



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol
The Communities, Equality and Local Government
Committee**

**Dydd Iau, 23 Mai 2013
Thursday, 23 May 2013**

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Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir
trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In
addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol
Committee members in attendance**

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Janet Finch-Saunders	Ceidwadwyr Cymreig

Welsh Conservatives

Mike Hedges	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Gwyn R. Price	Llafur Labour
Jenny Rathbone	Llafur Labour
Kenneth Skates	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Lindsay Whittle	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Kate Cassidy	Cyfarwyddwr yr Adran Cymunedau a Threchu Tlodi, Llywodraeth Cymru Director, Communities and Tackling Poverty, Welsh Government
Huw Lewis	Aelod Cynulliad, Llafur, (y Gweinidog Cymunedau a Threchu Tlodi) Assembly Member, Labour (The Minister for Communities and Tackling Poverty)
Owain Lloyd	Dirprwy Gyfarwyddwr Gweithrediadau, Llywodraeth Leol a Chymunedau, Llywodraeth Cymru Deputy Director, Operations, Local Government and Communities, Welsh Government

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

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Jonathan Baxter	Y Gwasanaeth Ymchwil Research Service
Marc Wyn Jones	Clerc Clerk

Dechreuodd y cyfarfod am 9.14 a.m.
The meeting began at 9.14 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Christine Chapman:** Bore da, and welcome to the Assembly's Communities, Equality and Local Government Committee. I remind Members, if they have any mobile phones or BlackBerrys, to ensure that they are switched off because they affect the transmission. We have not received any apologies this morning.

9.15 a.m.

**Sesiwn Graffu ar Waith y Gweinidog: Y Gweinidog Cymunedau a Threchu
Tlodi
Ministerial Scrutiny Session: The Minister for Communities and Tackling
Poverty**

[2] **Christine Chapman:** I welcome Huw Lewis, the Minister for Communities and Tackling Poverty, Kate Cassidy, director of communities and tackling poverty, and Owain Lloyd, deputy director of operations, local government and communities. I remind Members that this is the Minister's first attendance at the committee with his new portfolio. Obviously, the committee looks forward to working with you, Minister. Thank you for providing the paper in advance. If you are happy, we will move straight to questions.

[3] **The Minister for Communities and Tackling Poverty (Huw Lewis):** Yes, of course.

[4] **Christine Chapman:** I will start, Minister, with a very broad question. Could you tell me how your new portfolio will help to achieve programme for government commitments relating to communities and tackling poverty?

[5] **Huw Lewis:** Thank you, Chair, and good morning. This is a new portfolio, not just in the sense that it is new to me, but, as far as I am aware, this is the first time within the UK that a Cabinet-level portfolio has been in existence that explicitly—as it says on the tin—is concerned with communities and tackling poverty. First, I hope that that is a clear signal from the Welsh Government, the First Minister and the rest of the Cabinet that these issues around the challenges facing our communities, particularly with regard to poverty, are at the centre of our concerns and that they are a Cabinet-level responsibility—a top priority. That gives all sorts of opportunities and a strengthened commitment to cross-governmental working. I am hoping to take full advantage of that opportunity.

[6] In terms of the immediate challenges facing our communities, I suppose that you could describe my strategy as twofold. First, as Members may be aware, we will be looking at a strengthened tackling poverty action plan, which is currently being updated and which I will be publishing next month. I beg your pardon, it will be in July; I am losing track of where we are in the year. That action plan will describe the higher level actions that need to be taken, particularly, as I say, in terms of cross-governmental working. Among other things, as well as our central programmes that are aimed at tackling poverty, such as Communities First, the action plan will describe the commitment of each and every arm of Government in terms of targets and milestones that each portfolio will be looking after, and a commitment to programme bending in a very real sense; programme bending being the favouring, if you like, of people in poverty—a bias towards them as regards mainstream spend, whether it be in health or local government spend or whatever it happens to be.

[7] So, that is the top level. Then, in a sort of pincer movement as I suppose you could describe it, the second part of the strategy is to look at what we can do down on the ground and in communities to enable them to become more resilient in terms of the issues of the moment like welfare reform that they are having to face. What I mean by resilient communities is that we would enable communities to become better informed so that individuals and families know exactly where they can seek advice and information very quickly and clearly, without duplication, and ensure that that advice is of good quality. So, there will be good information and good organisation on the ground of the various actors that can support people through tough times. So, this includes local government and the third sector being well co-ordinated on the ground and knowing what each other are doing in order to try to cut out duplication and any poor-quality working. Of course, the whole point of all

this is that communities should be supportive of those families that are most vulnerable. So, it is a dual-level approach, if you like, the first aspect of which, in terms of resilient communities, I will be working on today, in that I am speaking at a summit of advisory services across Wales.

[8] **Christine Chapman:** Minister, you have given an indication of certain themes, and I know that Members want to drill down into specific areas now. However, before I move on to another Member, I want to ask what discussions you have had with your Cabinet colleagues about the immediate priorities. Obviously, your portfolio encompasses other areas as well, so I wonder how the dynamics are working there. Then we will move on to more specific things.

[9] **Huw Lewis:** The first two priorities are clearly identifiable, and they relate to me and my portfolio directly. I have taken a commonsensical stance on those, which I hope will have resonance with other Members. The priorities are the work that we need to do alongside advisory services and credit unions. I have had a series of bilateral meetings with each and every one of my Cabinet colleagues now, which have been attempts to explore what we mean by ‘programme bending’ within those areas of Government activity, and what targets and milestones need to be set between now and 2016, looking forward to 2020.

[10] **Christine Chapman:** I will move on to Lindsay.

[11] **Lindsay Whittle:** Good morning, Minister. I will start with a topical question. I notice in your submission that you said that the Welsh Government will be launching a framework for action on hate crime in the summer of 2013. Yesterday and last night we witnessed some disturbing scenes in Woolwich, which will inevitably raise issues across parts of Britain, and perhaps, sadly, this issue may arise here in Wales, although I sincerely hope not. I hope that people will calm down and take a more objective look at this disgraceful incident. What action will you be taking to monitor this—perhaps not waiting until the summer, but starting tomorrow—and to ensure that ethnic minorities are protected here in Wales, so that we do not see a repeat of the incidents that occurred last night? We do not have the English Defence League here, but it is important that we look at this, because inevitably there will be some overspill here in some of the cities of Wales.

[12] **Huw Lewis:** It is a really important question, Lindsay, and I am glad that you raised it. As you say, it is topical and potentially very disturbing. In relation to the scenes that we saw, this is the electronic age, and it is clear that those forces that would seek to destabilise communities are taking full advantage of the ability to transmit a message of hate, not through news networks necessarily, but through social media. News and messages of hate can travel extremely quickly through communities, and a destabilising effect can potentially be wrought if there are people who want to do this sort of thing. It is deeply disturbing because of not just the horror of the event itself, but the repercussions that might follow because of those people who seek to provoke that kind of reaction. I am sure that, in part, that is what that kind of terroristic activity seeks to do. Terrorists want to provoke a backlash, and there are those who, filled with hate themselves, want to fulfil that desire and be part of that backlash. Of course, it is communities and decent people, and minorities in particular, who get caught in the crossfire of these two sorts of extremist views.

[13] I have this morning e-mailed the Minister for local government about how we can monitor this and set up a conversation, particularly between us in Wales and our police forces, to make sure that we understand what is going on in communities across Wales, particularly where there may have been hate crime activity in the past. We know that, although Wales so far has a very good record of community cohesion and that we have not quite seen the sort of organised activity that the EDL, for instance, has managed to set up in some parts of England, we must not be complacent in any way about this. There is no immunity from hate that is automatically gifted upon any community; it has to be worked for. I will be discussing very

closely with Lesley Griffiths what measures we should take to set up the right kinds of conversations that might involve reassurance and send out the right messages to communities to reinforce what I think is the inherent decency of most Welsh communities when faced with this kind of extremist action and extremist response.

[14] It is incumbent on all of us, as I think we all have an important role as local representatives, to say promptly the right things to counter the message of hate that might be promulgated by some groups, to make sure that there is no vacuum in what is said and done about such things. We must accept that Woolwich is not a long way away and that there is no special gift that we have been given here in Wales that makes us immune to such things. This has to be worked for, and we all have a role in that.

[15] **Lindsay Whittle:** Thank you for your answer, Minister. I think that what happened to the young soldier was, of course, extremely shocking and very sad indeed. I am sure that we all send our sympathies to his family and friends. However, the point to emphasise is that the Muslim community here in Wales has lived peacefully, side-by-side with others, for decade after decade, and I do not want to see any sort of hate crime being launched in this country.

[16] May I come on to an alternative, through you, Chair—

[17] **Christine Chapman:** May I just stop you before you do that, Lindsay? Mark, did you want to comment on this? After that, I will come back to Lindsay.

[18] **Mark Isherwood:** A couple of comments—

[19] **Christine Chapman:** It needs to be a question, sorry, Mark. Do you have questions to the Minister?

[20] **Mark Isherwood:** Minister, given your comment and observation that the English Defence League is not in Wales, how do you respond to the activity that has been carried on in Wrexham, where the EDL, working with the so-called WDL—the Welsh Defence League—has held events in the past and keeps popping up?

[21] **Huw Lewis:** I did not say that the English Defence League was not in Wales, I said—and I hope that I am accurate in saying this—that I do not think that we have seen the kind of organised traction within communities that organisations like the English Defence League have managed to gain within parts of England. There has been activity in Wales; we do have people in Wales who would like to see an escalation—well, let us say that they would like to see the dismantling of community cohesion, particularly as it relates to minorities. These are groups that feed upon extremist activity like the horrific incident that has taken place in Woolwich. Hate provokes hate, and it is precisely the kind of thing that groups such as this feed upon, which underscores for us, as it should—and we need to say this very loudly within our own communities as representatives of them—that this is precisely the sort of reaction that terroristic activity seeks to promote, and that both the terrorist and the extremist, in this case EDL-type organisations, work hand-in-glove and cannot do without each other. Their aim is quite other than the health and wellbeing of our communities. Their aim is to destabilise communities, and they will seek to take advantage of the situation. We have to be very clear in our opposition to that.

9.30 a.m.

[22] **Christine Chapman:** I will go back to Lindsay now and we can move on.

[23] **Lindsay Whittle:** Mine is an equalities question for the Minister, Chair—I think that it is a legitimate question. How rigorous will the Welsh Government be in monitoring the

evidence about the extent to which people with protected characteristics are encouraged to become involved in contributing, say, to the assessments undertaken by local authorities or health boards of the impact of their equality objectives in drawing up their strategic equality plans?

[24] **Huw Lewis:** This is a very topical issue, obviously, and I thank you for that, Lindsay. We have made a submission to the Silk commission, in which we have highlighted equality and human rights issues as an area for further devolution. We would like to see specific reference to the National Assembly in terms of competence, for instance, over the public sector equality duty, the socioeconomic duty, and that the Equality and Human Rights Commission should have a strong, very distinct Welsh role, as it relates to the Welsh Government in particular, so that we can increase our activity and be very clear about competence in areas like this, for instance, in terms of the make-up of public sector boards. We are at an interesting point in time where, with good, positive co-operation from the UK Government end of things, we could advance this agenda very rapidly in Wales.

[25] **Lindsay Whittle:** That is fine. I wanted to move on, if I could, to the Gypsy/Traveller action plan, 'Travelling to a Better Future'. Can you give us any early assessments of the progress that you have made on those objectives, please?

[26] **Huw Lewis:** It is early, as you said. I can tell you that I will be issuing a written statement—I think that I am correct in saying that it will be in October—which will describe our progress against the framework for action and delivery. We wanted to take an initial assessment of where we are at the moment. It is clear to me that progress is being made. The very fact that £3 million has been spent in the last two years to improve local-authority-owned Gypsy and Traveller sites is something that I know, from feedback from the community, that is appreciated. The action plan has also opened up a new era of dialogue, really. That is certainly something that I have felt is a reality in terms of just a very few weeks in this job. However, there is an enormous amount of work to be done here, not just in terms of what the Welsh Government does, but how this relates to the activity of local authorities and other statutory organisations as well. So, it is a work in progress. It is early days, and there will be a written statement that will formalise the measure of progress in October, this autumn.

[27] **Lindsay Whittle:** I thank the Minister for that. It is important, because it is really encouraging. You will know that your colleague, Julie Morgan, is leading the cross-party group on Gypsies and Travellers, and it is encouraging how many families turn up to those meetings in the Assembly and are becoming involved. That is very important. Dialogue is a vital part of any action plan. You can have all of the glossy documents in the world and rest them on a shelf—you could build a dry stone wall across the whole of Wales with all of our documents—but gathering around the table and talking is the big start, and I congratulate Julie Morgan for her work with that group.

[28] **Huw Lewis:** Julie has been instrumental as an activist in this area, and I pay tribute to her, too. You are right, Lindsay. Recently, I met a group of Gypsy and Traveller women through the Platform 51 project that has been happening in west Wales. I was amazed, really, not just at the positive feedback that was coming from women in the Gypsy and Traveller community about that individual project, but the way in which it had opened the lid in terms of the question 'What next?'. That is, what do we talk about next, how do we get further dialogue off the ground, and how do we make these relationships stronger? There was a huge amount of optimism coming from those women. It was a fantastic meeting. As far as I am aware, this is something new in terms of community relationships in Wales.

[29] **Christine Chapman:** We now have a question from Mark.

[30] **Mark Isherwood:** It is now seven years since Pat Niner's report, 'Accommodation

needs of Gypsy-Travellers in Wales', which identified household numbers, where the communities were, what their make-up was and the travelling areas within each community that crossed town, county and—sometimes—national borders. You have clearly indicated that it is your intention to provide local authorities with guidance on the delivery of sites. How will you ensure that that recognises the travelling areas of communities, which are distinct from each other, and that sites are being planned that meet the needs of communities? For example, there may not necessarily be a need for one site in each county, but rather a network of one, two or three sites across several counties.

[31] **Huw Lewis:** I will bring Kate in to give some detail on this in a minute. The framework for action and delivery will describe our priorities in this regard. The role of local authorities is absolutely central. Without local authorities buying in to the commitment to dialogue and the commitment to improving and building upon the good relationships that are already being worked at, as Lindsay said, all of the documents that we can wave in the air do not mean very much at all. In terms of the specifics around travelling routes, I will ask Kate to come in.

[32] **Ms Cassidy:** A senior official has just written to every local authority, saying, 'This is our understanding of your estimate of the accommodation requirements. Can we check that with you, please?' In doing that, we will know what each local authority is expecting and we will also get a picture across Wales of what the total potential demand is. We will wait to see what we get back from that.

[33] **Huw Lewis:** It is worth remembering that the housing Bill, which is currently making progress through the machinery of the Assembly, will set in stone the requirement for local authorities to make an assessment of need in their area, in this regard. So, this will become part of Welsh law.

[34] **Mark Isherwood:** Does that not need to be an assessment of collective need? In some cases, the community's own borders will differ from county and national borders. Local authorities, sometimes on a cross-border basis—moving in to Merseyside or Cheshire in my area, for example—will need to sit down together and discuss with communities what the levels of need are collectively, in order to plan collectively to meet them.

[35] **Huw Lewis:** I think that you make a very powerful commonsensical point. That sort of dialogue needs to happen, and local authorities have to be proactive in terms of making sure that that happens.

[36] **Christine Chapman:** I would like to move on to a big part of your portfolio, Minister, and I am referring to the issue of poverty. You started to talk about it earlier on, and I ask Ken Skates to come in first.

[37] **Kenneth Skates:** Good morning, Minister. What challenges do you foresee in achieving the programme for government's commitments on tackling poverty, and what sort of communications do you have with the UK Government with regard to this issue?

[38] **Huw Lewis:** There are enormous challenges set before us. The challenges of dealing with entrenched poverty in Wales were big enough when we first set our target—to which all parties signed up—of eliminating child poverty by 2020. That was several years ago. There were longstanding issues—communities, in particular, that had suffered from multiple aspects of entrenched poverty over many years. Those issues were being dealt with or counteracted by programmes like Communities First, for instance. We have a very good story to tell around issues like that. Since then, the world around us has changed, and we have even greater challenges to face, not least of which are the UK Government's welfare reforms. You do not have to take my word for it as independent bodies are telling us that these reforms will work

to push more and more children into the poverty figures, and their families along with them. The Institute for Fiscal Studies estimates that around £0.5 billion is being taken out of the pockets of the poorest people in Wales. To my mind, that is a low and conservative estimate of the kind of challenge that we are up against. There is no fundamental argument coming from the Welsh Government about the need for reform, but our strong feeling is that embarking on such drastic reform without looking at the need to also work on the jobs and growth agenda within the economy can lead to only one destination, and that is the further impoverishment of hundreds of thousands of Welsh families.

[39] **Christine Chapman:** Before I bring Ken back in, Minister, I have a question around the work that you may be doing with the Minister for Health and Social Services. I know that there have been studies recently about rising levels of mental health problems and depression, for example, as a result of increased poverty and austerity measures. Has any work been done across Government on that particular area?

[40] **Huw Lewis:** Lots of work. A very lively conversation is going on now between my officials and the Minister for health's officials about what his portfolio can bring to the tackling poverty action plan in terms of targets, milestones and programme bending. That conversation is going on today and has been going on for some while now, with a very proactive recognition from the Minister for health that the NHS and its partner organisations, particularly in terms of its relationship with the third sector in communities, that health concerns need to be a very high priority in terms of what the action plan says and does. It is also clear, in terms of the core purpose of what Communities First gets up to in our communities, that one of the three pillars according to which Communities First activity will be measured, and how it will be resourced, will be the relationship with the health of the community. So, if we can move to a very near future where high-level programme bending is making it clear that we are responding to this increased level of need that we anticipate, and that, from the bottom up, Communities First is working alongside health professionals and the wider third sector, then that will be a very important part of what I have described as resilience within communities being shored up.

[41] **Kenneth Skates:** What assessment have you made of the first year of the tackling poverty action plan?

[42] **Huw Lewis:** Let us remember this: there is nothing quite like the tackling poverty action plan anywhere else in the United Kingdom. In having this plan at all, we ought to be very pleased and proud of the work that has gone on thus far. Within the United Kingdom, only Wales has this explicit commitment towards bringing all partners together around the issue of poverty. You can point to achievements in there that are very real. The biggest has to be the expansion of Flying Start, which is doubling its coverage from 18,000 to 36,000 children. We have seen a community-benefits approach being applied to all contracts over £2 million that are spending and working within communities and generating jobs. We have seen Jobs Growth Wales, which has exceeded its target of getting 4,000 young people into employment every year, and we are seeing local health boards gearing up for an even greater commitment in terms of their contribution to overcoming such things as the inverse care law. As well as that, there is the ongoing work of Communities First, which has just been reorganised. Also, I am making specific announcements—one today and one a couple of weeks away—on advisory services and credit unions in Wales. All this stuff is unique to us in Wales. Sure Start in England is crumbling away; in Wales, Flying Start is being redoubled. That is the kind of response that we are committed to.

9.45 a.m.

[43] **Christine Chapman:** Ken, did you want to ask something else on this? I have Mark and Mike next.

[44] **Kenneth Skates:** Could I come back in shortly? I know that Jenny Rathbone will be asking questions that I will probably want to follow up.

[45] **Christine Chapman:** I will bring Mark in first, then Mike and then Jenny.

[46] **Mark Isherwood:** I have two quick points. The first relates to fuel poverty, which is a stand-alone issue within your wider poverty agenda. The UK Fuel Poverty Monitor 2013 report looks at what works well and what it suggests need to be done differently across the four nations. For Wales, the first call is for the reinstatement of the fuel poverty advisory group by the Welsh Government. How do you respond to that, given that you have been working within a new context for some time—since the last election—particularly as regards monitoring the Welsh Government’s fuel poverty action plan and the wider all-Wales fuel poverty charter, which one of your predecessors launched with me? Secondly, you have referred extensively to jobs and growth and its connection with tackling poverty. I understand that the Welsh Government has a strategic role in the delivery of the Work Programme in Wales. We were discussing that last week with a Work Programme provider in Wales, which said that it is now beginning to turn a corner. Could you provide feedback to the committee and the Assembly on developments and progress reports in terms of the work that the Welsh Government is doing on that programme in Wales?

[47] **Huw Lewis:** First, as regards fuel poverty, and within the framework of the discussions around the refreshed tackling poverty action plan, I have been meeting colleagues to talk about how we can make programmes such as Arbed and Nest, which we remain committed to, even more robust. In a practical sense, they mean even more to people that are suffering from fuel poverty. It is a growing issue. I have not had time to make an assessment of the fuel poverty advisory group as yet, Mark. I will take a look at that issue specifically and update Members in that regard. I am convinced that the tackling poverty action plan needs to have specific things to say about fuel poverty, as it is such an enormous issue now—not just about top-line activity on the part of Government and programmes such as Arbed and Nest, but about what can usefully be done at the community level through good community organisation. Just after our meeting this morning, I will be speaking with Merthyr Valley Homes—I mention it as an example, as it is not just happening in Merthyr—which is engaged in a community switching plan to ensure that we get beyond the statistics of only two in 10 people in Wales being on the cheapest tariff that they could access. Communities organising together could have a great deal more clout, not just in disseminating information, but in moving towards a buying power of their own in relation to the big energy companies, which, to my mind, are far from pulling their weight in assisting the least well-off and groups suffering from fuel poverty.

[48] As regards the second part of your question, I hope that the Work Programme is turning a corner, because it has been going nowhere very fast up until now. A success rate of 6% to 8% thus far is clearly not worth the investment of public money; it is not working. If the Work Programme takes a look at the successes of Jobs Growth Wales, the Work Programme should hang its head in shame, frankly, given the contrast in the way in which the two programmes are working. However, if there is worth to be had in terms of working alongside the UK Government, and, if we can turn a corner, I would embrace progress.

[49] **Mark Isherwood:** Can you clarify what role the Welsh Government is playing in this? My understanding is that it has a key role in the delivery of the Work Programme within Wales and has representatives sitting on the delivery board in Wales.

[50] **Huw Lewis:** Officials do work together. This is not directly a part of my portfolio, so perhaps I can get back to you with more detail about what the day-to-day reality of that has actually meant.

[51] **Mike Hedges:** Turning to Flying Start, I am sure that you agree that it cannot be right and proper that, when children start school, some can be 12 months behind in development, with a whole year to catch up on day one. Getting into Flying Start seems to be relatively complicated. A school in my constituency, Plasmarl, which has 64% of pupils on free school meals, has terraced houses above it that are inhabited almost exclusively now by people who are on short-term tenancy, often single mothers. I asked the Welsh Government how that school could become part of Flying Start, and I was told it was up to the local authority. I asked the local authority how that school could become part of Flying Start and it said, 'We're only doing what the Government has told us'. Whose responsibility is it? There is an area there that desperately needs it; it has the third highest take-up of free school meals in Swansea, and yet, everybody says that it is somebody else's fault. There is an opportunity now for you to clarify exactly who is responsible and what can be done.

[52] **Huw Lewis:** Me. The responsibility ends with me. I hope the system is clear to partners, particularly in local government. We have an area-based measure of poverty that is used, but it is up to local authorities to make sure that that is implemented fairly and that there is clarity within communities about which areas qualify for Flying Start and which do not. There are imperfections within any kind of area-based intervention, obviously. We will have borderlines between one community and another, which, on the face of it, from a subjective view, do not have huge distinctions between them, where one side of the borderline is included in Flying Start and the other is not. That is an unfortunate consequence of any area-based plan. However, the alternative to area-based initiatives is that, somehow, we implement some kind of means test to decide which families are a part of these programmes and which are not. We neither have the means nor the time to set up what would be quite an expensive means-testing system as an alternative to an area-based programme.

[53] As I say, Flying Start is doubling in size; it will cover near to a quarter of Wales's children by the end of this Assembly, which is something positive that we need to celebrate. I will undertake to look again specifically at Plasmarl and drill down into exactly what the local government setup there is saying. If those statistics you mentioned are correct, then there may be something anomalous going on with Plasmarl, and I will undertake to get to the bottom of it.

[54] **Mike Hedges:** Minister, the problem is that you use lower super output areas. You can say those are the smallest areas you can get, but it leads, in my constituency, to my MP and a barrister living in a Communities First area, while some of the poorest communities in Swansea East are not in Communities First areas. Those lower super output areas are just the areas according to which the census was collected, are they not? The census has to be collected within a ward basis, so it is great for the Blaenymaes and Portmeads of this world, where you have homogeneity, but you end up with a situation in which places are missed out because of where they are added to from the lower super output areas. Would you not agree that it would be useful to use free school meals as an indicator for Flying Start, rather than lower super output areas? The reason Plasmarl is not in is because it is attached to Trewyddfa, which has some very affluent areas including part of Salem road, which is known as millionaire's row. It has large houses and very affluent people and it is pushing the average up. The MP and the barrister are in because they are attached to the Caemawr estate and that takes the average down. Using free school meals as an indicator for Flying Start might be crude, but it would be more effective than using the lower super output areas, which only work in areas that are homogeneous.

[55] **Huw Lewis:** First, I think that a density of barristers and MPs in any particular area would drag any area down. [*Laughter.*]

[56] **Mike Hedges:** Not in terms of income, unfortunately.

[57] **Huw Lewis:** It was just a joke.

[58] Any kind of measure here is going to be a proxy. Any measure that we use will be imperfect. We could use lower super output areas, which, incidentally, are much more sensitive and much more of a surgical instrument than they ever were in the past. I remember that these were not available when the Assembly first got to work on these issues in 1999-2000. There will be imperfections in terms of where you draw the line. Equally, free school meals are generally accepted as a blunt instrument too, and the density of free school meals will throw up anomalies about where you draw boundaries and so on. These are the worst possible systems apart from all the others, and we have to work with the tools that we have. We are not in a position to have a household-by-household means test within Wales of where exactly people in poverty are, right down to the last street and the last house. We cannot maintain a system like that, so we have to use a proxy, one way or another.

[59] **Christine Chapman:** Minister, will you provide us some information in writing?

[60] **Huw Lewis:** What is it that you—

[61] **Christine Chapman:** You said that you would clarify the Plasmarl situation.

[62] **Huw Lewis:** In terms of Plasmarl, I am in correspondence with Mike on that.

[63] **Christine Chapman:** Could you share that with us? We have a few Members who want to come in and then I want to take a short break before we move on to other sections. So, next we have Jenny, Peter, Rhodri and then Mark.

[64] **Jenny Rathbone:** I have several questions, but sticking with free school meals for a moment. I think that you indicate in your briefing that the entitlement to free school meals is changing, because of the abolition of several benefits that used to entitle people to free school meals. That is quite a significant issue in lots of ways. Could you give us a bit more clarity about what the implications are in terms of the numbers of children who will no longer be entitled to free school meals?

[65] **Huw Lewis:** I cannot answer the question, due to insufficient information at the moment, Jenny. This issue is at the centre of my worries and concerns about how we make sure that the Welsh Government remains able to pursue socially progressive policies—in effect, a benefit system of our own, by any other name. If we are not able to passport those benefits as we have in the past, by using the proxy of the UK Government's social security system, benefits are going to disappear. They are going to be abolished and rolled into universal credit. It is entirely unclear. We have no clarity from the UK Government despite repeated requests and attempts to instil a sense of urgency into it as to how we drill down into the universal credit information to ensure that we continue to fairly passport benefits, such as free school meals or school uniform grants.

[66] I will be going to London to meet Lord Freud next month, I believe, and this will be the top item on my agenda. I know that our officials have been exerting pressure almost daily. I do not want to criticise, incidentally, the work of officials here in Cardiff as regards good co-operative working between them and the Department for Work and Pensions officials in Westminster. That has always been a good relationship and has worked very well, but there seems to be a lack of political will and a lack of a sense of urgency in how the UK Government addresses the needs of a devolved part of the United Kingdom when it comes to pursuing our own agenda around issues like this. It is imperative that Lord Freud understands that Scotland, Wales and Northern Ireland—and let us not forget London as well, which is also a devolved part of the United Kingdom—are able to continue targeted programmes

within our communities, and that we do not design a universal credit system here that fits only the shires of England.

10.00 a.m.

[67] **Jenny Rathbone:** Sticking with food, in your discussions with the Minister for Education and Skills, have you had any discussions around annualising the cost and benefits of universal provision of free school meals, regardless of entitlement? Elsewhere, it has proved to hugely benefit whole communities.

[68] **Huw Lewis:** 'Not as yet' is the short answer to that.

[69] **Jenny Rathbone:** Okay, but it is something that you might consider looking at. For example, in Islington, there have been huge benefits in an impoverished community.

[70] **Huw Lewis:** I understand that there has also been a huge drive in Scotland over many years in this regard. It is not part of our programme for government, but that does not mean that it should not be discussed. I will undertake to put that on the agenda with the Minister for Education and Skills.

[71] **Jenny Rathbone:** You explained very clearly in your earlier remarks how you are refreshing the tackling poverty action plan in order to focus on creating resilient communities. Given how the tectonic plates are constantly changing around things like the provision of information, the curtailing, very often, of council services because of less money going to local authorities as a result of the UK Government settlement being lower, and the drying up of grants to the third sector, how are you managing to maintain that target while some of the building blocks are being removed?

[72] **Huw Lewis:** We are firing at a moving target every day. That is why a key part of this work on the idea of resilient communities is that communities are informed in real time about what is happening. That means that we need the very best, for instance, of advisory services working together in communities. We can no longer have a Citizens Advice service that might operate in isolation from what the credit union is advising people financially, what the local housing association is saying about housing-based advice, what someone's trade union might be saying about employment advice, or what the local authority might be advising people to do. We need a coherent family of advisory services in each and every Welsh community. I cannot see how we can do that without working towards a national advisory network within Wales. The single most powerful weapon that anyone might have when they find themselves in difficulty is that they completely understand their situation and have accurate information about what it is. The most disempowering thing of all is to not clearly understand the situation that you are in and how you can address it. This is something that I will be talking about with advisory services later today. I think that we need a rapid evolution of advisory services, if you like, towards a coherence at community level and a recognised brand, if you like, at the all-Wales level in terms of people being able to understand where you get that five-star advice.

[73] **Christine Chapman:** May I just pick you up on that, or ask you a question on that particular point, Minister? I know that, in some communities, it is sometimes a question of trust, with people they know, or voluntary groups sometimes, giving advice. The thought of having someone completely new coming in to the community is quite difficult and they would still prefer to go to the people they know very well. Were there any thoughts on that when you developed this service?

[74] **Huw Lewis:** Chair, I do not have the resources for anyone new. There will be no-one new. This is a question of how groups that are active within communities work together. You

are absolutely right that word of mouth and trust are very important. That is why Communities First is part and parcel of making sure that this operates well. If you have a legal problem and you live up in Hirwaun in the Cynon valley, you might not necessarily have social networks that could put you in touch with someone who could give you legal advice that you would trust. However, if you trust your local Communities First partnership and your local Citizens Advice, and if they are working together in a unified way to make sure that the service around you is not contradictory, is of a high quality and does not duplicate what is going on, at least you have a fighting chance of being directed towards the kind of expert advice that you need.

[75] Advice is not just advice, it is about general advisory services that deal with day-to-day problems, going right up the scale to specialised advisory services that some people might need, which are simply not available everywhere. So, we also need a system that signposts people if they need that specialist advice beyond the community into some kind of all-Wales system. That is the challenge that I will put to advisory services today.

[76] **Jenny Rathbone:** One of the definitions of poverty is a resistance to leaving your neighbourhood. So, how will you maintain the locally available service, within a mile's pram-pushing distance, that will enable people to be signposted to the five-star advice service?

[77] **Huw Lewis:** That is not going to be possible in all cases. General advice, namely personal financial advice, housing advice and benefits advice, has to be there for you in the community. Other systems will have to apply when it comes to things like more specialised legal advice. When I look at what has happened to Legal Aid, which is epochal—the changes in the Legal Aid system—I do not think that it is possible to resource a legal advice service in every single community. However, we need to have a system whereby those general advisory services link in with that, whether it is through the telephone, the internet or whatever it happens to be. I will put this challenge to the experts later today, asking 'If we can help you with resource, what's the best system you can construct around this?' I will not try to impose a system on advisory services. There is a diverse group of people in a huge number—hundreds—of organisations involved in giving out advice of some kind or another. We need to bring coherence to this so that the user is not bamboozled by the complexity of the system or gets to see only a small part of it, because that happens to be the bit that is on their doorstep. How do we make sure that this runs as a coherent machine across the country and that people are signposted in the right directions? However, I do not think that having face-to-face advisory services on every issue in every community is a starter.

[78] **Jenny Rathbone:** I agree that you cannot have specialist services on every doorstep, but it is about having the signposts or the trusted individuals who will say 'This is where you've got to go'.

[79] **Huw Lewis:** Yes, absolutely, and trust is everything.

[80] **Christine Chapman:** I remind Members that we need to take a short break and that there are other areas to cover. Can you be concise with the questions?

[81] **Jenny Rathbone:** May I ask one last question? I wonder if you can say a bit more about shifting to Jobcentre Plus providing advice as part of a Communities First team. You have 10 pilot schemes. My constituents describe Jobcentre Plus not as a supportive network, but as a punitive network. So, I am interested to find out how it is working in collaboration with young people.

[82] **Huw Lewis:** We are shifting from a pilot scheme, which has shown good signs of being quite a powerful tool in the hands of Communities First, bringing, in this instance, UK Government services right down to a face-to-face relationship with people in the community.

I know that there are mixed reviews of the way Jobcentre Plus works in various communities, but at its best, Jobcentre Plus has been fantastically effective in its work, particularly when you are dealing with committed Jobcentre Plus staff who understand what they are about and want to do a good job. I want to expand this co-working as that pillar of Communities First activity that deals directly with jobs. It is hard to see how we could put together the best system possible without Jobcentre Plus being part and parcel of it. This is an example of programme bending that we are starting to work with now; it is not a Welsh Government programme, but a UK Government programme. If Communities First can step up and resource the service that it needs from an agency like Jobcentre Plus, then I think it should. We all know that the best protection, particularly for children in the poverty statistics, is that we crack down on the number of workless households out there. Workless households are the most damaging environment of all, particularly for kids. Getting someone in the household into some kind of regular employment is the best protection against everything that is going on out there at the moment. So, Jobcentre Plus has to be a part of this. It is being expanded—

[83] **Ms Cassidy:** Yes, to 12 areas.

[84] **Huw Lewis:** I am very hopeful that we can keep that momentum moving as one of the three central pillars of jobs, skills and health that Communities First is engaged with. This is not something that will come from the UK Government; it is something that will come from communities themselves. Again, this will be unique in the UK.

[85] **Jenny Rathbone:** That dovetails neatly into the question that Ken—

[86] **Christine Chapman:** We need to move on to Peter now. He has been waiting.

[87] **Peter Black:** Just on advice services, you have just published a substantial research paper on how we can improve them. When are you likely to be issuing your response as to how you are going to take those recommendations forward?

[88] **Huw Lewis:** It is not so much my response that matters, Peter. That is the document that will be on the table this afternoon—the Old Bell 3 report; I think that is what you are referring to. I beg your pardon—that is the one on credit unions. This is the advisory services review and that is the document that will be on the table between me and the advisory services this afternoon. How do we address the commonsensical recommendations within that review? I am willing to listen to how we can best resource putting those recommendations into action. I do not think at this point in time that we have any sharper instrument than that review. It is a very good review. It is very clear about the problems of consistency, duplication and geographical coverage and quality that we face in terms of the challenges for the advisory community. There is also a challenge for me in that if we can construct a better system, how do we make sure that it keeps its head above water?

[89] **Peter Black:** There are clear recommendations for Government in there, which you need to adopt leadership to deliver. Are you going to be publishing a response to this?

[90] **Huw Lewis:** You are very keen on published items, Peter—

[91] **Peter Black:** I am just interested in what you are going to do.

[92] **Huw Lewis:** I am going to do something practical.

[93] **Peter Black:** Which is what? Are you going to tell us?

[94] **Huw Lewis:** I will make that announcement to the advisory services group this afternoon.

[95] **Peter Black:** Are you going to tell us? You are accountable to us, not to the advisory services group.

[96] **Huw Lewis:** There is a degree of courtesy, with a group of partner organisations, that they hear from me first. I have described the essence of what will happen this afternoon. There is no mystery here that I am concealing from the committee. It is important that the first steps I take in this regard are practical ones. I am not going to stop at the moment and draw up a grand strategy document.

[97] **Peter Black:** I am not asking for that. I am just asking for a timetable as to when you will actually come to the Assembly Members, to whom you are accountable, and tell us what you are going to do, after you have talked to these other partners. That is all I want to know.

[98] **Janet Finch-Saunders:** We do represent—*[Inaudible.]*

[99] **Huw Lewis:** I have given you the picture as fully as I can at the present time.

[100] **Peter Black:** So, you do not know.

[101] **Huw Lewis:** I have given you the picture as fully as it exists at present.

[102] **Peter Black:** I will take it that you do not know, then. Can we move on to Communities First, Minister? When are you likely to publish performance indicators to show whether the tens of millions of pounds that are going into this programme are being spent effectively, so that we can evaluate how effective the new version of Communities First is?

10.15 a.m.

[103] **Huw Lewis:** Well, of course, we already have a new set-up for Communities First in the monitoring systems that were part and parcel of setting up the new Communities First clusters. The first returns from those monitoring systems—which will contain a wealth of information, incidentally, based on the three themes of jobs, skills and health—will be coming out this summer. It is my intention, though, not to leave it at that. I think that we will find that when that information starts flowing, there will be a wealth of information, as I say, relating to each and every one of the 52 clusters.

[104] We also need to be able to have a broad-brush appreciation of how the Communities First programme across Wales as a whole is addressing certain key, central elements of what needs to be addressed in every community. There is a system that is now in existence and is working away, and that will give us an idea, x52, of what needs to be monitored in each Communities First partnership. I think that there also needs to be an appreciation on an all-Wales level of what is happening in certain key regards, like, for instance—I am not saying that this will be in the final thing—the work with Jobcentre Plus. Does that need to happen absolutely everywhere? Is the roll-out of that something that we need to monitor? Is the link-up between Committees First and advisory services something that needs to be monitored, so that we have a formal, established relationship in every area? I think that that probably is the case. Do we need to know what each and every Communities First partnership is doing in terms of links with credit unions? I think that that is also probably something that needs to be a national drive, if you like.

[105] We do need to have flexibility for Communities First clusters to be able to respond to issues that are local to them, but all-Wales imperatives are also emerging that need to be a part of how we monitor what Communities First does.

[106] **Peter Black:** So, will the publication of those outputs be in a format in which you can compare them year-on-year to track progress in terms of the spend that you are putting into them?

[107] **Huw Lewis:** Well, yes. Otherwise they would be useless.

[108] **Peter Black:** Okay, and are you going to publish them each summer, or quarterly?

[109] **Huw Lewis:** My understanding is that this is part of the clustering reorganisation. This was initially intended to be annual, was it not?

[110] **Ms Cassidy:** Yes. There will be dialogue with those clusters, but it takes time to get decent information on the progress that all the different actions are making. So, annual reports will be where we get the picture of how it is all building up.

[111] **Huw Lewis:** If we leave things be at the moment, we will find that we have a huge amount of information, but it would be difficult to pick out the all-Wales thrust of where Communities First is heading. So, what I want to do is to add to the monitoring systems that are currently in place and look at key strands—just a relatively small number of key strands of activity that any reasonable person would expect every Communities First cluster would need to be engaged in, with that being measurable and public, so that we can track progress over time. You are not meeting any opposition here, Peter. I completely agree with you about making sure that we understand fully that Communities First has real traction.

[112] **Peter Black:** I am just trying to get clarity, Minister. I welcome clarity, but Communities First has been going for over a decade, so I think that we should be able to get that.

[113] **Huw Lewis:** Well, I have been in charge of it for eight weeks.

[114] **Peter Black:** I understand that, but your Government has been running it for over a decade.

[115] **Christine Chapman:** If there are no other questions, I will move on to Rhodri now.

[116] **Rhodri Glyn Thomas:** Weinidog, rwy'n derbyn bod y portffolio hwn yn newydd ac yn unigryw—yn y Deyrnas Unedig, o leiaf—a bod her enfawr yn eich wynebu chi i gyflawni ymrwymadau eich rhaglen lywodraethu. Fodd bynnag, wedi gwrandao ar yr atebion am awr, nid wyf yn gweld bod unrhyw strategaeth ar waith. Nid wyf yn gweld dim sy'n newydd neu'n wahanol yn cael ei ystyried, hyd yn oed. Rwy'n mawr obeithio y bydd eich datganiad chi ar y gwasanaethau cynghori ac undebau credyd yn llawer iawn mwy cyffrous na'r hyn yr ydych wedi ei awgrymu y bore yma, oherwydd mae posibiladau yn y fan honno. Fodd bynnag, hoffwn sôn am dri pheth yr ydych wedi sôn amdanynt. Dechreuaf gyda Dechrau'n Deg. A yw Dechrau'n Deg yn darparu gwasanaethau cwbl ddwyieithog? O ran Arbed a Nest—ac, unwaith yn rhagor, ni

Rhodri Glyn Thomas: Minister, I accept that this portfolio is new and unique—in the United Kingdom, at least—and that you face a massive challenge to fulfil the commitments of your programme for government. However, having listened to answers for an hour, I do not see that there is any kind of strategy in place. I cannot see that anything new or different is even being considered. I sincerely hope that your statement on the advisory services and credit unions will be much more exciting than what you have suggested this morning, because there are possibilities in that regard. However, I would like to ask about three things that you have mentioned. I will begin with Flying Start. Is Flying Start providing fully bilingual services? With regard to Arbed and Nest—and, once again, no-one would question the value of those—will there

fyddai neb yn cwestiynu gwerth y rheini—a be more resources available to them, because fydd mwy o adnoddau ar gael iddynt, if they do not have access to more resources, oherwydd, heb fod mwy o adnoddau ar gael they will not be able to achieve more than iddynt, ni fyddant yn gallu cyflawni mwy nag they are achieving at the moment? The y maent yn ei gyflawni ar hyn o bryd? Bydd demands on them are going to be much y galwadau arnynt yn llawer iawn yn fwy. greater.

[117] **Huw Lewis:** No. In terms of the central funding of Arbed and Nest, we are, in the main, talking about European money here, and there will not be any additional resource allocated to them. However, what matters very much in terms of Arbed and Nest, of course, is how quickly they can respond to community needs and, critically, where they respond to community need, as well. Just yesterday, I had a bilateral meeting with Alun Davies, the Minister responsible for Arbed and Nest, and we talked about those very issues. I cannot help it, Rhodri Glyn, if you have a blind spot when it comes to what I would like to see as the urgent and commonsensical work that the Welsh Government is undertaking in order to meet the challenges that our communities are facing at the moment.

[118] I described to you the refresh of the tackling poverty action plan, which will be a genuinely all-Government response to what is going on out there at the moment. I have described to you in some detail our work along the lines of resilient communities and what the philosophy behind that will be; how we will use Communities First as a central organising principle of that work; and, specifically, how we are beginning with advisory services and credit unions as a top priority in that regard. I am sorry if you do not see that as being sufficient. I would be very interested in any ideas that you or your party have to improve upon it; I have not heard any. However, I would be more interested in the response, for instance, from the advisory services that I meet this afternoon and from our community of credit unions. Their feedback on this will give me a true picture of whether we are making a difference or not.

[119] **Rhodri Glyn Thomas:** A allaf gael **Rhodri Glyn Thomas:** Can I have an answer ateb ar Ddechrau'n Deg? on Flying Start?

[120] **Huw Lewis:** Yes, you will have your answer. We will need to get back to you on the specifics of that answer, Rhodri Glyn; I do not have the information to hand.

[121] **Christine Chapman:** You will get back to us with that information. Okay.

[122] We will take a very short break now. [*Interruption.*] We have quite a few other things to cover. I will come back to those questions. When we come back, I will call Mark and Ken. We will take a short break now until 10.30 a.m. and we will come back here promptly to continue with the questioning.

*Gohiriwyd y cyfarfod rhwng 10.23 a.m. a 10.31 a.m.
The meeting adjourned between 10.23 a.m. and 10.31 a.m.*

[123] **Christine Chapman:** We will move on to another section, which is on financial inclusion, Minister. I will ask Gwyn Price to come in.

[124] **Gwyn R. Price:** Good morning. What are your plans for the future for support for credit unions in Wales? What steps will the Minister be taking to ensure that the Welsh Government's financial support for credit unions delivers value for money?

[125] **Huw Lewis:** Good morning to you, Gwyn. I see the role of credit unions as being essential. Regardless of the economic downturn and the welfare reform situation that we currently face, it would have been necessary for Government to encourage the growth of

credit unions in our communities in any case. There is an even more urgent case for that now, and I will be meeting with the leadership of the Welsh credit union family on 13 June. At that summit, I will announce a financial settlement for the remainder of this financial year. Members will be aware that there is a cut-off point of September for existing Welsh Government support for credit unions. I want to make sure that we relieve that anxiety around the timetable that credit unions face.

[126] In parallel with the dialogue with the advisory services, I want to put a challenge on the table too in terms of how we develop post-April 2014—in other words, beyond the next financial year. How do we use the time between now and then to reach a consensus on the accelerated development of credit unions, and use the Old Bell 3 Ltd investigation—I would encourage Members to look at that report, which is a very insightful piece of work—to balance the twin-track approach that we need to take? First of all, how do we continue to support credit unions to reach out to people who are financially excluded, or people who are, or are in danger of being, in financial distress? Also, how do we build sustainability into the movement, which means moving beyond its membership base, beyond simply those who are on lower pay or in financial distress of some kind or another? In other words, how do we get credit unions in our communities to be mainstream attractive alternatives to some of the financial services that are offered by the high street banks, for instance? That is a big ask.

[127] I will be working alongside the Association of British Credit Unions Limited, which is very enthusiastic. Here you will hear a rare bit of praise from me of the UK Government: its recent announcement of around £30 million to do the very same work in a UK context is something that is positive. I think that that is the first and the last time that you will hear me praise this UK Government. It is a positive development. How do we multiply the effect of that within Wales? What value can we add so that, in Wales, we remain at the forefront of credit union growth and development? That will be a challenge I will put on the table to the credit unions. We need to address the Old Bell 3 report and consider how we can further enhance the good work that they are doing. The credit union movement, to varying extents, will find that quite a challenging conversation, but we need to have it. We have a window of time between making sure that the anxiety about the cut-off in September is relieved and the turn of the financial year next April, so that we have a new support system in place by then.

[128] **Peter Black:** In fact, Minister, that is the second time you have praised the UK Government today—you also praised the Jobcentre Plus programme.

[129] **Huw Lewis:** I praised the staff.

[130] **Peter Black:** In terms of credit unions, in what way have your plans for the support of Welsh credit unions after September been adapted to take account of the Department for Work and Pensions credit union expansion programme? Are you going to be adopting a similar time frame?

[131] **Huw Lewis:** The time frames will have to complement each other; of course they will. As I say, this is something that I want to run in parallel with what the UK Government development programme is about. In very crude terms, the UK Government investment in this will amount to about £1.8 million or £1.9 million, and those credit unions in Wales that have volunteered to step up to that developmental programme will be a part of that; those that have not will not be. At the moment, I do not have exact figures, but I think it is single figures in terms of the number of credit unions that have, thus far, stepped up to take advantage of the UK Government offer.

[132] **Peter Black:** I think that it is four.

[133] **Huw Lewis:** I want that to grow and I want the two schemes to be complementary.

The timetables will have to fit together. There are things that we can do to accelerate beyond anything that the UK Government has in terms of ambition here in Wales.

[134] **Peter Black:** I was told that, at a recent Welsh Government credit union meeting, it was suggested that the Welsh Government might consider withdrawing support from any Welsh credit unions that were to become part of the credit union expansion programme. Is that the case, and what is the rationale behind that, given that sustainability is a key objective of both the Welsh Government and the UK Government?

[135] **Huw Lewis:** I am not aware of that comment being made and I am not aware of who made it. It was not me.

[136] **Peter Black:** It was officials.

[137] **Huw Lewis:** It is the case—and anyone who represents an area that has a credit union active within it will know this—that the Welsh credit union movement is young. There are credit unions that are at very early stages of development, and there will have to be an acceptance by me of the fact that we will have to have more than one track that we follow. There will be some very small credit unions, for instance, that perhaps cannot be a part of this sort of work at the moment, perhaps because, at this stage, they do not want to be. I do not have any intention of going around beating credit unions over the head and fitting square pegs into round holes. We have to have willing and able partners in terms of how we progress, but I am absolutely confident that we can move forward with large numbers of Welsh credit unions on this agenda.

[138] **Peter Black:** Finally, in Tuesday's Plenary, you stressed the importance of Welsh credit unions achieving sustainability. It is also clear that you see credit unions as the important conduit for combating poverty and financial exclusion, which is a key part of their role. Do you accept that that means that you have to put money into credit unions and that they will not be able to cross-subsidise from within their own resources and also achieve sustainability?

[139] **Huw Lewis:** Yes.

[140] **Mike Hedges:** How do credit unions get involved with the financially included, and how do they work like the building societies did to be seen as part of people's savings, as opposed to something that is there only for the people who cannot access money anywhere else? My second question is about how you will ensure that organisations such as citizens advice bureaux will work closely with credit unions to advise and help people in such a way that they can avoid the scourge of—I am not sure how unkind I can be about pay-day lenders.

[141] **Huw Lewis:** First, you are quite right to point out, Mike, that sustainability is inherently linked with the kind of customer base that credit unions will have now and in the future. For that, credit unions first need to build their membership so that they have more resources to deal with. They also need to offer attractive financial products. They have to be organisations in which people have confidence that they can do basic banking activities.

[142] There is a big question about such things as how the back-office IT system in credit unions actually works. I know that ABCUL is very far advanced in its thinking about an electronic back office for credit unions that want to offer things like current accounts, debit cards and even products such as pay-day loans. We are in a situation where pay-day loans are very attractive and there is a demand for them, because of a situation of stagnant wages in the economy at the moment. More and more people are finding it difficult to manage their finances towards the end of the month, particularly if they have had an unexpected bill during that pay cycle, for instance, if their boiler has broken down or the washing machine has gone

kaput. How do you manage? At the moment, the only financial product out there is a pay-day loan at astronomical rates of interest, particularly if you have to roll the loan over. It must be possible and it is possible to set up a financial product that addresses those issues of unfairness, but maintains the service that people are finding is necessary at the moment.

[143] In some ways, this is a very old-fashioned issue. Back in the 1920s and 1930s, quite often, it would be the co-op store within a community that would offer a similar kind of service, such as offering goods on tick, so that people could manage until the end of the month and see their households through that difficulty. That kind of product needs to be developed. However, the mainstream stuff, such as current accounts, personal loans that are attractive and that sort of portfolio of financial products, needs to be grown. I bought a car with my local credit union and that was an attractive financial product as far as I was concerned. Mortgages need to be a part of our thinking and there are one or two credit unions in the United Kingdom that offer mortgage products.

[144] I think that the Welsh Government also needs to be proactive in its campaign to recruit and raise the profile of credit unions. So, we are talking about PR campaigns and advertising, but also a practical means of recruiting people who are in steady employment and doing all right. We need to showcase that credit unions are an option for them. I have had a discussion with the Wales TUC about how the Welsh Government can commit itself, and I personally can commit myself, to that sort of campaign. We will be looking at workplace recruitment up and down Wales over the coming months and the next couple of years, perhaps, in terms of making sure that the spreading of trust by word of mouth is something that gains traction through workplaces. That is not just in the public sector—although the public sector matters very much—but private sector employers as well. The trade unions are, I think, keen to work alongside the Welsh Government to make sure that that happens.

[145] **Christine Chapman:** I want to move on now to the final section, as we have to close by 11 a.m. I have Janet and Mark next, with questions on welfare reform.

10.45 a.m.

[146] **Janet Finch-Saunders:** My questions will be quite short. What practical actions have been taken to achieve the programme for government's commitment to mitigating the impact of the changes to the benefit system? We know that these changes are necessary.

[147] **Huw Lewis:** Well, you might say that, Janet. There is a growing list of practical actions that are being taken. First, we are all very aware of the council tax benefit mitigation that the Welsh Government undertook.

[148] **Janet Finch-Saunders:** Eventually.

[149] **Huw Lewis:** That was undertaken. It was the UK coalition Government in Westminster, which you support, Janet, that put us in the situation whereby we had to take those difficult decisions with shrinking resources and within very short timescales while it trousered 10% of the financial support for that particular service. The UK Government walked away from the problem; we walked towards it. That is the difference between the two approaches. I have already outlined my twofold strategy in terms of how we will carry that sort of mitigation programme forward in terms of the tackling poverty action plan and the resilient communities work. This will involve programmes like Flying Start, Families First, Communities First, credit unions, as I have mentioned, advisory services, and the upskilling of people as regards the IT demands of things like universal credit through Communities 2.0, and so on. There is now a huge raft of Welsh Government activity out there working to mitigate the impacts of the changes to the benefit system that have been thrust upon us.

[150] **Janet Finch-Saunders:** Okay. Thank you. How will we, as Assembly Members, and, more importantly, our residents and people out there, actually see some tangible outcomes from any of the work that you are doing? Also, how will the alignment of welfare, equality and poverty in your portfolio help to co-ordinate a more joined-up approach, and is this alignment reflected in the organisation of your department?

[151] **Huw Lewis:** I am not sure that I quite grasp the thrust of your question, Janet.

[152] **Janet Finch-Saunders:** We are talking about welfare, equality and poverty, so, how do you dovetail those to align those all together within your own department in a more joined-up approach? Also, is this alignment reflected in the organisation of your department?

[153] **Huw Lewis:** Yes, it is. I see equality issues alongside our tackling poverty strategy. They need to be completely aligned. There are issues of immediate concern here that I need to be dealing with—for instance, what we have talked about as regards advice services and credit unions as first priorities—but there also needs to be a recognition that, apart from anything else, in order to target our efforts intelligently we need to be mindful of the fact that there were issues of poverty that pre-dated what is going on in the economy at the moment. There are issues that are particular to Wales. They impact upon people with certain protected characteristics more than they impact on other groups within society and we need to be alive to that fact and tailor our policies accordingly. Bringing the equality brief together with the tackling poverty brief is the best way to do that. Essentially, now, those two things operate in one department.

[154] **Janet Finch-Saunders:** Thank you. Have you carried out an equality assessment of all of those areas, and is it a tangible one that we can see?

[155] **Huw Lewis:** An equality assessment of all of those areas?

[156] **Janet Finch-Saunders:** Yes. In terms of the programme for government, have you actually applied an equality assessment to the work that you are doing to cover all of the areas there: welfare, equality and poverty?

[157] **Huw Lewis:** Yes, of course. Equality impact assessments are part and parcel, for instance, of our budget-setting programme, which impacts upon everything that I have talked about here.

[158] **Janet Finch-Saunders:** Thank you.

[159] **Christine Chapman:** Are there any other questions? Mark, did you want to come in on this?

[160] **Mark Isherwood:** Yes. I will ask a question before I move on to my final two questions, if I may. Two and a half years ago a range of non-governmental organisations were approaching me, as an opposition Member, telling me that they were seeking to engage the Welsh Government and calling for action then to deal with the impacts of the known welfare reforms. Why is the action that they were calling for then being taken only now?

[161] **Huw Lewis:** Well, the action is not being taken only now, is it? I have just, for instance, described the council tax benefit intervention that the Welsh Government has made. It is curious, Chair, that this question comes from Mark, as an ally of the architects of these welfare benefit changes. To my mind, it is almost as if someone approached you in the street, punched you in the nose and then criticised you for reacting too slowly to the blow. The Welsh Conservatives do not have anything to contribute to this debate. They are setting the parameters within which communities are set to struggle with these issues. I have outlined the

strategy that I intend to follow in order to deal with those blows. I am happy to be scrutinised upon it and to take positive messages away and improve upon it, but I do not recognise fundamental criticisms about the speed of response as valid.

[162] **Mark Isherwood:** Other than one thing that you claim, which you were bounced into by the UK Government, the failure to act is simply down to the opposition—that is a strange one, but there we are. You certainly have ensured that communities will struggle to the maximum possible extent because of the failure to take those actions. However, to move on to specific points, how do you respond to the Bevan Foundation’s concern about the capacity of your contractor, Northgate, to process discretionary assistance fund applications?

[163] **Huw Lewis:** Yes, the discretionary assistance fund that, of course, was plundered by the UK Government to the extent of 10% of the budget being siphoned off before we even began: that one. I always listen to and am aware of criticism, or constructive criticism at least, or advice in terms of how systems such as this should work. There was a very short timescale behind setting up the discretionary assistance fund. Given the timescale that was foisted upon us, I think it was fleet of foot in terms of making sure that the system was up and running and operating on day one. I have asked for a monthly bulletin to be presented to me on the figures surrounding the discretionary assistance fund to make sure that, first, it is operating promptly and efficiently and, secondly, that any capacity issues are telegraphed to me as quickly as they possibly can be. It has only been running a month, and so only the first month’s bulletin has been presented to me as yet. It is a little early to make a judgment about the quality of the service that is being delivered thus far; the second month will tell us much more.

[164] I am also concerned that we make sure that there is awareness of the discretionary assistance fund out there, particularly among that family of advisory services and partner organisations that we were talking about earlier. That is a discrete piece of work that I want to take forward to make sure that, when people in communities are looking for advice and support, those whom they are turning to are well aware of the workings of the DAF and how they can apply to it.

[165] **Christine Chapman:** Before you come back in, Mark, do you want to come in on this point, Mike?

[166] **Mike Hedges:** It is similar point, but it can wait until after Mark’s last one; it will be easier.

[167] **Christine Chapman:** Okay, Mark, do you want to come back in? Then I will bring in Mike and then we need to finish in just over five minutes’ time.

[168] **Mark Isherwood:** Minister, you state in your evidence to us that:

[169] ‘Work is also underway to improve the systems used to track expenditure across Welsh Government which supports voluntary organisations.’

[170] What concerns do you have about the current arrangements and how, if at all, will you fund or seek to fund outcomes rather than Government programmes to achieve homelessness objectives or whatever they might be, when, at the moment, the third sector is complaining increasingly that it sometimes has to change or even stop programmes that are working in order to qualify for funding to deliver a scheme that is narrowly defined by Government?

[171] **Huw Lewis:** I have just signalled a refresh of our relationship with the third sector, as you will be aware. The issues that you have raised are important and will be at the heart of that refresh and that conversation that we are having with the third sector. In the situation in

which we find ourselves, with public sector cuts, and the cuts that the Welsh Government itself is facing, we have to think in very fundamental terms about our relationship with partner organisations—the third sector in this instance. Patterns of spend are too complex at the moment. Anyone would have difficulty unravelling the relationship between ourselves and the hundreds of organisations out there. Our relationship with the Wales Council for Voluntary Action needs clarifying, and not just those with organisations covered by the WCVA; there are particularly large UK-based third sector organisations that do not necessarily relate to the WCVA, but which need to be part of this conversation as well. So I need to be very clear in my conversations with the sector about outcomes—you mentioned outcomes, and that is where we should start our thinking—and what kind of outcomes we are looking for in terms of what the Welsh Government needs to support. In my mind, the clear priority ought to be those outcomes that lead to more resilient communities. Are these activities taking us towards a better organised community, a better informed community and a better supported community, especially when we are talking about vulnerable groups within communities? How do we track Welsh Government investment in the third sector to make sure that we are absolutely clear that those outcomes are being addressed? That is quite a chunk of work. There is a very complex relationship at the moment between Government and the third sector. We need to simplify it and to be clear in terms of what the Welsh Government says about the kind of priorities that we have. We value enormously the relationship with the third sector, and, without that sector, the kind of work towards resilient communities that I have been talking about will be impossible.

[172] **Christine Chapman:** We have a couple of minutes. Mike has a question, and Ken wanted to come in as well. Please make it very quick now.

[173] **Mike Hedges:** You talked about a consultation meeting you are having later today. Two questions: will you be publishing the results of that, and who is representing the legal aid sector at that meeting?

[174] **Huw Lewis:** There will be nothing private about the summit meeting that I am holding later today with advisory services. It will be completely open and above board. I have talked to the committee and given you all the information that I have in terms of the general thrust of what I will be saying at that meeting. It is an event that I hope will signal an intensive period of co-working to make sure that we particularly address the issues within the advisory services review, which, again, is a public document, and everyone is aware of it. There will be organisations representing the legal advice sector.

[175] **Ms Cassidy:** They have been invited.

[176] **Huw Lewis:** There will be some crossover between the invitees to today's event and those who will be coming along to the credit unions advisory summit later next month. This was touched upon by another Member this morning—there is a crossover in terms of the activity of credit unions and financial advice in particular. We need to make sure that, for instance, at a very basic level, the local citizens advice bureau and the local credit union know what each other are about, and that they are giving consistent advice to people who might call at either door in the first instance, and that people are not being given any contradictory advice in terms of the people whom they turn to and rely upon. That, in essence, is what will be going on later today.

[177] **Christine Chapman:** Ken, will we have a quick question, and then a quick answer from the Minister.

[178] **Kenneth Skates:** What are you doing, along with other departments, in terms of increasing the provision of childcare? As we know from Chwarae Teg, that remains the biggest barrier for parents in general, and single mums in particular: accessing affordable

childcare, and education and leisure facilities. Would it be possible for Communities First to act as a facilitator of times between sport centres, colleges and childcare facilities?

11.00 a.m.

[179] **Huw Lewis:** Yes, of course it is possible, and I note that some Communities First partnerships in the past have been very engaged with the issue of childcare in communities. That remains a very valid area of activity for Communities First clusters. I have mentioned the doubling of Flying Start, which is about a lot more than childcare, but also, of course, contains that childcare element. We are investing heavily, through the public purse in Wales, on expanding Flying Start.

[180] A wider conversation needs to be had about affordable childcare in the round. It is a very pressing and very difficult issue in the funding atmosphere in which we find ourselves. I will publish a childcare plan this summer. I think that is the timing, Kate.

[181] **Ms Cassidy:** Yes. It is also part of the tackling poverty action plan.

[182] **Huw Lewis:** Yes. This is at the forefront of my concerns. However, we are in extremely challenging times as regards the funding of affordable childcare. We also have major challenges around the make-up of the childcare workforce. I have already had discussions with Cabinet colleagues on the need to invest in the skills levels of the childcare workforce. There is also a recognition that childcare is a job sector that needs to be encouraged and supported. Our plans as regards all these issues will be made public later in the year.

[183] **Christine Chapman:** Thank you. On that note, Minister, I thank you and your officials for attending this morning. We will send you a transcript of the meeting so that you can check it for factual accuracy. We look forward to seeing you in the future. Thank you very much.

11.02 a.m.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from
the Meeting**

[184] **Christine Chapman:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[185] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.02 a.m.
The public part of the meeting ended at 11.02 a.m.*