

# Assembly update

January 2012



## First Minister's Questions, 10<sup>th</sup> January 2012

### Regional Co-operatives Capital Fund

**Leanne Wood (AM for South Wales Central):** First Minister, in a [paper submitted to the former Enterprise and Learning Committee](#) in July 2010, [Co-operatives and Mutuals Wales](#) cited the example of the regional co-operatives capital fund that is available in Quebec. It began in 2001 and by 2010 C\$905 million had been raised from individuals in the private sector, and this money was supporting—through loans—225 co-operative enterprises. Would your Government be prepared to support and promote an initiative such as the one in Quebec, perhaps linked to the credit union network, in order to provide personal loans and business loans in order to stimulate the Welsh economy?

**The First Minister, Carwyn Jones:** Yes, we are willing to look at that model. Of course, I should add that direct financial support from the Welsh Government and the European regional development fund to improve the long-term sustainability and financial viability of credit unions has amounted to just over £4 million over the past three years. There has been substantial investment from the Government. In addition, from 2010, funding was made available to each credit union to support local marketing and publicity.

### Promoting Credit Unions

**Lynne Neagle, AM for Torfaen (pictured below):** Will the First Minister make a statement on efforts to promote Credit Unions in Wales



**The First Minister, Carwyn Jones :** Yes. Marketing and publicity to help promote Welsh credit unions is being organised with our partners in the social investment business. There is a [television advertising campaign](#) scheduled to begin next month.

**Lynne Neagle (AM for Torfaen):** As you know, at this time of year, many people will fall victim to loan sharks, legal and otherwise, who prey on those struggling to make ends meet. I am very proud of the efforts of my party in fostering the growth of the credit union movement over the past decade. I welcome recent [regulatory changes that will make it easier for credit unions to compete with banks and other lenders](#). I welcome what you have said about the television advertising campaign; I was going to ask whether you would consider that. Could you give assurances that the campaign will be a very high-profile campaign that will, hopefully, ensure that fewer families fall into the kind of debt that we would like to see them avoid next Christmas?

**The First Minister:** Yes. The campaign needs to have a significant impact. I know that the UK Government is working with the credit industry to improve consumer protection in the high-cost credit market, as it is described. As we know, concerns have been raised many times about the impact on vulnerable customers of this market. That has to be done at the UK level, given that so many of these companies operate across the whole of the UK.

**Mark Isherwood (AM for North Wales):** The chief executive of the Association of British Credit Unions has described changes to the Credit Unions Act 1979, which came into force a few days ago, on 8 January 2012, as a major breakthrough in the delivery of credit union services to communities around Britain. What action is the Welsh Government proposing to take to maximise the freedoms delivered by this amended legislation to extend their reach and work with organisations such as housing providers, employers and charities to bring financial services to new groups of people?

**The First Minister:** I should expand on the earlier point and say that the **advertising campaign is being taken forward to help Welsh credit unions to promote their services more widely**. As a result of the changes that have been made, the next stage is to ensure that as many members of the public as possible know about the services that are offered by credit unions, so that they can take advantage of them.

## Questions to the Minister for Education & Skills, Leighton Andrews, 11<sup>th</sup> January 2012

### Establishing social enterprises in schools

**Paul Davies AM for Preseli Pembrokeshire (pictured below)**: Minister, as you are aware, I have been pressing for social enterprise skills to be taught as part of the curriculum in Wales. While I acknowledge the Welsh Government's [youth entrepreneurial strategy](#), I believe that more can be done to encourage schools to engage with social enterprising. The Minister has been positive in the past as regards possibly introducing social enterprises in schools. Therefore, will he commit to looking at a system where schools, especially secondary schools, would establish social enterprises to be managed and run by pupils as part of the curriculum?



### **Minister for Education & Skills, Leighton Andrews:**

I very much welcome that as an idea. The Member is right to refer to the youth entrepreneurship strategy, which was developed between my department and the department of the Minister for Business, Enterprise, Technology and Science. We will **certainly consider approaches to social enterprise within that context**; it is something that the Minister for business also feels strongly about. As a Government, we have given considerable support to a range of programmes that support the development of social enterprise, not least the programme supported through European funds with the [Wales Co-operative Centre](#). I have seen some good work being done at a local level by some of the education business partnerships in this area. Some of that work is taking place, but, of course, I am sure that we can always do more and we welcome further ideas that any Member may have.

## Questions to the Minister for Communities & Local Government, Carl Sargeant, 11<sup>th</sup> January 2012

**David Melding (AM for South Wales Central)**: Minister, do you welcome the recent reforms to shake up the financial sector and allow credit unions to compete with banks, in particular through paying interest on deposits, new types of members being admitted, including businesses so that they can receive loans, and also generally being an alternative to payday

loans and rent-to-own loans? This is good news for everyone, but particularly for those who have traditionally been excluded from financial services.

**Minister for Communities & Local Government, Carl Sargeant (pictured):** I do welcome the regulations that were introduced on 8 January. In Wales, we have to promote accessibility and provide more access to people from all walks of life so that they can use credit unions as a safe opportunity to borrow and to save. We will shortly be introducing a limited television campaign to introduce the virtues of credit unions and providing support for credit unions across Wales.



**Mick Antoniw (AM for Pontypridd):** Following on from that, have you given any consideration—or would you be prepared to give consideration—to ways in which the Welsh Government can use its funds in the light of the changes, and perhaps encourage local authorities to do the same, by investing some of our funds in this alternative banking system in order to give the moral and political support that will enable it to develop over coming years?

**Carl Sargeant:** One of the largest credit union schemes is run by Cardiff Council. We should explore opportunities for the Government and local authorities to invest directly in credit unions to make them stronger and provide growth for people in Wales.

## **Debate on Skills, 11<sup>th</sup> January 2012**

### **Engaging with the Third Sector**

**Mark Isherwood (AM North West Wales):** The third sector has experience in building confidence and developing the work and life skills of people who need support. It has a positive track record of successfully delivering employment projects in Wales. The Welsh Government should, therefore, also ensure that its Welsh jobs fund uses the expertise of the third sector in engaging with the hardest to engage, providing them with the motivation and skills needed if we are finally to rebalance the Welsh economy.

**Simon Thomas AM for Mid & West Wales (pictured below):** I would like to see more purpose in the activities of the current Government, working in partnership with, for example, the third sector, as Mark Isherwood mentioned, and private businesses. One of

the specific things that I would like to have seen the Government resurrect is the social partnership role and model that existed under the previous Government.

## **Statement by the Minister for Housing, Regeneration & Heritage, Huw Lewis on Meeting the Housing Challenge, 17<sup>th</sup> January**

### Co-operative Housing sector

**Minister for Housing, Regeneration & Heritage, Huw Lewis:** Towards the end of next year, I will introduce a housing Bill. Legislation is by no means always the answer, but the Bill is a significant opportunity to address identified problems. The [paper that I published before Christmas](#) sets out my thoughts on some of the challenges and priorities.....Around £1.6 billion has been invested to date. Despite these challenging economic times, I am committed to continuing the investment. Despite significant cuts to capital budgets, this budget has been protected for the next two years. Supply lags well behind demand, and that is creating huge problems.....We must find ways of increasing house building. Releasing land is a key part of that and I am in the process of establishing a specialised team that will be pushing this forward alongside wider discussions with the Home Builders Federation, local authorities and housing associations, and my ministerial colleagues.....We must also open our minds to new forms of ownership and finance, particularly [co-operative housing](#), which works so well in Scandinavia.

**Leanne Wood AM for South Wales Central (pictured):** I am sure that you would find a lot of support in this Chamber for going down a more co-operative road. However, what concrete steps can you take to encourage and promote the setting up of co-operative housing?



**Huw Lewis:** In terms of the development of co-operative housing, I am working with officials and advisers from outside the Welsh Government at the moment to draw up plans for financial models that would sustain our first co-operative housing pioneer projects, as we will be calling them. We are also working to locate the first parcels of land that would be suitable for such development.

### Housing Stock Transfers

**Mark Isherwood (AM for North Wales):** You may have heard me referring earlier to the report to which you referred from the auditor general, which came out last Friday, which

points to weaknesses in leadership historically on the [Welsh housing quality standard](#). It refers to the main shortfall being in areas where tenants voted against proposals to transfer local authority housing stock to a new housing association or where tenants have yet to be balloted on such proposals.

What role do you feel, therefore, that the Welsh Government can play in better helping understanding in those areas—I live in north-east Wales, where Wrexham voted against, and Flintshire is going to ballot shortly. I must declare that my wife is on the transfer board. I put that on record. I emphasise the fact that transfer can generate, according to the Chartered Institute of Housing, five times more money to put into tenants' homes, as well as creating wider regeneration, jobs, environmental gain and economic benefit. Also, I **emphasise that the associations are not-for-profit social enterprises, so any profit goes back into development. These are not, as some scaremonger, private organisations that are seeking to rip off the tenants.**

**Huw Lewis:** In terms of those areas of Wales that have voted 'no' in previous ballots, or have not balloted on housing stock transfer, there is no disguising that they are in a very difficult situation. That is why I very much hope for constructive and co-operative approaches from the UK Government when it comes to our upcoming negotiations on the housing revenue account subsidy formula, from which I would very much like to see Wales released. The attitude of Westminster, and its ability to apply itself speedily and constructively to that debate, will be critical.

### Community Finance Initiative



**Peter Black AM for South Wales West (pictured above):** We have raised with you on a number of occasions the need for a bond scheme to raise private money for housing in the form of a [community finance initiative](#). That could be done in a mutual way, as you have already indicated. I understand that registered social landlords have put together a package worth around £75 million, but of course no bond issue worth its name could really be entered into for less than £100 million, because you do not get the economies of scale. What is the Welsh Government doing to bring that bond issue up to £100 million or more, which would make it worthwhile and inject a substantial sum of money into housing, as well as making additional money—the extra £25 million or more—available for public services? You will be aware that registered social landlords have borrowing powers that can be used for the wider community benefit, and that those borrowing powers can be used to get a greater bang for your buck, if you like, in terms of investment in housing and community

facilities. What work has been undertaken by the Welsh Government to explore that particular avenue?

### Community Benefits clauses in procurement processes

**Vaughan Gething (AM for Cardiff South & Penarth):** Could you say any more or give us a further idea of how you expect that procurement exercise, especially the public land that is released for social and affordable housing, to contribute **community benefit outcomes**, particularly with regard to the local supply chain?

**Huw Lewis:** In terms of community benefits, this remains at the centre—and I pay tribute to my predecessor in this regard. I would like to think that the community benefits side of house building has been proved through the [i2i programme](#) in particular to be extraordinarily robust, and students of public procurement in general would do well to use the Welsh housing model of procurement as a model for the future.

## **Questions to the Minister for Business & Enterprise, Edwina Hart, 18<sup>th</sup> January**

### Social enterprise as a driver of economic growth

**Ken Skates (AM for Clwyd South):** A [recent report by the Wales Co-operative Centre and the Bevan Foundation](#) highlights that co-operatives employ more than 7,000 people across the country and generate £1 billion-worth of business for the Welsh economy every year. The report also highlights some tried and tested ways of developing a more sustainable economy, and, in total, co-operatives generated a pre-tax profit of £19 million in 2010. Will you outline how co-operatives and businesses run with social purpose in areas such as retail and financial services can benefit the economy and how they are now being used by the Welsh Government to drive economic growth?

**Minister for Business & Enterprise, Edwina Hart:** I attended the launch of the report, and I am old enough to remember the establishment of the Wales Co-operative Centre and all of its original directors. We regard the co-operatives and that sector as extremely important. The retail and financial services area is also extremely important, and we must also look at the role that credit unions can play in these developments. I had a meeting with the Wales Co-operative Centre earlier this week to discuss further work and priorities on which it can work with us in Government.

### Business Rates Relief in Enterprise Zones

**Janet Finch-Saunders (AM for Aberconwy):** When the UK Government announced the enterprise zone for England plan, within 24 hours a timetable for implementation had been devised. That included a deadline of April 2012, by which time local authorities would have the power to discount business rates for specific businesses—in some cases, £275,000 per

business over five years. What provisions are in place to bring a similar rate of relief on stream as soon as possible, and by a specific deadline, for the enterprise zones that you have announced in Wales?

**Edwina Hart (pictured below):** The enterprise zones that I have already agreed in Wales should be well established by April 2012. I currently have a [business rates review under way](#) and I will make all the appropriate announcements that I am able to make at the end of the month. I was grateful for Kirsty Williams's comments yesterday about capital allowances, and her saying that if I could not make the full detail of those available, then I should make the full detail of these schemes available.



### Fairness of Business Rates Relief

**Russell George (AM for Montgomeryshire):** On Monday evening, I attended the Welshpool business forum, and one of its main issues of concern was the fairness of the business rates being levied in high streets on new and existing businesses compared to those levied on charity shops, which receive 80% rate relief. I am a big supporter of social enterprises and charity shops. They play a vital role on the high street, as I am sure that you will agree, Minister. However, the business rate discounts that charity shops enjoy—particularly given that some sell new items; that is the important point here—has built a disadvantage into the system that is causing a big problem. There are traders in Welshpool two doors up from a charity shop that sells exactly the same new items that they sell. Can you confirm, Minister, that Professor Brian Morgan will examine this issue in his review?

**Edwina Hart:** I have heard the same complaints as you have when I have been out and about. I will certainly ensure that Brian Morgan undertakes a wide review of business rates. I draw to his attention any questions asked and comments made by Members in the Chamber, and I will do so on this occasion.

### Support for micro-businesses

**Antoinette Sandbach AM for North Wales (pictured below):** I have recently been contacted by a constituent in the region who runs an online professional development business for the legal profession. The business is hoping to expand, but its bank is unwilling to lend it the small amount needed to offer additional courses—£10,000—because it was a new start-up company, and despite the fact that it has offered 10 times that amount as collateral. In light

of your announcement of prioritising access to funding of between £1,000 and £20,000 for microbusinesses, which I support, can you confirm that it will be available for businesses such as my constituent's, and can you outline how this will work in practice?



**Edwina Hart:** The [microbusiness report was launched today](#), and I have indicated that I will be working through its recommendations. So, no final decision has been taken about how we will deal with those recommendations. However, the point that you raised with me is particularly interesting. I get this from companies all the time: their order books are quite full, but they might be relatively new businesses so their banks are not prepared to do anything to enable them to take up what is on their order books. I have been discussing with officials whether there are any suitable mechanisms in place that we could use to provide assistance. If businesses have those orders and that is all that they require, we are going to have to do something. The microbusiness report has indicated the finance difficulties in the operations of banks on the ground, never mind what they say in their public relations statements.

### Access to finance

**Llyr Huws Gruffydd (AM for North Wales):** One frustration that some small businesses in north-west Wales have raised with me is the fact that they do not have the capacity to allocate the time and resources necessary to access these funding sources. How will you set about ensuring that they are able to access the funding that they need to grow and develop?

**Simon Thomas (AM for Mid & West Wales):** Minister, west Wales is one of the areas where the largest number of very small businesses is to be found, as is mentioned in the report on microbusinesses published today. The **report clearly states that access to funding is one of the problems facing such businesses**. You have said that you are yet to decide what steps to take, so here is an opportunity for you to consider some alternatives for funding, such as encouraging businesses to co-operate in setting up co-operative banks in order to lend to other small businesses. Would you consider such options, in addition to the ideas floated in the report?

**Edwina Hart:** There is an issue about the size of your business and whether you are able to set aside any time to do the applications that are sometimes required. The microbusiness strategy is looking at how we can streamline more help, and the way in which we take

forward that recommendation will be important, as it might assist the businesses to whom you have been speaking. I will be considering all approaches. In fact, I have spoken to the Wales Co-operative Centre and others about the use of credit unions in this regard, and whether we should **look at establishing an all-Wales credit union that could be used for business purposes**. So, these are ongoing discussions.

## Public Sector Procurement Bill

**Alun Ffred Jones (AM for Arfon)**: In your [task and finish group report](#), you talk about having a public sector procurement Bill. In that Bill, you hope to encourage more local procurement, but how would such a Bill be able to ensure that more public sector tenders went to local companies?

**Edwina Hart**: My independent task and finish group has advised me on this matter, and one of the things that it has suggested is a procurement Bill. It is now up to me to look at the issues that the group has raised with me. There are probably alternatives to a Bill that we might need to look at, in terms of how we can deal with the issues. My colleague Jane Hutt is already looking at all of the issues that have been raised with regard to procurement, and we will continue to do so.

## **Debate on Communities First, Wednesday 18<sup>th</sup> January**

**Minister for Communities & Local Government, Carl Sargeant**: we are focusing on three fundamental requirements: community involvement; the delivery of 'Tackling Poverty' outcomes; and good governance. Respondents to the consultation told us that community involvement is a vital element of the programme, which aims to lift communities out of poverty. I agree with them. We are seeking to **strike the right balance between community-led initiatives and a strategic approach to tackling poverty within communities**, which can only be achieved by communities working with government at a local and national level, along with the third sector and business community. All of these groups will have a voice on the regional boards that will be established, and the participation of community representatives will ensure that the [community-focused nature of the programme](#) is not lost. It remains essential that communities are empowered under the programme, especially the most vulnerable communities. **In future, grant funding from the Welsh Government will be awarded directly to lead delivery bodies for a cluster area**. However, I will only allow an organisation to become a lead delivery body if it passes stringent due diligence checks and has a strong track record of managing public funding, demonstrating its commitment to community involvement..

**Peter Black (AM for South Wales West)**: We believe that one of the biggest weaknesses of the Communities First programme since its inception has been the failure to engage with the private sector, particularly local businesses, in regenerating local communities. There needs to be a set of indicators that shows specifically how money that is being spent in the Communities First area will produce an outcome and which will measure how successful it is. Clear targets must be set for that money and not necessarily for the whole range of programmes of which it performs a small part.

**Suzy Davies (AM for South Wales West)** : There is scope for communities to be first in the community hubs. Even though the consultation papers warned against individuals and organisations predominating, they recognise that **there are some seriously muscular community organisations out there, independent of the state, which are tackling poverty, renewing confidence, revving up the local economy and proving that local people can create success, for example, organisations such as [Creation](#) in my region and [Valleys Kids](#)** in the Rhondda. Those are organisations that do not fear owning property, embrace social enterprise, believe in the power of earning a future and refuse to accept to being trapped in dependency. Such organisations should be the first port of call in tackling local need.

**Carl Sargeant**: It is about attracting money to our most deprived communities, wherever they may be; the local authorities or the lead delivery bodies must be keen to include additional areas in the programme. It is about delivering, as we have seen with Valleys Kids, making a difference in Leighton Andrews's constituency.

## **Debate on Priorities for the Welsh Historic Environment, Tuesday 24<sup>th</sup> January**

### Community Asset Transfer

**Suzy Davies (AM for South Wales West)**: Could the Minister say how he sees the principles of community asset transfer being incorporated? I note that he has concerns over the resilience of historic environment third sector groups, but does he agree that there are organisations in our communities that could shoulder responsibility for asset maintenance, development, accessibility and enjoyability, and that we should look to them for information on best practice? Could he also **reassure us that directing grants towards wider benefits, such as providing housing or community regeneration—another issue cited in the Minister's supporting papers—does not mean a presumption in favour of public bodies, and that the views and plans of viable and robust community-based organisations will face an even playing field**, or perhaps even greater weighting, in view of their provenance?

**Minister for Housing, Regeneration & Heritage, Huw Lewis**: There is no shutting out of communities and community groups in terms of the agenda before us. One of the most exciting developments, with regard to the heritage aspect of my portfolio, over the last 12 months, has been the wonderful work undertaken by the action group in Cardigan in relation to the town's castle. It was a truly community-driven development, aided and assisted by public bodies.

**Peter Black (AM for South Wales West)**: It is important that we re-evaluate the value of community buildings, look at how they can be preserved and seek new uses for them. Nobody is really doing that at the moment. Local authorities have some responsibility, but they do not have the resources, or, in many instances, the will to go about doing that. There does not seem to be any body that has a proactive role in going out and taking charge of those few remaining community assets and trying to bring them back into use, albeit perhaps a different use than that for which they were originally built.



**Huw Lewis (pictured above):** What matters very much here is that there is active citizenship within the community that cares about buildings such as those. That is where Suzy Davies is quite right to point to the importance of the third sector and of the communities in which these buildings and assets are embedded. In terms of the grants regime, the dose of realism there is that it is very limited in scope and is under pressure in these tough economic times.

## **Debate on Pay Day Loans, Wednesday 25<sup>th</sup> January**

### Alternative lending to payday loans

**Simon Thomas (AM for Mid & West Wales):** I am sure that some Members will want to talk about credit unions. I want to concentrate on one particular company at the moment, which is [Moneyline Cymru](#), a personal lending social enterprise providing loans to disadvantaged people. It was established with the help of 16 housing associations in south-east Wales. To date, Moneyline Cymru has completed over 7,500 loans, which are rated at 45.52%, rather than the lowest available pay-day loan from a company like Provident, which is around 270%. That is without going to the really high-rate loans from companies like Wonga and QuickQuid. Moneyline Cymru also encourages people to save at the same time as they are taking out loans, and works in a similar way to credit unions in that respect. I would **hope that we will see a plethora of growth and support for alternative lending methods such as Moneyline Cymru and credit unions over the next few years.** That is what our most disadvantaged communities and individuals deserve, but there is also a real benefit to our economy in this.

**Aled Roberts (AM for North Wales):** We need to promote more readily—I should perhaps declare an interest here as a member of the Wrexham credit union—is the extension of credit union facilities in Wales. Sadly, we lag behind other European nations as far as credit unions are concerned. In Ireland, for example, there is much more extensive use of credit unions. However, in discussions that I have had this week with some credit unions, they have made it clear that there are currently difficulties with regard to the implementation of the [growth fund](#) at a UK level, which means that they are finding it increasingly difficult to move into the pay-day loan market.

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