

Mr Shortridge: I understand.

Mr Shortridge: Yr wyf yn deall.

Mr Phillips: I am not entirely clear, and I will need to check, but I think that there was an additional cost flowing from the reappointment of Crest Nicholson. However, that cost would have needed to have been factored into the succession arrangements,

Mr Phillips: Nid wyf yn gwbl glir, a bydd angen imi wirio hyn, ond yr wyf yn meddwl fod cost ychwanegol yn llifo o ailbenodiad Crest Nicholson. Fodd bynnag, buasai angen ffactora'r gost honno i mewn i'r trefniadau olyn, pwy bynnag fyddai'r corff olynol. Nid

regardless of the identity of the successor body. It was not an issue that was unique to Cardiff council taking over as the Harbour Authority, because the key consideration at the time was the safe operation of the barrage. Following the problems to which the Permanent Secretary alluded in terms of the barrage's operations before Christmas 1999, we were very concerned to ensure, and erring on the side of caution in ensuring, that we were absolutely clear that experienced operators had to remain in charge of the barrage operations to ensure that safety was not compromised in any way. The Cardiff Harbour Authority basically came to the same conclusion.

[135] **Alun Cairns:** But what I am getting at—and this is the crux of it—is that if the Thames Water bid had gone forward, and because it had more time to plan and prepare, as it had become the preferred bidder over the 18-month period, it would have been in a stronger position to inherit the responsibility for the running of the barrage. However, on 1 April, when CBDC was wound up, who covered the cost? It was costed originally, but who paid for the additional six months contract that was given to Crest Nicholson?

Mr Phillips: I cannot recall the precise scope of the proposed Thames Water contract, but my recollection is that this cost is not unique. The additional cost was not unique to the

oedd yn fater a oedd yn unigryw i gyngor Caerdydd yn cymryd yr awenau fel Awdurdod Harbwr, oherwydd yr ystyriaeth allweddol ar y pryd oedd gweithrediad diogel y morglawdd. Yn dilyn y problemau y cyfeiriodd yr Ysgrifennydd Parhaol atynt yn nhermau gweithredu'r morglawdd cyn Nadolig 1999, yr oeddem yn awyddus iawn i sicrhau, a hynny'n rhy ochelgar pe bai raid, ein bod yn gwbl glir fod yn rhaid i weithredwyr profiadol ddal i fod yn gyfrifol am weithredu'r morglawdd er mwyn sicrhau na fyddai unrhyw fath o gyfaddawd ar ddiogelwch. Yn y bôn daeth Awdurdod Harbwr Caerdydd i'r un casgliad.

[135] **Alun Cairns:** Ond yr hyn yr wyf yn anelu ato—a dyma graidd y mater—yw pe bai cynnig Thames Water wedi mynd ymlaen, ac am iddo gael mwy o amser i gynllunio a pharatoi, gan mai ef oedd y dewis cynigydd dros y cyfnod 18 mis, y buasai mewn sefyllfa gryfach i etifeddu'r cyfrifoldeb dros redeg y morglawdd. Fodd bynnag, ar 1 Ebrill, pan gafodd Corfforaeth Datblygu Bae Caerdydd ei dirwyn i ben, pwy a dalodd y gost? Costiwyd y broses yn wreiddiol, ond pwy dalodd am y contract chwe mis ychwanegol a roddwyd i Crest Nicholson?

Mr Phillips: Ni allaf gofio union rychwant contract arfaethedig Thames Water, ond o'r hyn a gofiau nid yw'r gost yma'n unigryw. Nid oedd y gost ychwanegol yn unigryw i'r

arrangements that were put in place with Cardiff Harbour Authority. However, I will have to check that. I cannot remember.

trefniadau a sefydlwyd gydag Awdurdod Harbwr Caerdydd. Fodd bynnag, bydd yn rhaid imi gadarnhau hynny. Ni allaf gofio.

[136] **Janet Davies:** Mr Shortridge, did you want to add something?

[136] **Janet Davies:** Mr Shortridge, a oedd arnoch chi eisiau ychwanegu rhywbeth?

Mr Shortridge: I was just going to say that we will submit a note on that matter. However, I think that, bearing in mind the savings that accrued from the approach that was adopted, coupled with the fact that there was no longer any need to manage the barrage and the bay as a freshwater lake, arguably there was no other place to go. However, we will put it in a note for you.

Mr Shortridge: Dim ond i ddweud y byddwn yn cyflwyno nodyn ar y mater hwnnw. Fodd bynnag, yr wyf yn meddwl, o gofio'r arbedion a wnaed yn sgîl y dull a ddefnyddiwyd, ynghyd â'r ffaith nad oedd unrhyw angen mwyach i reoli'r morglawdd a'r bae fel llyn dŵr croyw, y gellid dadlau nad oedd unman arall i fynd. Fodd bynnag, fe'i rhoddwn mewn nodyn ichi.

[137] **Janet Davies:** I would like to check up on a couple of things regarding the present situation. What is the current position on completing the construction of the barrage? We all know that it is mainly completed, but are there any minor works left? Also, what is the position on securing fresh water impoundment?

[137] **Janet Davies:** Hoffwn gael goleuni ar un neu ddau o bethau ynghylch y sefyllfa bresennol. Beth yw'r sefyllfa gyfredol parthed cwblhau adeiladu'r morglawdd? Gwyddom i gyd fod y prif waith wedi'i gwblhau, ond a oes unrhyw fân weithiau ar ôl? Hefyd, beth yw'r sefyllfa ynghylch sicrhau cronfa ddwr croyw?

Mr Shortridge: My understanding is—and I must emphasise that it is my understanding—that there is effective fresh water impoundment now. Certainly the oxygenation is working satisfactorily, so whereas this time last year during hot weather the bay had to be flushed to ensure that there were no biological problems with

Mr Shortridge: Fy nealltwriaeth i—a rhaid imi bwysleisio mai fy nealltwriaeth i ydyw—yw bod dŵr croyw'n cael ei gronni'n effeithiol yn awr. Yn sicr mae'r ocsigeneiddio'n gweithio'n foddhaol, felly lle bu angen llifolchi'r bae yr adeg hon y llynedd yn ystod tywydd poeth er mwyn sicrhau na cheid problemau biolegol gyda'r dŵr, nid oes

the water, that is no longer the case. I think that the barrage itself is operating substantially effectively, certainly to the satisfaction of all the regulatory bodies, although I think that there is probably still some work that needs to be done to fine tune the sluicing arrangements.

[138] **Janet Davies:** It certainly seems to be operating more satisfactorily than the ventilation in this room. We were told last year when we looked at the construction cost that the final estimated cost and the associated work was likely to be £220 million. What is the latest estimate, and is it within that ceiling?

Mr Shortridge: My understanding is that the latest estimate is still about £220 million. I will not say that it is absolutely within that cap, but it is certainly very close to, or within, £220 million. Given various claims and associated works, and so on, we will not have a definitive figure for some time yet, but I am not aware of any problems on the horizon that would lead us to seriously question that figure at the moment.

[139] **Ann Jones:** Are you satisfied that the council has delivered, in its role as the Harbour Authority, a good service for the Assembly during its first year of operation, and that its reimbursed costs are in line with

angen gwneud hynny mwyach. Yr wyf yn meddwl fod y morglawdd ei hun yn gweithio i bob pwrpas yn effeithiol, yn sicr er boddhad yr holl gyrff rheoleiddiol, er ei bod yn debyg fod rhywfaint o waith i'w wneud o hyd i fanwl gyweirio'r trefniadau gwagio.

[138] **Janet Davies:** Yn sicr mae i'w weld yn gweithio'n fwy boddhaol na'r system awyru yn yr ystafell hon. Dywedwyd wrthym y llynedd pan edrychasom ar gost y gwaith adeiladu fod yr amcangyfrif terfynol o'r gost a'r gwaith cysylltiedig yn debygol o fod yn £220 miliwn. Beth yw'r amcangyfrif diweddaraf, ac a ydyw o fewn y terfyn hwnnw?

Mr Shortridge: Fy nealltwriaeth i yw bod, tua £220 miliwn yw'r amcangyfrif diweddaraf o hyd. Ni ddywedaf ei fod yn hollol o fewn y terfyn hwnnw, ond yn sicr mae'n agos iawn at, neu o fewn, £220 miliwn. Oherwydd amryfal hawliadau a gweithiau cysylltiedig, ac ati, ni fydd gennym ffigur pendant am beth amser eto, ond nid wyf yn ymwybodol o unrhyw broblemau ar y gorwel a fyddai'n peri inni amau'r ffigur hwnnw o ddifrif ar hyn o bryd.

[139] **Ann Jones:** A ydych yn fodlon fod y cyngor wedi rhoi gwasanaeth da i'r Cynulliad yn ei rôl fel Awdurdod yr Harbwr yn ystod ei flwyddyn gyntaf wrthi, a bod y costau a ad-

its estimates?

delir iddo yn unol â'i amcangyfrifon?

Mr Shortridge: In terms of the quality of the service, yes, I am. I think that it is managing the harbour and the barrage in a very professional way, and I am not aware of any problems that exist in our relationship with the council. I think that it has responded to the challenge very well indeed. What was the second half of your question?

Mr Shortridge: Yn nhermau ansawdd y gwasanaeth, ydwyf. Yr wyf yn meddwl ei fod yn rheoli'r harbwr a'r morglawdd mewn ffordd broffesiynol iawn, ac nid wyf yn ymwybodol o unrhyw broblemau yn ein perthynas ni gyda'r cyngor. Yr wyf yn meddwl ei fod wedi ymateb i'r her yn dda iawn. Beth oedd ail ran eich cwestiwn?

[140] **Ann Jones:** Are its reimbursed costs in line with its estimates?

[140] **Ann Jones:** A yw'r costau a ad-delir iddo yn unol â'i amcangyfrifon?

Mr Shortridge: I cannot give an absolutely definitive answer to that until we have completed our proper audit of costs during the year. I will ask Emyr to comment in a minute, but I think that the overall position is that, although there may have been some swings and roundabouts in terms of the individual profiles, we are pretty much within budget.

Mr Shortridge: Ni allaf roi ateb cwbl bendant i hynny hyd nes byddwn wedi cwblhau'n harchwiliad priodol o gostau'r flwyddyn. Gofynnaf i Emyr roi sylw mewn munud, ond yr wyf yn meddwl mai'r sefyllfa gyffredinol yw, er y cafwyd amrywiadau yma ac acw yn nhermau'r proffiliau unigol, ein bod ar y cyfan yn cadw o fewn y gyllideb.

Mr Roberts: The overall budget was originally £19 million. We estimate at the moment that the provisional outturn for last year was £18.2 million. Within that there are slight variations for each of the successor bodies, but they are all fairly close to the original budget.

Mr Roberts: Yr oedd y gyllideb gyfan yn £19 miliwn yn wreiddiol. Amcangyfrifwn ar hyn o bryd mai £18.2 miliwn oedd y ffigurau terfynol amodol am y llynedd. O fewn hynny ceir mân amrywiadau ar gyfer pob un o'r cyrff olynol, ond maent i gyd yn weddol agos at y gyllideb wreiddiol.

[141] **Ann Jones:** Going on from that, the

[141] **Ann Jones:** I fynd ymlaen o hynny,

Harbour Authority is likely to be paid in excess of £33 million for its running costs over the first three years, and we have just learned that they were £18.2 million for the first year. You obviously have some monitoring arrangements in place to ensure that we are getting value for money. What is the full extent of the monitoring arrangements in place to ensure that we actually achieve value for money from this £33 million?

Mr Shortridge: I do not think that I can do much more than to reiterate some of the things that were said earlier. I think that the detailed monitoring arrangements that we have in place are largely to ensure that expenditure is being incurred properly in accordance with budgets, and in accordance with the reasons for those budgets. At one level that gives you some value for money assurance. I, personally, will not take full value for money assurance until we have had a thorough and more comprehensive evaluation of the regeneration of the bay generally, as I indicated earlier.

[142] **Janet Davies:** I think that we are all very pleased that the Auditor General's report has confirmed that the agreement with the council has capped the amount that can be spent on managing the barrage and the bay to just over £19 million over three years, securing the £3 million saving that has already been mentioned. We have had some

mae'n debyg y telir dros £33 miliwn i Awdurdod yr Harbwr am ei gostau rhedeg dros y tair blynedd cyntaf, ac yr ydym newydd ddysgu mai £18.2 miliwn oedd costau'r flwyddyn gyntaf. Yn amlwg mae gennych drefniadau monitro yn eu lle er mwyn sicrhau ein bod yn cael gwerth am arian. Beth yw hyd a lled y trefniadau monitro sydd yn eu lle i sicrhau ein bod mewn gwirionedd yn cael gwerth ein harian am y £33 miliwn hyn?

Mr Shortridge: Nid wyf yn meddwl y gallaf wneud llawer mwy nag ailadrodd rhai o'r pethau a ddywedwyd yn gynharach. Credaf fod y trefniadau monitro manwl sydd gennym wedi'u sefydlu'n bennaf i sicrhau fod gwariant yn digwydd yn briodol yn unol â chyllidebau, ac yn unol â'r rhesymau dros y cyllidebau hynny. Ar un lefel mae hynny'n rhoi rhywfaint o sicrwydd ichi ynghylch gwerth am arian. Ni fyddaf, yn bersonol, yn cymryd sicrwydd llawn ynghylch gwerth am arian hyd nes byddwn wedi cael gwerthusiad trwyadl a mwy cynhwysfawr o adfywiad y bae yn ei gyfanrwydd, fel y dywedais yn gynharach.

[142] **Janet Davies:** Yr wyf yn meddwl ein bod ni i gyd yn falch iawn fod adroddiad yr Archwilydd Cyffredinol wedi cadarnhau fod y cytundeb gyda'r cyngor wedi pennu mai'r swm uchaf y gellir ei wario ar reoli'r morglawdd a'r bae yw ychydig dros £19 miliwn dros dair blynedd, gan sicrhau'r arbediad o £3 miliwn a grybwyllwyd eisoes.

discussion about what would happen to some of the capital costs, for example, what would happen if the Ferry Road land was sold at a profit. However, what is there to stop the council from cross-subsidising this £19 million with the other £14 million that it is to receive to carry out its role as the Harbour Authority?

Yr ydym wedi cael rhywfaint o drafodaeth ynghylch beth fyddai'n digwydd i rai o'r costau cyfalaf, er enghraifft, beth fyddai'n digwydd pe gwerthid tir Ferry Road am elw. Fodd bynnag, beth sydd i rwystro'r cyngor rhag traws-sybsideiddio'r £19 miliwn yma gyda'r £14 miliwn arall y bydd yn ei gael am gyflawni'i rôl fel Awdurdod yr Harbwr?

Mr Shortridge: I will have to refer to Steve, but basically, throughout this process, we sought to ensure that, wherever possible, the money that we were giving to Cardiff was ringfenced for the purposes for which they were getting it.

Mr Shortridge: Bydd yn rhaid imi droi at Steve, ond yn y bôn, drwy gydol y broses hon, yr ydym wedi ceisio sicrhau, lle bynnag y bo modd, fod yr arian a roddem i Gaerdydd wedi'i bridiannu ar gyfer y dibenion y'i bwriadwyd ar eu cyfer.

Mr Phillips: Yes, that is basically the case. The terms of the individual section 165 agreements are quite explicit about the purposes to which the funding will be applied. There are a series of annexes and accompanying documents that make that clear.

Mr Phillips: Ie, dyna sydd yn wir yn y bôn. Mae telerau'r cytundebau adran 165 unigol yn eithaf diamwys ynghylch y dibenion y defnyddir y cyllid ar eu cyfer. Ceir cyfres o atodiadau a dogfennau ategol sydd yn egluro hynny.

[143] **Janet Davies:** Right. It is a question of you being able to monitor this though, is it not?

[143] **Janet Davies:** Iawn. Ond mae'n dibynnu ar eich gallu chi i fonitro hyn, onid ydyw?

Mr Phillips: Yes indeed, and the monitoring arrangements that Emyr described a moment ago are very much based on the contents of the section 165 agreements and the funding agreements that are being drawn up by the

Mr Phillips: Ydyw yn wir, ac mae'r trefniadau monitro a ddisgrifiodd Emyr funud yn ôl yn seiliedig i raddau helaeth iawn ar gynnwys y cytundebau adran 165 a'r trefniadau ariannu sydd yn cael eu gwneud

council.

gan y cyngor.

[144] **Janet Davies:** It must be a great temptation for any local council, particularly when you think of the amount of money and the problems that councils have funding education or social services, for example. When we met last year to consider the Auditor General's report on the barrage, there was concern about whether the Auditor General and the National Audit Office would have access to the Harbour Authority's papers. How have those rights been secured?

[144] **Janet Davies:** Mae'n rhaid ei bod yn demtasiwn mawr i unrhyw gyngor lleol, yn enwedig pan feddyliwch am y swm o arian a'r problemau a gaiff cynghorau wrth geisio ariannu addysg neu wasanaethau cymdeithasol, er enghraifft. Pan gyfarfuom y llynedd i ystyried adroddiad yr Archwilydd Cyffredinol ar y morglawdd, yr oedd pryder a fyddai'r Archwilydd Cyffredinol a'r Swyddfa Archwilio Genedlaethol yn cael mynediad at bapurau Awdurdod yr Harbwr. Sut y sicrhawyd yr hawliau hynny?

Mr Shortridge: I am clear that the NAO does have rights of access to those papers. The circumstances are slightly unusual, in that the NAO does not usually or conventionally audit local authorities' books. So the way in which I expect those rights of access to be secured would be in co-operation with District Audit. However, it is quite clear that the NAO must have what it regards as adequate access to these books.

Mr Shortridge: Yr wyf yn glir fod gan y Swyddfa Archwilio Genedlaethol hawliau mynediad at y papurau hyn. Mae'r amgylchiadau ychydig yn anarferol, gan na fydd y Swyddfa Archwilio Genedlaethol fel arfer nac o ran confensiwn yn archwilio llyfrau awdurdodau lleol. Y ffordd y disgwyliwn i, felly, i'r hawliau mynediad hynny gael eu sicrhau fyddai drwy gydweithrediad â'r Archwiliwr Dosbarth. Fodd bynnag, mae'n gwbl glir fod yn rhaid i'r Swyddfa Archwilio Genedlaethol gael mynediad digonol yn ei golwg hi at y llyfrau hyn.

[145] **Janet Davies:** From the verbs that you use Mr Shortridge, it sounds as though the NAO has not yet had access. How do matters currently stand?

[145] **Janet Davies:** Yn ôl y berfau a ddefnyddiwyd, Mr Shortridge, mae'n swnio fel pe na bai'r Swyddfa Archwilio Genedlaethol wedi cael mynediad eto. Beth

yw'r sefyllfa ar hyn o bryd?

Mr Shortridge: My understanding is that the NAO needs to have access very shortly and I will be using my good offices to ensure that it gets it in an appropriate way.

Mr Shortridge: Fy nealltwriaeth i yw fod angen i'r Swyddfa Archwilio Genedlaethol gael mynediad yn fuan iawn a byddaf yn defnyddio fy nylanwad i sicrhau y digwydd hynny mewn ffordd briodol.

[146] **Janet Davies:** I am sure that you would appreciate that this Committee would not be happy if there were any problems in that regard.

[146] **Janet Davies:** Yr wyf yn siwr y gwerthfawrogwch na fyddai'r Pwyllgor hwn yn hapus pe ceid unrhyw broblemau yn hynny o beth.

Mr Shortridge: May I just say that I well understand that, Chair, and I gave a pretty authoritative answer to that question when it came up a year ago in relation to the earlier report. I will be appropriately ensuring that access is granted in a way that is satisfactory to all parties.

Mr Shortridge: A gaf i ddweud yn syml fy mod yn deall hynny'n iawn, Gadeirydd, a rhoddais ateb eithaf awdurdodol i'r cwestiwn hwnnw pan gododd flwyddyn yn ôl mewn perthynas â'r adroddiad cynharach. Byddaf yn sicrhau'n briodol y caniateir mynediad mewn ffordd sydd yn foddhaol gan bawb.

[147] **Janet Davies:** I am sure that Cardiff council will recognise that it has duties and responsibilities in that regard. We will turn to the payment of set-up costs to the Harbour Authority for Cardiff Bay and to the Vale of Glamorgan County Borough Council. The final section deals with the issue of the payment of set-up costs to the two local authorities involved. On what basis were the on-account payments of £500,000 and £40,000 paid to Cardiff City and County Council and the Vale of Glamorgan County

[147] **Janet Davies:** Yr wyf yn siwr y bydd cyngor Caerdydd yn sylweddoli fod ganddo ddyletswyddau a chyfrifoldebau yn hynny o beth. Trown at fusnes talu costau sefydlu i Awdurdod Harbwr Bae Caerdydd ac i Gyngor Bwrdeistref Sirol Bro Morgannwg. Mae'r adran olaf yn delio â chwestiwn talu costau sefydlu i'r ddau awdurdod lleol dan sylw. Ar ba sail y talwyd y taliadau ar-gyfrif o £500,000 i Gyngor Sir a Dinas Caerdydd a £40,000 i Gyngor Bwrdeistref Sirol Bro Morgannwg?

Borough Council respectively?

Mr Shortridge: They were paid in accordance with the agreed understanding that there should be an orderly wind-up of CBDC's affairs. Cardiff council took the view that if it was to participate fully and properly as a successor authority and to fulfil its part in that process, it would incur costs that it felt needed to be met.

Mr Shortridge: Fe'u talwyd yn unol â'r ddealltwriaeth y cytunwyd arni y dylid dirwyn busnes Corfforaeth Datblygu Bae Caerdydd i ben yn drefnus. Yr oedd cyngor Caerdydd o'r farn os ydoedd am gyfranogi'n llawn ac yn briodol fel awdurdod olynol a chyflawni ei ran yn y broses honno, y byddai'n wynebu costau y teimlai y byddai angen eu talu.

[148] **Janet Davies:** Thank you.

[148] **Janet Davies:** Diolch.

[149] **Jocelyn Davies:** I would like to go a bit further with that, Janet. On page 33, paragraph 95 states that Cardiff council is accountable to the Assembly for the expenditure incurred in relation to that money. Have you satisfied yourself that the corresponding expenditure has been properly, reasonably and necessarily incurred by the council in relation to that £500,000, given that the internal auditors' findings were inconclusive, as I think is mentioned in that paragraph?

[149] **Jocelyn Davies:** Hoffwn fynd ychydig ymhellach ar hynny, Janet. Ar dudalen 33, nodir paragraff 95 fod cyngor Caerdydd yn atebol i'r Cynulliad am y gwariant a wneir mewn perthynas â'r arian hwnnw. A ydych wedi'ch bodloni'ch hun fod y gwariant cyfatebol wedi'i wneud yn briodol, yn rhesymol ac yn angenrheidiol gan y cyngor mewn perthynas â'r £500,000 hynny, o gofio bod canfyddiadau'r archwilwyr mewnol yn amhendant, fel a grybwyllir, yr wyf yn meddwl, yn y paragraff hwnnw?

Mr Shortridge: We have not yet reached a concluded view on that. It is something that will have to be resolved as part of the audit process for last year's accounts for the county council. We will want to satisfy ourselves, in terms of the figures that come out of that audit process, that the £500,000 has all been

Mr Shortridge: Nid ydym eto wedi dod i farn derfynol ar hynny. Mae'n rhywbeth y bydd yn rhaid ei ateb fel rhan o'r broses archwilio ar gyfer cyfrifon y cyngor sir am y flwyddyn ddiwethaf. Bydd arnom eisiau bodloni'n hunain, yn nhermau'r ffigurau a ddaw allan o'r broses archwilio honno, fod y

properly incurred for these purposes. To the extent that it has not, we will be looking for clawback.

£500,000 i gyd wedi'i wario'n briodol i'r dibenion hyn. I'r graddau nad ydyw, byddwn yn edrych am adfachu.

[150] **Jocelyn Davies:** What are the arrangements for that audit? Is it an independent audit?

[150] **Jocelyn Davies:** Beth yw'r trefniadau ar gyfer yr archwiliad hwnnw? Ai archwiliad annibynnol ydyw?

Mr Shortridge: The county council's expenditure for the year is audited by District Audit. That is what will produce, as far as I am concerned, the definitive figures. As part of the regular monthly monitoring that we have with Cardiff council's Harbour Authority, we will seek to obtain the definitive audited figures from the council.

Mr Shortridge: Caiff gwariant y cyngor sir am y flwyddyn ei archwilio gan yr Archwiliwr Dosbarth. Dyna beth fydd yn cynhyrchu'r ffigurau diffiniol, cyn belled ag y gwelaf fi. Fel rhan o'r monitro misol rheolaidd a gawn gydag Awdurdod Harbwr cyngor Caerdydd, byddwn yn ceisio cael y ffigurau archwiliedig diffiniol oddi wrth y cyngor.

[151] **Jocelyn Davies:** Was it the intention for this set-up cost payment to be in addition to the other funding that was agreed for the Harbour Authority, or to form part of it?

[151] **Jocelyn Davies:** Ai'r bwriad oedd i'r taliad cost sefydlu hwn fod yn ychwanegol at y cyllid arall y cytunwyd arno i Awdurdod yr Harbwr, ynteu iddo ffurfio rhan ohono?

Mr Shortridge: I think that that was a one-off payment for the financial year—for the period overlapping the financial year. So I think that it was additional.

Mr Shortridge: Yr wyf yn meddwl mai taliad unwaith-ac-am-byth oedd hwnnw am y flwyddyn ariannol—am y cyfnod yn gorgyffwrdd â'r flwyddyn ariannol. Felly yr wyf yn meddwl mai taliad ychwanegol ydoedd.

Mr Phillips: Yes.

Mr Phillips: Ie.

[152] **Jocelyn Davies:** Thank you for clarifying that. Looking at the £40,000 payment to the Vale of Glamorgan council, how was that amount arrived at?

Mr Shortridge: I will defer to Steve, but I think that was by agreement with the Vale of Glamorgan council and at its request.

Mr Phillips: Yes. Before I go on to that, could I just enter one caveat on the use of the word 'additional' in terms of the Cardiff council money. It was additional in the sense that you described, but it was provided for within CBDC's budget at the time in the sense that the development corporation's corporate plan had, as one of its key objectives, the facilitation of an orderly wind-up and it had the delegated authority from the Welsh Office/Assembly to pay money to facilitate that process. So it was effectively paid out of CBDC's budget, as opposed to being additional money on top of that or on top of the succession package. As far as the Vale of Glamorgan was concerned, although it was a relatively small sum of money, initially we took the view that it was not justified because Cardiff council was engaged in the process of setting up a complex body in the form of the Harbour Authority; it was not seeking funding directly for its other inherited responsibilities from the section 165 succession arrangements. However, following a dialogue with the Vale of Glamorgan council and

[152] **Jocelyn Davies:** Diolch am egluro hynny. Wrth edrych ar y taliad o £40,000 i gyngor Bro Morgannwg, sut y penderfynwyd ar y swm hwnnw?

Mr Shortridge: Steve wyr orau, ond yr wyf yn meddwl y gwnaed hynny trwy gytundeb â chyngor Bro Morgannwg ac ar ei gais.

Mr Phillips: Do. Cyn imi fynd ymlaen at hynny, a gaf fi osod un cafeat ar y defnydd o'r gair 'ychwanegol' yn nhermau arian cyngor Caerdydd. Yr oedd yn ychwanegol yn yr ystyr a ddisgrifiwyd gennych chi, ond yr oedd darpariaeth ar ei gyfer o fewn cyllideb Corfforaeth Datblygu Bae Caerdydd ar y pryd, yn yr ystyr fod cynllun corfforaethol y gorfforaeth ddatblygu yn cynnwys, fel un o'i amcanion allweddol, hwyluso dirwyn i ben trefnus ac yr oedd ganddi'r awdurdod dirprwyedig gan y Swyddfa Gymreig/Cynulliad i dalu arian i hwyluso'r broses honno. Felly yr oedd mewn gwirionedd yn cael ei dalu allan o gyllideb y gorfforaeth ddatblygu, yn hytrach na bod yn arian ychwanegol ar ben hynny neu ar ben y pecyn olynu. Yn achos Bro Morgannwg, er mai swm cymharol fach o arian ydoedd, i ddechrau penderfynasom nad oedd cyfiawnhad drosto gan fod cyngor Caerdydd wrthi gyda'r broses o sefydlu corff cymhleth ar ffurf Awdurdod yr Harbwr; nid oedd yn ceisio cyllid yn uniongyrchol ar gyfer y cyfrifoldebau eraill a etifeddasai o'r trefniadau olynu adran 165. Fodd bynnag, yn

consultation with Ministers, having initially regarded the payment as potentially novel and contentious, it was paid. Effectively, as the Permanent Secretary said, the Vale of Glamorgan made a case and we accepted it after due analysis and scrutiny.

dilyn deialog gyda chyngor Bro Morgannwg ac ymgynghori â Gweinidogion, wedi meddwl am y taliad ar y dechrau fel un a allai fod yn newydd a dadleuol, fe'i talwyd. Mewn gwirionedd, fel y dywedodd yr Ysgrifennydd Parhaol, gwnaeth Bro Morgannwg achos ac fe'i derbyniwyd gennym ni ar ôl ei ddadansoddi a'i astudio'n fanwl.

[153] **Jocelyn Davies:** Would you say then that there has been an independent audit into whether that was properly paid and whether that cost was actually incurred by the Vale of Glamorgan?

[153] **Jocelyn Davies:** A fyddech chi'n dweud felly y cafwyd archwiliad annibynnol ynghylch a dalwyd y swm hwnnw'n briodol ac a wynebwyd y gost mewn gwirionedd gan Fro Morgannwg?

Mr Phillips: We did an analysis at the time as to whether the expenditure was proper, legitimate and so forth, but it will be picked up in much the same way as the Cardiff expenditure will in the process of the district audit's work. That is a review of the Vale of Glamorgan's accounts.

Mr Phillips: Gwnaethom ddadansoddiad ar y pryd, ynghylch a oedd y gwariant yn briodol, yn gyfreithlon ac ati, ond fe godir y mater yn yr un modd fwy neu lai ag y codir gwariant Caerdydd ym mhroses gwaith yr archwiliad dosbarth. Adolygiad o gyfrifon Bro Morgannwg yw hynny.

[154] **Jocelyn Davies:** Thank you. I do not have any further questions.

[154] **Jocelyn Davies:** Diolch. Nid oes gennyf ragor o gwestiynau.

[155] **Alun Cairns:** In the range of discussions that we had on the transfer of payments, assets—and liabilities, in fairness—from CBDC to various successor bodies, it seems to me that out of all of them Cardiff council ended up with a pretty good deal. Do you agree with that?

[155] **Alun Cairns:** Yn ystod y trafodaethau a gawsom ar drosglwyddo taliadau, asedau—a rhwymedigaethau, i fod yn deg—oddi wrth Gorfforaeth Datblygu Bae Caerdydd i amryfal gyrff olynol, mae'n ymddangos i mi, ohonynt i gyd, y cafodd cyngor Caerdydd fargen reit dda ar ddiwedd y dydd. A ydych

yn cytuno â hynny?

Mr Shortridge: I think that the outcome was a satisfactory outcome for all those concerned. I pick my words carefully, because, at the end of the day, this was a negotiation and it was a pretty hard negotiation. We, as officials—and Ministers, I know—sought to ensure that the Assembly had the best outcome from this process that it could, bearing in mind in particular the point that Mr Phillips made earlier that, in the case of the local authority, we did not have the same leverage as we would have had in the case of the WDA where, in the end, we could just say ‘you can take it or leave it’. In the case of the local authority, once the decisions had been made—and for the reasons that we went into, understandably made—to make the local authority the primary successor body, then we had to ensure that there was an outcome that delivered that.

[156] **Janet Davies:** Okay.

Mr Shortridge: Chair, before you conclude, may I go back to one point that Mr Cairns made, which is nagging away at me? That is this question of conflict of interest, because I would not want there to be any misunderstanding within the Committee. My basic position on matters of conflict of interest is that it is not for me to express a view publicly on whether an elected Member or Minister has acted rightly or wrongly. I

Mr Shortridge: Yr wyf yn meddwl fod y canlyniad yn un boddhaol i bawb. Dewisaf fy ngeiriau’n ofalus, oherwydd, ar ddiwedd y dydd, negodiad oedd hwn a chafwyd negodi eithaf caled. Ein nod ni, fel swyddogion—a Gweinidogion, mi wn—oedd sicrhau y câi’r Cynulliad y canlyniad gorau a allai o’r broses hon, gan gofio’n arbennig y pwynt a wnaeth Mr Phillips yn gynharach sef, yn achos yr awdurdod lleol, nad oedd gennym yr un dylanwad ag a fuasai gennym yn achos y WDA lle y gallem ddweud yn y diwedd ‘gallwch ei dderbyn neu beidio’. Yn achos yr awdurdod lleol, unwaith yr oedd y penderfyniadau wedi’u gwneud—a hynny, am y rhesymau a drafodasom, yn ddealladwy—i benodi’r awdurdod lleol yn brif gorff olynol, yna yr oedd yn rhaid inni sicrhau canlyniad a fyddai’n cyflawni hynny.

[156] **Janet Davies:** Iawn.

Mr Shortridge: Gadeirydd, cyn ichi gau, a gaf fi fynd yn ôl at un pwynt a wnaeth Mr Cairns, sydd yn fy mhoeni? Hynny yw, y cwestiwn hwn ynghylch gwrthdaro buddiannau, oherwydd ni fyddwn eisiau unrhyw gamddealltwriaeth o fewn y Pwyllgor. Fy safbwynt sylfaenol ar faterion gwrthdaro buddiannau yw nad mater i mi yw mynegi barn yn gyhoeddus ar p’run ai y mae Aelod etholedig neu Weiniog wedi

would not want this Committee or anyone else to take any particular view from the fact that I have evaded that question. I just wanted to have that underlined and understood.

gweithredu'n gyfiawn neu'n anghyfiawn. Ni hoffwn i'r Pwyllgor hwn na neb arall ffurfio unrhyw farn arbennig o'r ffaith fy mod wedi osgoi'r cwestiwn hwnnw. Dim ond eisiau tanlinellu hynny yr oeddwn a sicrhau ei fod yn ddealliedig.

[157] **Janet Davies:** I am sure that the Committee accepts that, Mr Shortridge. I think that we were perhaps at the very bounds of the Committee's brief at that point, but we certainly accept what you say.

[157] **Janet Davies:** Yr wyf yn siwr fod y Pwyllgor yn derbyn hynny, Mr Shortridge. Yr wyf yn meddwl efallai ein bod ar derfyn eithaf briff y Pwyllgor ar y pwynt hwnnw, ond yn sicr derbyniwn yr hyn a ddywedwch.

That concludes the evidence-taking session on 'Securing the Future of Cardiff Bay'. As you know, a draft transcript will be sent to you so that you can check for factual accuracy before it is published as part of the minutes. When the Committee publishes its report, it will be included as an annex. I thank you all very much, as it has been a hot afternoon in here.

Dyna ddiwedd y sesiwn dderbyn tystiolaeth ar 'Sicrhau Dyfodol Bae Caerdydd'. Fel y gwyrddoch, anfonir trawsgrïpt drafft atoch fel y gallwch ei wirio am gywirdeb ffeithiol cyn ei gyhoeddi fel rhan o'r cofnodion. Pan gyhoedda'r Pwyllgor ei adroddiad, fe'i cynhwysir fel atodiad. Diolch yn fawr ichi i gyd, gan y bu'n brynhawn poeth yn y fan yma.

Daeth y sesiwn cymryd tystiolaeth i ben am 4.31 p.m.

The evidence-taking session ended at 4.31 p.m.

Letter dated 5th October 2001 from the Permanent Secretary, Jon Shortdridge, providing information requested by the Audit Committee on 5th July 2001

This annex is available upon request

Letter dated 5th October 2001 from the Permanent Secretary, Jon Shortdridge, providing information requested by the Audit Committee on 5th July 2001

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THE AUDIT COMMITTEE

The National Assembly's Audit Committee ensures that proper and thorough scrutiny is given to the Assembly's expenditure. In broad terms, its role is to examine the reports on the accounts of the Assembly and other public bodies prepared by the Auditor General for Wales; and to consider reports by the Auditor General for Wales on examinations into the economy, efficiency and effectiveness with which the Assembly has used its resources in discharging its functions. The responsibilities of the Audit Committee are set out in detail in Standing Order 12.

The membership of the Committee as appointed on 21st March 2002:

Dafydd Wigley (Plaid Cymru) - Chair

Alun Cairns (Conservative)

Janet Davies (Plaid Cymru)

Jocelyn Davies (Plaid Cymru)

Alison Halford (Labour)

Ann Jones (Labour)

Val Lloyd (Labour)

Janice Gregory (Labour)

Dafydd Wigley (Plaid Cymru)

Eleanor Burnham (Liberal Democrat)

Further information about the Committee can be obtained from:

Howell Rees

Clerk to the Audit Committee

National Assembly for Wales

Cardiff Bay

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