



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

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

Dydd Iau, 26 Medi 2013
Thursday, 26 September 2013

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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

Leighton Andrews	Llafur Labour
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
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Lindsay Whittle	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Neil Barber	Cyfarwyddwr Datblygu, Grŵp Seren Director of Development, Seren Group
Gareth Davies	Pennaeth Datblygu, Cymdeithas Tai Unedig Cymru, a Chadeirydd Fforwm Gwasanaethau Technegol Cartrefi Cymunedol Cymru Head of Development, United Welsh Housing Association and Chair of Community Housing Cymru's Technical Services Forum
Jonathan Ford	Prif Weithredwr, Cymdeithas Bêl-droed Cymru Chief Executive, Football Association of Wales
Peter Hughes	Cadeirydd Cymru, Y Cyngor Benthycwyr Morgeisi Cymru Chairman, Council of Mortgage Lenders
Llŷr Roberts	Rheolwr Ymchwil a Gwerthuso, Cymdeithas Bêl-droed Cymru Research and Evaluation Manager, Football Association of Wales
Paul Smee	Cyfarwyddwr Cyffredinol, Y Cyngor Benthycwyr Morgeisi Director General, Council of Mortgage Lenders
Neil Ward	Prif Weithredwr, Ymddiriedolaeth Bêl-droed Cymru Chief Executive, Welsh Football Trust

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

Jonathan Baxter	Gwasanaeth Ymchwil Research Service
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Sarah Beasley	Clerc Clerc
Leanne Hatcher	Dirprwy Glerc Deputy Clerk
Rhys Iorwerth	Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 09:15
The meeting began at 09:15*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Christine Chapman:** Bore da and welcome to the Communities, Equality and Local Government Committee. I remind Members that if they have mobile phones, they should be switched off, as they affect the transmission. We have no apologies this morning.

Ymchwiliad i'r Rhwystrau i Adeiladu Cartrefi yng Nghymru—Sesiwn Dystiolaeth 6 Inquiry into Barriers to Home Building in Wales—Evidence Session 6

[2] **Christine Chapman:** We are in the middle of our inquiry into barriers to home building and we shall today be taking evidence from the Council of Mortgage Lenders. I welcome Paul Smee, the director general, and Peter Hughes, the chairman of the Council of Mortgage Lenders. Welcome to you both. You have provided a paper, which Members will have read. So, if you are happy, we will go straight into questions.

[3] I want to start off with a very quick question: do you think that confidence is returning to the housing market?

[4] **Mr Smee:** I think that we have seen some welcome signs of recovery over the course of this year. It is particularly encouraging to see more first-time buyers come into the market. When I joined the housing market two years ago, I was told that the secret to a healthy market was attracting first-time buyers, and we are seeing a definite upturn right across the United Kingdom, including Wales, in this interest. So, there is progress.

[5] **Christine Chapman:** Okay. Thank you.

[6] **Mr Hughes:** I can answer that from a local perspective. My day job is with the Principality Building Society and, through our estate agency, Peter Alan, and through our normal mortgage business, we are definitely seeing an upturn, as Paul would say, in the number of first-time buyers and in general activity in the market.

[7] **Mark Isherwood:** Good morning. As recently as this week, the construction sector—I believe it was at a breakfast meeting—commented that its members felt that they were still being held back in Wales by the continued lack of mortgage guarantee and shared equity schemes. Regardless of your ability to lend on those—and I know that you do not want add costs by replicating schemes that might follow before too long—to what extent do you agree with their analysis, that this has held back the stimulus of new supply, as well as support for more people to access the market?

[8] **Mr Smee:** Speaking from the council's point of view, we would be very keen to see, and are actively working to help, the introduction of a Help to Buy shared equity scheme in

Wales. This is a scheme that was announced in the UK budget, and it started in England in April, where it has shown some very encouraging signs of encouraging new building and enabling shared equity mortgages to be taken out on new-build homes. It would be very good to see this scheme extended to Wales, and we are actively working with the Welsh Government to ensure that it can come in. Peter may have some specific comments.

[9] **Mr Hughes:** I would echo what Paul says. With the original NewBuy Cymru, we were in discussion with the Welsh Government ahead of the launch of its counterpart in England. It is understandable that the Welsh Government took the stance that this is a new initiative and that it wanted to understand how it impacts more generally, and lenders were ready to go on that front, including Welsh lenders, which we felt was extremely important in order to reinforce the scheme. Events have moved on, but there is a commitment in the general industry, particularly in the Welsh market, to get behind the shared equity new-buy scheme. So, I would entirely echo what Paul says.

[10] **Mark Isherwood:** Do you agree with the construction sector about the absence or delay? England has had its scheme for 18 months, and Scotland for 12 months. Do you agree that this has delayed their ability to meet new supply through new build?

[11] **Mr Smee:** I think that that refers particularly to the NewBuy scheme, which, as it were, was overtaken by the Help to Buy scheme.

[12] **Mark Isherwood:** And FirstBuy.

[13] **Mr Smee:** Indeed; sorry. There are so many schemes, all with 'buy' in the title, it is usually confusing at some point.

[14] I think that NewBuy started off very slowly. So, to say that there were 18 months is perhaps a little bit of an exaggeration, because—

[15] **Mark Isherwood:** It was launched 18 months ago.

[16] **Mr Smee:** It was launched 18 months ago, but it started very slowly, and it is only really over the last nine months, I think, that we have seen an encouraging upturn in figures, so I do not feel that Wales has been held back by the absence of this scheme, and I can quite understand the Welsh Government wanting to see how things turned out with the English scheme before committing its own balance sheet to this purpose.

[17] **Peter Black:** Just for some clarity on the NewBuy Cymru scheme, as I understand it, we have had the builders here telling us that they are really keen to go and do it, and you are telling me that you are really keen to do it, but the Welsh Government is saying that it cannot do it because the builders and the finance companies are not prepared to commit to it. Which is right?

[18] **Mr Smee:** I am sorry; I am going to have to draw a distinction between the two schemes.

[19] **Peter Black:** I am talking about NewBuy Cymru now.

[20] **Mr Smee:** I know; you are talking about NewBuy Cymru. The NewBuy Cymru scheme was proceeding, and we were in a position where I think there was interest among lenders, and suddenly, from leftfield, came the announcement of the Help to Buy equity loans scheme. The Help to Buy equity loans scheme arguably offers the builders a better proposition than the NewBuy scheme. It also brought into the equation a lot of new factors. That delayed any start of the NewBuy Cymru scheme, while the Help to Buy scheme got

moving. Since then, we have been working with the Welsh Government to introduce Help to Buy, because I think that that has been shown to be more attractive both to lenders and builders, and to purchasers as well.

[21] **Peter Black:** So, you are saying that NewBuy Cymru is dead in the water.

[22] **Mr Smee:** I would not go so far as to say ‘dead’, and I would not say that NewBuy England was dead in the water, either.

[23] **Peter Black:** No, I did not say that. NewBuy Cymru was due to come in a few months ago, and the scheme that applies to England and Wales is not due to come in until January, so the Welsh Government is trying to say that it is trying to get something in the interim, but you are saying that that is not possible.

[24] **Mr Smee:** I think it would be unlikely, for such a short period, to have a NewBuy scheme. The key with getting the NewBuy scheme off the ground is getting builders—those people who are selling the houses—to make this scheme available and make people aware of it.

[25] **Peter Black:** Well, the Welsh Government says it is the finance companies, not the builders.

[26] **Mr Smee:** I am sorry?

[27] **Peter Black:** The Welsh Government says it is the finance companies that are holding it up.

[28] **Mr Smee:** I am not sure I would agree with the words ‘holding it up’.

[29] **Peter Black:** Not committing to it, then.

[30] **Mr Smee:** There is a difficulty in trying to get a scheme off the ground knowing that, in a few months, it will be overtaken by a scheme that all the parties concerned would say was a more attractive scheme.

[31] **Peter Black:** So, in effect, Wales is going to have this hiatus until January, when the new scheme comes into effect and applies to everything in Wales.

[32] **Mr Smee:** We will not have a NewBuy scheme until then.

[33] **Christine Chapman:** I have a supplementary question on this from Gwyn.

[34] **Gwyn R. Price:** To bring my question forward, do you think that Wales needs its own mortgage guarantee scheme, then?

[35] **Mr Smee:** The Help to Buy scheme has two components. The mortgage guarantee component, which is not in place in any part of the country at present, will come in in January and will be a UK-wide scheme run by Her Majesty’s Treasury. One of my preoccupations is getting that off the ground. The second component is the shared equity one, which will be a Welsh scheme. That is related to NewBuild, so there will be a Welsh Help to Buy shared equity. I am sorry about these cumbersome titles. There will be a Welsh scheme up and running at the beginning of next year.

[36] **Leighton Andrews:** Paul, you will regularly have discussions with the Treasury about the development of schemes such as these. In your experience, is the Treasury really

aware of what schemes are happening in the devolved administrations, or does it design schemes on the basis that England is the default model?

[37] **Mr Smee:** It is certainly aware and, if it was not aware, I would make it aware. This is part of the discussions that I have regularly with Treasury officials—I explain our activities with the devolved administrations. I think that when it came to the mortgage guarantee scheme, the Treasury designed something for the United Kingdom, and we have been very careful in our discussions with the Department for Communities and Local Government in London to ensure that, when it is looking at shared-equity schemes, it thinks about the fact that it must take devolved administrations with it, and share its experience and information with them.

[38] **Leighton Andrews:** However, you, as CML, are yourselves having to point out to central Government departments that there are differences in operating within different devolved administrations.

[39] **Mr Smee:** We would do that just as part of good communication. I am not by that suggesting that it would not come to the same conclusion without us pointing it out; we are just being helpful.

[40] **Mike Hedges:** I have two questions. The first is: would you agree that house prices are controlled by two issues, one being the volume of housing and the other being the amount of money that is made available in the system, and that making more money available in the system can lead to house price inflation? The second is: if you are going to have a mortgage-guarantee or shared-equity scheme, would it not be better targeted towards first-time buyers, rather than just inflating the whole market?

[41] **Mr Smee:** I would say that the housing market is quite a complex model, but I agree with you that the main factors that are driving it are supply—we have consistently argued for an increase in supply—and demand, which is caused, to a great extent, by the availability of finance. I would add a third, which is confidence. I think that if you look at the way that the housing market stayed flat for so long, you will see that there was definitely a period last year and around the beginning of this year when the finance was definitely available on good terms, but there was a lack of confidence from people wishing to come forward, even though, when we did surveys, they would say that they wished to own their own home. So, I think that that is a third factor that you cannot ignore.

[42] When it comes to the inflation of house prices, this is something that we are looking at, the financial policy committee of the Bank of England is looking at and a lot of people are looking at, and clearly the media is keeping us under scrutiny. I would say, from our analysis, that we do not feel that we are in a place where the market is getting into any overheated territory at the moment. Our overall forecast for volume is less than half of what the borrowing was in the years when we talked about the property bubble in the middle of the last decade. So, we are some way off that. Again, if you look at house price data, you will see that the situation is very patchy across the country. In many parts of the country, house prices are flat, and overall figures are distorted by the effect of the London market, which is very different.

[43] **Mike Hedges:** The other question that I asked was whether—perhaps I should not ask all my questions in one go—the mortgage guarantee or shared equity should be targeted, for example, towards first-time buyers. The fourth factor, which has been missed out, so I have got to put it in, is student loans, which have distorted the ability of younger people to build up deposits.

[44] **Mr Smee:** Turning to whether shared equity should be targeted, I think that there is

some evidence in the market that there was a problem with second-steppers. One of the reasons why prices were remaining high and stock was not available was that people were being trapped, for want of a better word, in their first home. The way that the mortgage guarantee scheme has been constructed is to free up the whole market. The design of that scheme is a matter for Treasury Ministers, not for me, and they could have chosen to target it in a particular way, if they had so wished, but I can see housing-market reasons why they would want to have a scheme of wider application.

[45] On student loans, I think that it would be fair to say that we have not, at the moment, seen an effect of distorting the market because people are unable to come in because they are repaying student loans. I suspect that we are seeing, generally, that people are buying houses later. I am not sure that that is too bad a thing. I think that, for a short period, people seemed to come out of university and buy a house instantly. I am not sure that that was necessarily the optimum solution or necessarily the natural pausing point for the market. However, I do not believe that the effect of student loans is such that it is, of its own, distorting the housing market.

[46] **Jenny Rathbone:** You say that there is a disconnect between the availability of mortgages and people's capacity to commit to that loan. Many people are anxious about losing their jobs. Are you active in areas where there is low housing demand as well as areas like Cardiff, where there is huge housing demand?

[47] **Mr Smee:** The mortgage market covers the country. I am not aware of particular pockets of low demand in an absolute sense. There has not—

[48] **Jenny Rathbone:** The number of people on the housing waiting list in Cardiff is 12,000 today. In other parts of the country, there may well be areas where there is not much demand for housing—certainly areas where housing is a lot cheaper.

09:30

[49] **Mr Hughes:** May I answer that from a local perspective? The society has committed £75 million of funding for first-time buyers and is prioritising its heartland in Wales. So, while we do not expect to lend all of that this year, we expect to lend about £60 million and we do not have a discriminatory policy that favours any part of Wales against Cardiff or any other area; it is an all-Wales policy. The canons of lending in terms of whether the borrower can afford to service the commitment are the priority as opposed to favouring a particular area. I do not know whether that answers the question, but we are absolutely resolute that there is no discriminatory bias against any parts of Wales. It is an all-Wales policy.

[50] **Christine Chapman:** Peter, do you want to come in on this point?

[51] **Peter Black:** Yes. In terms of first-time buyers, we have seen figures that say that the age at which people get their first mortgage is increasing quite a lot. For example, Ceredigion is looking at an average age of 35 before someone can get their first mortgage. Is that a pattern that is starting to recede or are you still having difficulties with people getting their first mortgage and getting in to the housing market?

[52] **Mr Smee:** The statistics on the age at which people get their first-time mortgage can be slightly distorted by the effect of those who have parental help. If you include people who have help from a parent, grandparent or another source, you see mortgages being available to people who are in their late 20s. That brings down the overall average. I think that the figure that you quoted is for people who do not have those rates of support.

[53] I do not think that there is now any question of a problem of mortgage availability. I

do believe that the market has come significantly back in terms of availability.

[54] **Peter Black:** However, what about affordability?

[55] **Mr Smee:** In terms of affordability, our statistics suggest that the mortgage repayment, as a percentage of overall gross income, is now as low as it has been for several decades. I am quite happy to provide a note for you on that.

[56] **Peter Black:** The issue is the level of deposit that people need.

[57] **Mr Smee:** The key is the level of deposit and I do think that we have not gone back—in my view, quite rightly—to the days when 100% mortgages were being made available. One of the reasons why the Government is introducing its various schemes is actually to enable people who could service a mortgage to take one out at these higher loan-to-values without the time lag of saving for the deposit. We are seeing a move back to higher loan-to-value mortgages being available, thereby bringing forward the time at which people, if they so choose, can access the mortgage market and private owner-occupation. I do not know whether Peter's experience at the Principality bears this out.

[58] **Mr Hughes:** I would endorse that. Any journey back towards higher loan-to-value products is something that the lending industry needs to be cautious about because, understandably, lessons needed to be learned from earlier crises. So, I would entirely echo what Paul said. There is a move to higher loan-to-value products, but there is a big emphasis within lenders' criteria on affordability. We see no evidence that that is under any more pressure than it has ever been. So, we are comfortable with the way in which that is developing.

[59] **Christine Chapman:** Mark, do you want to come in on this point?

[60] **Mark Isherwood:** Yes, I would like to make a comment. Mortgage guarantees, when I sat on your side of the table, were readily available to 95% after both of the previous recessions and helped to drive recovery then. It was their absence on certain loan-to-value mortgages that helped to contribute to the credit crunch.

[61] I will move on to discuss students. Are student loans included in the status assessments—that is, someone's ability to repay—for applications? You mentioned Help to Buy, currently FirstBuy. Previously, when shared ownership was launched in Wales and then the low-cost home-ownership programme was launched in Wales, they eventually also extended to include existing property, not just new build. As is the case in England, do you believe that the scheme could or should develop in future to existing property, or not and that it should simply stay on new build?

[62] Finally, in terms of availability, to what extent, post credit crunch, have members rebuilt capital adequacy to the extent that they can manage the risk necessary to lend? They are frequently criticised for not making lending available, when the reality is that the regulatory environment at the European and UK level requires them to manage that risk through their capital base.

[63] **Mr Smee:** I will go through these in reverse order, if I may. The capital adequacy point is important, and it has been a game-changer since the credit crunch. If you lend a mortgage at 80% loan-to-value as compared with a loan-to-value of 95%, you need six times more capital supporting the 95% loan than the 80% loan. That is a game-changer. I believe that the process of reconstructing the balance sheets has been largely achieved, particularly when I go round and talk to my building society members across the country. They say that their retail deposit base is strong, and that that is providing the funds by which they can offer

mortgages freely to appropriate customers. So, particularly in the building society end of the market, I think that this reconstruction has gone through well.

[64] You asked about assessing student loans. We are in the throes of implementing a new regulatory regime across the entire United Kingdom that requires a much better assessment of affordability. One of the factors that will have to be taken into account is the way in which repayments are made under any contract, including student loans. They will be taken into account when assessing how much to offer to a prospective borrower. Those rules come in during late April, although I think that an awful lot of the major lenders have already anticipated this and are already asking those sorts of questions.

[65] There were three questions, were there not? I think that the third one was about whether shared-equity schemes could transfer into other sorts of guarantee.

[66] **Mark Isherwood:** As they are in England, and as they have in the past in England and Wales.

[67] **Mr Smee:** I think that they are separate schemes, so you cannot morph from one to the other. I think that it will be for the Welsh Government to decide whether it wanted a specifically Welsh-badged scheme, given that the mortgage guarantee will cover the entire United Kingdom.

[68] **Leighton Andrews:** On this point about student loans, we are in only the second year of £9,000 student loans, so the first graduates will not graduate until the summer of 2015 with the full level of debt if they are students not domiciled in Wales. Do you have forward projections of any likely change in behaviour patterns between the existing fees regime and the new fees regime that commenced in October 2012?

[69] **Mr Smee:** I am afraid that I do not at the moment. I think that there are other factors around the debate, but we have not done specific research on this point. I will take it away, and if we do anything I will make sure that the committee is made aware of it.

[70] **Jenny Rathbone:** We have talked about the availability of mortgages to individuals, whether or not they can afford them and whether or not they can raise the deposit. Can you talk to us about the relationship with social housing organisations? I read that Linc Cymru had managed to get a scheme together using Help to Buy. How much will housing associations be dependent on Help to Buy, and how much are they getting what they need from you? What people want to know is why housing is not being built.

[71] **Mr Hughes:** From a local perspective, CML has a very constructive dialogue with social housing landlords in Wales, and I think that it is a credit to them over the last five years that the warmth and closeness of that relationship has improved, although we accept that there is still work to do. All of the large lenders and building societies are very much committed to lending to social housing landlords in Wales. We are currently in dialogue about aspects such as regulation, which are very important. However, there is still an appetite to lend to social housing landlords, and lenders accept the key part that they play in some of the other affordable housing initiatives, whether they are lending alongside them on section 106 obligations or on shared ownership. For example, we have supported a scheme with the Seren Fairlake group on shared ownership. So, I think that the sector recognises the very good work that the RSL sectors do in terms of affordable housing and we are committed to working alongside them, particularly organisations such as Linc Cymru that do a lot of good work in that space.

[72] **Jenny Rathbone:** Would you be able to give us some statistics on how much lending you have granted to social landlords in the 12 months for which data are available compared

with previous years?

[73] **Mr Hughes:** The overall lending commitment to the social housing sector is about £2.5 billion. More latterly, new lending has not been as significant, partly because there has not been as much stock transfer activity within Wales. My hunch would be that new lending would be around £60 million to £100 million a year, but I would need to come back with more specific data on that. With my Principality hat on, we are very committed and open to business for lending to the social housing sector within Wales.

[74] **Christine Chapman:** It would be useful if you could come back to us with that, Peter.

[75] **Mr Hughes:** Certainly, Chair.

[76] **Mark Isherwood:** These are my final questions on this section. The availability of development finance to registered social landlords collapsed with the credit crunch, but it has been developing since. Has it now reached a level at which there is sufficient competition for proper tendering to RSLs? To what extent are lenders being limited by increased gearing on the balance sheets of RSLs because of the contraction in Government supported funding?

[77] **Mr Hughes:** Certainly, lending activity to the sector did reduce. That was, in part, due to the restriction of supply, so it was not perceived that the sector suddenly became a higher risk; it was just that there was only so much funding to go around. It became a supply and demand issue and the pricing to the sector increased quite dramatically. What we have seen latterly is that the sector frequently moves in the direction of the capital markets. Lenders now, following some of the lessons learned from the credit crunch, are typically lending on a shorter-term basis, generally five, possibly 10 years. If longer-term funding, which social housing landlords need, is required, typically the capital market is the source; that is where they go. Again, the lending industry is working closely with those and has invited members of the capital market into the Council of Mortgage Lenders' social housing team. Broadening that base, the Welsh Government has done some very good work on the housing bond. I know that nothing firm has been released on that, but I believe that a lot of progress is being made.

[78] **Mark Isherwood:** There will be a statement today.

[79] **Mr Hughes:** Okay; excellent. In terms of whether lenders see gearing as a constraint, this almost goes back to the affordability question that was raised earlier. Generally, the credit story for Welsh social housing landlords is a strong one. Traditionally, the Welsh Government has adopted a fairly risk-averse policy, which has stood the test of time, I think. There are requests to increase gearing, and they are generally sustainable because the ability of RSLs to repay still looks very strong. However, there are other challenges coming around, such as ramp-like rent levels and welfare reforms, which will all have a bearing on these things. The lending industry is still very committed to supporting the social housing sector in Wales.

[80] **Mark Isherwood:** Thank you.

[81] **Lindsay Whittle:** I may be looking back with rose-tinted glasses, but I wish that we could return to the era when people had 100% mortgages and, if you wanted to add additional moneys, you could. That is what I did when I purchased my first house for £6,000—you cannot buy a car for that these days. That is life, I suppose. It is for sale today for £125,000, so I wish that I had kept it. *[Laughter.]*

[82] As I drive through the valley where I live, I notice that houses have been for sale for possibly two or three years. There seems to have been no movement at all. There are five in

my own street. However, in the last three months, I have noticed ‘Sold’ signs springing up, and I think that that will help the economy a little. Do you think that the availability of mortgage finance is holding up the supply of new homes in Wales, because I do not see any new houses being built in my valley? Building new houses will help to create employment. People purchasing a house that is already constructed will create a little employment, when people purchase household goods. However, that will not help the carpenters, the builders, the plumbers, the plasterers, et cetera. Why can you not start lending more for people to buy new homes?

09:45

[83] **Mr Smee:** Clearly, the availability of finance for building new homes is really crucial to get supply up and will have a dampening effect on increasing house prices. It does have a very positive effect on employment; I really agree with you. I think that that is why we have been putting so much effort into making sure that the shared equity of the Help to Buy scheme gets off the ground well, and there are encouraging signs that that is having an effect on supply. I have talked to builders who, apart from being cheerful, which is a new experience for me, have been talking about actually bringing forward some of their plans because they feel that demand is being brought forward by the availability of shared equity. So, I am not at all complacent on this and I am very keen indeed to see the Welsh scheme up and running as well. However, I feel that the mortgage finance is there. The key thing that the Help to Buy shared equity has done is that it has built the bridge between the builders and the lenders. We tried to do that with NewBuy—it did get off the ground, but it got off the ground very slowly. What you will find is that there are better links now between builders and lenders, and better relations between builders and lenders, which will mean that a shared-equity scheme can drive the sort of building that you wish to see.

[84] **Lindsay Whittle:** Forgive me, I have a quick supplementary question. Again, I go back to the heady days of 25-year mortgages, but I read that in other countries they are 30 or 35 years long. Do you foresee that?

[85] **Mr Smee:** I think that you can see it happening and I am aware of some lenders that do offer longer than 25-year terms. I think that there is a demand issue. If you say to people, ‘We’re locking you in to a very long-term product’—and it will be long, because if you are locked in to one of these products, there will be some sort of penalty for coming out of it early; it may not be a big one, but there will be some sort of penalty—they will be quite reluctant to commit for that length of time, because, in effect, they have to look ahead at the future performance of the economy, interest rates and the like, which is way beyond even the Governor of the Bank of England’s power to predict. I can see why people are cautious about this, but the products are available for those who want them.

[86] **Mr Hughes:** I echo that and say that whenever we have offered products for a longer tenure, the demand has been very patchy. Typically borrowers seem to move to a two, three or five-year term, and we have found very little demand for 10 or 15-year terms. It will be interesting to see whether that culture changes, but we have not seen firm evidence of that.

[87] **Lindsay Whittle:** I am not advocating the culture, by the way. It is wonderful when you pay off your mortgage, I can assure you.

[88] **Rhodri Glyn Thomas:** Gofynnaf ddau gwestiwn i chi ynglŷn â’r posibiliadau o weld y broses o fenthg arian yn newid. O ran landlordiaid cymdeithasol, a ydych chi’n credu bod cynlluniau fel bond tai Cymru yn debygol o ddatblygu yn ddulliau o fenthg **Rhodri Glyn Thomas:** I will ask two questions about the possibilities of seeing the process of lending money changing. In terms of social landlords, do you think that schemes such as the Welsh housing bond are likely to develop into methods of lending money that

arian a fydd yn cystadlu â dulliau will compete with traditional methods of traddodiadol o fenthg morgeisi i mortgage lending to social landlords? landlordiaid cymdeithasol?

[89] **Mr Smee:** Peter, would you like to talk about this?

[90] **Mr Hughes:** Certainly. While we await more detail on the announcement today, again we commend the Welsh Government and the work that is being done to look at more innovative ways of bringing funding into the sector. There is a real challenge for banks to lend long term, and therefore most banks are typically lending for five years. However, the housing bond has innovation and looks to a much longer term, which gives social landlords the certainty to plan and build their business. Those new types of funding are absolutely critical and, if I put my Principality hat on, we are in dialogue with and have worked alongside other innovations, for example the Welsh housing partnership and other types of partnerships with social housing landlords. There has been a positive response by lenders to the crisis, but we can always do more. We are always happy to work in partnership with the Welsh Government and civil servants on developing some of these schemes.

[91] **Rhodri Glyn Thomas:** Mae'r **Rhodri Glyn Thomas:** The scheme at cynllun ar hyn o bryd yn ymwneud â swm o present is to do with a sum of £4 million. Are £4 miliwn. A ydych yn dadlau y dylai you arguing that the Welsh Government Llywodraeth Cymru geisio edrych am fwy o should try to look for more money for this arian ar gyfer y gronfa arbennig hon? particular fund?

[92] **Mr Hughes:** Until we have a little bit more detail in terms of how easy organisations find it to work with that scheme, given that it is a new scheme, I think that it should be part of a cocktail of measures. If the scheme gains a lot of traction, then perhaps that might be the time to crank it up. It seems to have started at a sensible level. I do not have possession of what the Welsh Government says the priorities might be, because it is the land of difficult choices: if you are committing £4 million, that becomes £8 million and, potentially, that comes out of another purse. There will be others better placed to answer that question. However, it seems a very sensible starting position and there seems to be good engagement within the RSL sector.

[93] **Rhodri Glyn Thomas:** Mae'r ail **Rhodri Glyn Thomas:** The second question gwestiwn yn ymwneud â morgeisi is to with traditional mortgages. You were traddodiadol. Roeddech chi'n feirniadol iawn very critical of 100% mortgages. Even o forgeisi 100%. Er bod Lindsay Whittle yn though Lindsay Whittle tends to favour them, tueddu i'w ffafrio, rydych chi'n amheus iawn you are very doubtful about them. Are we ohonynt. A ydym yn mynd i weld morgeisi going to see low deposit mortgages gyda blaendal isel yn dychwelyd? At present, the deposits are proving to be a problem, because people have broblem oherwydd bod gofynion eraill ar other requirements; we have heard about bobl; rydym wedi clywed am fenthyciadau i student loans and so forth. Gathering that fyfyrwyr, er enghraifft. Mae cael y blaendal deposit is proving to be a problem, so are we yna yn profi i fod yn broblem, felly a ydym likely to see mortgages with a 10% deposit yn debygol o weld morgeisi gyda 10% o rather than a 25% deposit returning in the flaendal yn hytrach na 25% o flaendal yn near future? dychwelyd yn y dyfodol agos?

[94] **Mr Smee:** It is a fair question. The thing with the 100% mortgage was that it gave the borrower no skin in the game. Having some sort of deposit is probably a good thing. When 100% mortgages were issued, there was a belief from borrowers and from lenders that house prices could only go up, and that was a mistaken belief. I do not think that you should build a market on a false premise. That is my scepticism there. Will higher loan-to-value mortgages

return? I believe that they are returning. There are many individual institutions, such as the Principality, that do have a higher loan-to-value offering for people in particular circumstances who clearly can afford to service the mortgage. So, I do think that they are coming back. They are not going to be offered as part of the rations to everybody, because I think people have learned from some of the mistakes that have been made in the past. However, I do not think that you should assume that just because for the last five years the average mortgage has been an 80% loan-to-value mortgage, that figure is fixed in concrete. We are definitely seeing more of those loans becoming available.

[95] **Mr Hughes:** It was not so long ago that lenders were being heavily criticised for providing high loan-to-value mortgages. I do not expect anybody in this committee to feel sorry for lenders, but there are difficult choices. We commit so much of our new lending to first-time buyers and to 95% mortgages; what we cannot forget is that we have 10 savers for every borrower. They are also the society's members, so we are the custodian of their interests as well, and everything we have to do is focused on their best interests. We have to be cautious of how we allocate our mortgage funding so that we do not take unnecessary risks. So, I would echo what Paul says: there is a return of higher loan-to-value mortgages, but it is a sensible and measured return to some of the lending canons of the past.

[96] **Mr Smee:** There was one other point that I wanted to mention, which is that the capital regime has changed. The ground rules for reserving capital against the lends that you make has very significantly altered. At very high lend-to-value mortgages, you have to reserve significantly more capital. This is part of the Basel accord, as interpreted by the Prudential Regulation Authority. That means that you are going to be careful in how you allocate those high loan-to-value mortgages, and you are going to underwrite them very carefully, so that they go to appropriate people who you know and feel confident will be able to service those mortgages.

[97] **Christine Chapman:** I apologise, because I know that a couple of Members wanted to ask some questions, but our other witnesses are ready to come in. Thank you both for attending today; it has been a very good session. We will send you a transcript of the meeting so that you can check it for accuracy. Thank you very much for coming in today.

09:56

**Ymchwiliad i'r Rhwystrau i Adeiladu Cartrefi yng Nghymru: Sesiwn
Dystiolaeth 7
Inquiry into Barriers to Home Building in Wales: Evidence Session 7**

[98] **Christine Chapman:** I welcome our next panel of witnesses—Gareth Davies, head of development, United Welsh Housing Association and chair of Community Housing Cymru's technical services forum, and Neil Barber, director of development, Seren group. Welcome to you both. Thank you for sending a paper in advance. Members will have read it, so we will go straight to questions on your evidence.

[99] How would you assess the current levels of development by the registered social landlord sector?

[100] **Mr Barber:** I believe that there has been a positive situation over the last couple of years, working with Welsh Government. We have looked at a number of innovative ways to try to increase and continue the supply of affordable housing throughout Wales. This has meant that, as RSLs, we have looked, working with Welsh Government, at new forms of finance that have been brought into play with things such as the housing finance grant and the Welsh housing partnership. We have also looked at taking up some of the section 106 opportunities that were negotiated a while ago and that do not really work on their own. We

have looked at bringing in other tenures that help us to move forward with those. We also have a much greater range of tenures that we can offer to people, which help us to unlock opportunities. So, we have the capacity to do more, and we want to do more. However, I feel that there has been good progress in sustaining delivery over recent years, but, as we all know, it is going nowhere near meeting the level of demand that is out there.

[101] **Christine Chapman:** We will look at some of these issues in detail. Gareth, would you like to contribute?

[102] **Mr Davies:** I echo that. Levels have been sustained. It has been challenging—obviously, the evidence is out there to show that the funding has gone down—but the sector is excellent at adapting and looking at innovative models to see how we can increase supply. In our favour, the downturn has enabled us to acquire sites that we were perhaps not able to compete for in the good times. So, we have a good, steady land bank, and the opportunities are there to continue with development, but we need to do more.

[103] **Jenny Rathbone:** You have the land bank, but people want to know how quickly you can convert those bits of land into homes. What are the barriers at the moment to building homes on the land that you are acquiring?

[104] **Mr Barber:** The barriers are the length of time that it takes to get planning these days. That is not a criticism, per se, of the planning authorities; it is just a reflection of the complexities of the system, the amount of ecological investigation and site investigations, before you even get into the consultation with the local community. The time that it takes to progress a development scheme, to turn it from one where you have bought the land, or just looking at the land, to actually someone moving into that home has expanded massively in recent years. There is very little sign of that improving in the near future.

10:00

[105] **Jenny Rathbone:** I think that it would be useful to have a note on that time delay, if you like, before you even get to planning, because it is technical stuff. Potentially, that might be an area where we could try to speed up the process. Clearly, local authorities need to ensure that you are building warm homes that are not going to be problematic in the future. There is a current demand for one and two-bedroomed homes, because of the bedroom tax. Obviously, people on this side of the table are hoping that that will finish when the next Government comes in and abolishes it. However, for now, there is a demand for one and two-bedroomed homes but there just is no availability. I just wondered how you might be able to respond to that.

[106] **Mr Davies:** Welsh Government has been very quick in reacting to the situation around that particular issue. Funding has been made available to bring forward sites to develop a proportion of one and two-bedroomed accommodation. The caution that I would urge, I suppose, is that we cannot have a knee-jerk reaction to focus entirely on one and two-bedroomed units. There is still a demand for two and three-bedroomed family accommodation.

[107] **Janet Finch-Saunders:** There is a big demand as well.

[108] **Mr Davies:** Going back to what I said a moment ago about the ability of the RSLs to react to situations, we are working very well in partnership with Welsh Government and local authorities. I think that, within the space of the next 12 months, you will see a tangible reaction to provision of one and two-bedroomed units off the back of that particular policy, but I think that there still needs to be a balance of delivery of units.

[109] **Jenny Rathbone:** Sure. So, the timescale involved in actually responding to that kind of—

[110] **Mr Davies:** That is housebuilding, I think.

[111] **Jenny Rathbone:** Yes, but just give us—

[112] **Mr Barber:** I would agree with Gareth. There has been a very measured response from local authorities. It has not been a knee-jerk reaction, but there is a very clear demand to increase the supply of those smaller properties. We have looked at schemes that were going through the system and then we have tweaked the mix to include a greater number of one and two-house buildersbedroomed units. This will be schemes that will deliver homes now, within the next couple of months. This is not a year or two into the future. There will be homes coming through as part of that programme and as part of general development programmes within the very near future, so that we can start making an impact there.

[113] **Christine Chapman:** Before I bring in Peter, I remind Members that we need questions for our witnesses.

[114] **Peter Black:** I was going to ask a question. I will just come back to the planning issue. You say that it takes longer to take a development through planning. Is that due to delays in local authority processes? Are there additional requirements in terms of planning, such as environmental impact assessments et cetera, which are adding to that time?

[115] **Mr Davies:** I think that there is a variety of factors. I joined the industry around 20 years ago when a planning application would be about an inch thick. Nowadays, there are reams and reams of additional information. It is not just about the drawings; it is about supplementary stuff. So, I guess that there are more people involved in the consultation process. I think that there are challenges around the perception of affordable housing in terms of the communities' reaction to it. At my organisation—I am sure that Neil's is the same—we experience certain challenges around explaining the provision of affordable housing to the communities that we build in. So, I think that it is an—

[116] **Peter Black:** I understand that people can be reluctant to have an affordable housing estate on their doorstep. I am interested in why the paperwork has got thicker. What is in that paperwork now that would not have been in it five or 10 years ago?

[117] **Mr Davies:** Environmental regulation has increased. There will be traffic impact assessments, formal reports on the impact of car use, the impact of the actual use of the land, ecology reports, whether it is—

[118] **Mr Barber:** Flood consequence assessments.

[119] **Peter Black:** So, this is more central Government and European requirements on local planning authorities.

[120] **Mr Davies:** In terms of growth, yes.

[121] **Mr Barber:** When you look at any of those items, it is something that you cannot criticise. The ecological aspects are important, and things like flooding are very important, but you put it all together and it is a serious volume of work and a serious amount of money to take it forward. One of the increasingly positive things is that where RSLs are helping a much wider range of people with their housing needs—people who cannot afford to buy or rent on the open market—it is allowing us to have a blend of tenures on schemes, taking away the stigma that was associated with the development of social rent housing only. That is better

for us in being able to promote what we do, and I think that it is probably also better for the sustainability of those communities. However, without downplaying the situation of those in greatest need and those who need social housing, that is something that we have not moved away from one iota.

[122] **Christine Chapman:** I have Rhodri next, and then we move on to another area of questioning with Janet.

[123] **Rhodri Glyn Thomas:** Rwy'n derbyn yr hyn rydych yn ei ddweud, sef bod cais cynllunio yn awr yn llawer mwy manwl a bod y gofynion arnoch chi yn llawer mwy, ac rydych yn cydnabod bod pethau da yn hynny nad oes modd eu beirniadu. A oes tystiolaeth bod y baich gweinyddol ychwanegol—y fiwrocratiaeth—yn cyfyngu ar nifer y tai sy'n cael eu hadeiladu, oherwydd bod y broses yn cymryd ychydig yn fwy o amser i chi?

Rhodri Glyn Thomas: I accept what you say about planning applications now being much more detailed and that the requirements on you are far greater, and that you recognise that there are benefits to that that are beyond criticism. Is there any evidence that the additional administrative burden—the bureaucracy—reduces the number of houses that are built, because it takes a little bit longer for you to complete the process?

[124] **Mr Barber:** I will kick that off. From our perspective as RSLs, we would like to think that we work very closely with local authorities. We have a joint vested interest in trying to deliver affordable homes. So, again, we have very positive relationships with the local planners; we invest the time with them early to talk to them about our plans, and that works, and they work with us. We do a lot of work with house builders through section 106 agreements and so on, and they would feel much more negative about that, as they feel that it takes them far, far too long to get there and that their supply is inhibited. That is from their point of view with regard to the bureaucracy.

[125] **Christine Chapman:** Gareth, may I just ask about the long-term aspects of the sustainability of these houses once the house builders move away? It is about the long-term sustainability of houses and communities. Do you have any comments to make about getting it right in the beginning?

[126] **Mr Davies:** I suppose that we develop things in two ways. We will develop homes ourselves, or we will have homes that are developed as part of section 106 agreements, which will be pepper-potted within a house builder's development. Was there any particular aspect of that?

[127] **Christine Chapman:** We were talking about the bureaucracy and some of the requirements involved in housebuilding, but, obviously, you have said that it is a negative impact as far as house builders in some cases are concerned. However, there are the long-term aspects as well, which house builders may not—

[128] **Mr Davies:** I think that the situation has actually improved from, say, 15 to 20 years ago, when house builders had to get used to the concept of section 106 affordable housing provision through the planning process. Through good partnership with local authorities, housing associations have been able to better influence the mix on housing estates. A good example of that would be the redevelopment of the Caerphilly District Miners' Hospital, which United Welsh is working on. Traditionally, a house builder would allocate a percentage of affordable housing in a particular area of the site. More and more nowadays, you will see, as Neil referred to, pepper-potting—that is, mixed provision—within the estate. In terms of sustainability, which is what you are referring to, that aspect is, I think, improving.

[129] **Mr Barber:** A problem, though, is that the delivery of homes across Wales is an

issue, and we are seeing that house builders are active in areas such as Cardiff and the major urban centres, but as you go further up, to the Valleys communities, you do not see as many house builders' flags, and that has to be a concern for us. Obviously, house values are lower there, so when you start to put on more section 106 requirements et cetera the cost of all of that impacts. That is something that is really important and we all need to work towards seeing a greater spread of activity.

[130] **Mr Davies:** If I may come back to an earlier point on the planning process, the statutory period for determining a planning application is eight weeks, and, in my experience, that never gets hit. Whether that is a resource issue within a local authority, or whether it is the amount of information that we have referred to that is required, typically, we would expect a planning application, depending on the size and complexity of the scheme, to probably go through in about five or six months.

[131] **Lindsay Whittle:** Your work with local authorities is really interesting and you mentioned the Caerphilly issue, which I have had some involvement with. In areas of high demand, we are demanding 40% social housing in the LDP now, I think, and, in areas of low demand for the private sector, it is much lower. However, there is a lot of land out there that councils and other authorities own—the Caerphilly District Miners' Hospital site is a classic case. Do you think that that public sector land should be made available for development now, or would you carry on holding this land bank to make this a long-term project?

[132] **Mr Davies:** I think that the easy answer for me would be to say 'yes', but I think that you have to take into account the sustainability aspect of being able to deliver over a period of time. If we were to release all the land that the public sector had into the system overnight, we would have to have the finances to deliver that, so it is more complex than that, I think. We have a development programme that sees us deliver 160 to 200 houses a year. We do have a land bank, but we have to manage that land bank in the context of the funding that we have available to us, be that public subsidy from Welsh Government, or, more and more often nowadays, private finance.

[133] **Mr Barber:** I think that there definitely ought to be a real impetus about releasing more public land in a considered way; it really would make a difference. The problem that we have is that the percentages of affordable housing that are called for through the planning system—and they are as high as 40% in some areas—are very difficult to achieve, because any private landowner is very well aware of the value of their land and they just will not let it go in most instances. So, there is always horse-trading; it always gets reduced and diluted. With public land, we are all much more in control, and it does offer the opportunity to bring private house builders in as part of those developments so we can create sustainable developments. I really think that that is something that we need to look at much more carefully. We have had some examples: we bought 15 acres of land from the Welsh Government at the Pirelli Cable Factory in Newport and we are going to build a garden village of 250 new homes there. The fact that there was a discount on market value made a huge difference in our ability to push on with that. If we have to go out now, particularly in a rising market—I do not know why, but the housing market is rising and we are seeing a real impact on land prices—it will be increasingly difficult for RSLs to acquire land without being able to work together with the public sector.

[134] **Mr Davies:** In terms of public sector land, be that local authority-owned or health authority land—

[135] **Lindsay Whittle:** Or housing association.

[136] **Mr Davies:** Or housing association land, we are very good at releasing it. There just needs to be a more innovative way of looking at how that land is released rather than a

discussion about, ‘We’ll offer you this much’ and the local authority valuer either agrees it or does not agree it. There are conversations going on, certainly with my organisation—I know that Neil is part of this as well—around how local authority land can be released in a much more innovative way, which does not see the traditional acquisition of that land—‘That’s the value; you pay us this amount of money’—because there is a vested interest from all parties, including the local authorities.

[137] **Lindsay Whittle:** Just as a quick aside to Neil’s response on the Pirelli site, you mentioned the garden village; there is clearly a demand for the traditional three-bedroomed family homes. That is, surely, what is in greatest demand in Wales.

10:15

[138] **Mr Barber:** One of the great things about it, Lindsay, is it is 250 homes and we, working together with the local authority, are able to really influence the mix. So, it is all of it; there are lots of three-bedroomed family homes, and there are two-bedroomed homes and one-bedroomed homes. It is integrated—they all look the same, so that no-one can come there and say, ‘That is social rent and that is open market’. That is the blend that we want in our communities—housing for older people as well. So, it is that whole gamut, which meets the full range of demand.

[139] **Lindsay Whittle:** That is great; thank you very much.

[140] **Rhodri Glyn Thomas:** Gan ein bod wedi crwydro i mewn i thema tir, byddaf yn cael gwared ar fy nghwestiynau ar dir yn awr. Rydym wedi bod yn trafod yr holl fater hwn o fancio tir. Wrth gwrs, mae gan gymdeithasau tai, yn ogystal ag awdurdodau lleol a Llywodraeth Cymru, dir sydd wedi’i fancio. Yn gyffredinol, rydych fel petaech yn dweud bod angen bod yn wylidwrus nad oes gormod ohono’n cael ei ryddhau ar yr un pryd, ac eto i gyd rydych yn teimlo bod angen rhyddhau mwy nag sy’n cael ei ryddhau ar hyn o bryd a bod angen system newydd o ryddhau’r tir hwnnw. A oes gennych fodel yr ydych yn ei ffafrio o ran y broses o sicrhau bod y tir hwn yn dod ar gael ei mwyn eich galluogi i ateb y gofynion hyn ynglŷn â thai cymdeithasol?

Rhodri Glyn Thomas: Seeing as we have strayed onto the theme of land, I will deal with my questions on land now. We have been discussing this whole issue of land banking. Of course, housing associations, as well as local authorities and the Welsh Government, have land that has been banked. Generally, you seem to be saying that there is a need to be careful that not too much is released at the same time, and yet you feel that more needs to be released than is being released at present and that a new system needs to be put in place for releasing that land. Do you have a model that you would favour in relation to the process of ensuring that this land becomes available to enable you to meet these requirements for social housing?

[141] **Mr Barber:** On the point of our having any concern about the volume of land being released, we are way from that; we want and need more land to be released in Wales, as we need to be building more homes. So, on the issue of a flood of or too many new homes, we are well—

[142] **Rhodri Glyn Thomas:** I think that Gareth raised a concern that you should not release it all at once.

[143] **Mr Barber:** No, not all of it at once.

[144] **Mr Davies:** For clarity, my answer to that question was, ‘Yes, we need more land’. Not all overnight, however. It is very complex to be able to deliver the amount of land in the land-bank system, and we need other resources and we need finance. It is much more

complex than just having the land and—

[145] **Rhodri Glyn Thomas:** It is the model that I am looking for. Do you have a preferred model in terms of ensuring that that land is released in time and that you are able to take advantage of it?

[146] **Mr Barber:** I think that it varies throughout Wales. In some areas—the one that I referred to earlier—there is value that can be derived for that site. We can derive close-to-market value for the site. In other areas, you will not be able to generate market value at this point in time. Do we then have a relationship there where we would almost create a special purpose vehicle with the local authority, where it would put its land into the scheme and it would have a share in that special purpose vehicle? If the properties get refinanced or released at some point in the future, then that share would be valued at that point in time. We are exploring that option with a few local authorities at the moment. We are absolutely not coming along to the Welsh Health Estates, the Welsh Government and local authorities and saying, ‘Give RSLs land for nothing’; we are not saying that. Sometimes, that is what drops out at the end of it, but let us work together to look at what can be achieved and what is right for the area, and then let us come up with a solution that protects the value from that land.

[147] **Leighton Andrews:** Just on this issue, in general terms, there has clearly been a cutback in what you have been able to do over the past few years in respect of public finance and so on. You talked about the difficulty of releasing land in a flood, as it were, and the impact that that would have on you. Are there other capacity issues that would restrain your ability to develop more housing?

[148] **Mr Davies:** There are capacity issues in the sense that we need to manage the finances and cash flows that are integral to developing housing in a pragmatic and sustainable way. Without going over old ground, there is also the planning issue in terms of the resource within local authorities.

[149] **Mr Barber:** Just to add to that, I suppose that where, historically, we have developed with quite high amounts of social housing grant, the private finance we can put into delivering homes goes further. Now, as we are delivering with much lower levels of grant, for a number of RSLs, loan covenants are something that they will have in mind. For most of us, that is not an issue. We have been working on that for a period of time. We were able to ease those loan covenants back so that we feel that we have plenty of capacity to continue developing. I reiterate that I would love to be in a position where we were all talking about a concern that maybe there is too much land coming through and we need to control it a bit. We are so far off that at the moment.

[150] **Leighton Andrews:** There are no staffing or skill issues that would restrain your ability?

[151] **Mr Barber:** No.

[152] **Christine Chapman:** I have quite a few Members who want to come in on this theme and others. I will take Janet first. I remind you that we have less than quarter of an hour, so I ask for sharp questions so that we can give the witnesses the opportunity to answer fully.

[153] **Janet Finch-Saunders:** Half of the local authorities in Wales have transferred their stock to large-scale voluntary transfer groups. They, at the moment, are concentrating their efforts on refurbishing their stock up to the Welsh housing quality standard. However, they can draw down substantial amounts of funding for new development. There seems to be a concern that maybe they are not using that to the best of their ability. Do you think that more

emphasis needs to be put on that?

[154] **Mr Davies:** Just for clarity, in terms of their—?

[155] **Janet Finch-Saunders:** Large-scale voluntary transfer, where you have the tenancy ballot within the local authorities and it has then gone out to a board of the large scale. They have the ability to draw down substantial amounts of funding to build new housing. Do you think that that should have been looked at more, and is that what they should be doing now? That is what was always promised in the early days, that not only would they bring the properties up to the WHQS, but they would move on and develop new homes.

[156] **Mr Davies:** I think that that has happened and it will continue to happen. Take the situation in Bridgend with Valleys to Coast Housing, for example. It is a firmly established RSL in that area, it has a healthy development programme and is now an LSVT—you tend to forget that, because they are firmly established. I think, given the example there, you will probably see that happening more and more with the other transfers.

[157] **Janet Finch-Saunders:** So, we need to see that replicated more.

[158] **Mr Barber:** They are all at different stages in their journey to achieve WHQS compliance. Some of them will be mired in the detail of that. So, their development activity might feel a little bit further into the future. We are here today representing Community Housing Cymru, which represents all the LSVTs. CHC is absolutely committed to making the most of any capacity that exists within the sector. So, it is something that we will start to see much more of in the future. Also, many of them will have some land holdings as well. There might be small garage sites, some of them might be larger, but there is land there that can and should be developed.

[159] **Mr Davies:** I think that the appetite is there from the LSVTs as well.

[160] **Janet Finch-Saunders:** Good. My second question is about views on utility companies. There seems to be some concern that, with new housing developments, the capacity of existing sewerage systems always crops up as a barrier to new housing. What are your views on that?

[161] **Mr Davies:** Traditionally, going back to the planning process again, the area where we get the most challenges—notwithstanding community issues—is with Dŵr Cymru Welsh Water. People will be aware of the changes in recent times in terms of connections and adoptions. We get caught up in the bureaucracy attached to that. However, the RSL sector and the house building sector are very adaptable. We understand the issues it has presented and we are tackling them. It is a challenge, but we are tackling it.

[162] **Janet Finch-Saunders:** You see greater working, then, between yourselves and Dŵr Cymru with a view to overcoming those barriers.

[163] **Mr Davies:** It has started to attend forums and seminars organised by Community Housing Cymru and there is a positive dialogue. I am not saying that it is easy, but at least the dialogue is there. We are able to—

[164] **Janet Finch-Saunders:** Could do better, then.

[165] **Mr Barber:** We know where the rocks are in the road in front of us and we are working to try to remove them. We just wish that there were far fewer of them.

[166] **Christine Chapman:** I have 10 minutes left and I have a number of Members who

wish to speak. Jenny?

[167] **Jenny Rathbone:** The Welsh Government target is to build 7,500 affordable homes by the end of the Assembly term. I assume that you will comfortably meet that if you continue building as you did in the last year: nearly 2,000 homes were built in 2011-12. However, that is only a tiny proportion of the demand for homes. People cannot afford to get mortgages because of their financial situation. How closely have you looked at self-build as another way of generating more homes? Is that something that you would be prepared to back financially?

[168] **Mr Barber:** We have not looked at it in a great amount of detail, but we certainly would not rule it out. As part of the Pirelli development in Newport, we are working with the Welsh Government as part of the co-operative pilot. That is a really interesting process in terms of learning more about what people want for their home and community and how they would like to go about that. So, we have not ruled out the potential to work with people to enable them to self-build. I suppose that it is one of those things where we want the right result for individuals, but we also want volume in terms of supply. I built my own home and it took me a long time; it is a lot of effort. It is something that we need to think carefully about, to make sure that we would be helping the right people in the right way.

[169] **Jenny Rathbone:** That is true, but there is this huge disconnect, is there not, between your capacity to get the finance, private sector capacity to get the finance, and the demand?

[170] **Mr Barber:** Yes, but I think that we have got better at—. From an RSL point of view, we can still get access to reasonably priced finance. There is not a major issue for us in that regard. We can still do that. I know that Peter Hughes was in here earlier; with the support of organisations like Principality, which has been innovative and prepared to support what we are all trying to do with things like the Welsh housing partnership, and with things like what we have done in Seren Living with shared ownership, we are making a difference. We have solutions for people who are able to buy through shared ownership that do not require them to have any deposit. We are trying to reflect people's circumstances in this economy and meet their aspirations. People do still have an aspiration for ownership in many instances—for some, it is rent—and we just want to be able to help all those individuals.

[171] **Mr Davies:** I think that you have only two representatives from the sector here today, but there are many of our colleagues who have a real thirst and desire to address these targets. If the Welsh Government says that 7,500 homes should be built, there is a real drive to ensure that that is delivered and exceeded. If stuff like self-build comes live on the agenda, there will be organisations, like ours, that will certainly look at that type of stuff. There is a real hunger and drive within the RSL sector to do more.

[172] **Gwyn R. Price:** Neil, you touched on the fact that you do not see many flags up in the Valleys for builders now. You touched on the section 106 agreements; I know, going back, that the section 106 agreements are all the deals that go on. Do you think that they are too demanding in certain areas and stopping you from going into the Valleys?

[173] **Mr Barber:** It is an interesting one, Gwyn. What we need to be careful of is that although we work very well with house builders, they can be a bit canny. They are there to make profit for shareholders, so they have a vested interest in trying to push down all those levels of contribution. The danger is that, if a local authority agrees to that and then the market picks up, all that money stays with the house builders. They just make more out of it. We are seeing examples in Wales where local authorities are being flexible, but I think that they need to be, and they are being, clever about that, so they might relax things just for a period of time. It should be about working together. I am from the same area as you, Gwyn; we are not seeing enough homes being built there. In Blackwood, it is not too bad, but you go

further up the Valleys and the activity is just not there.

[174] **Gwyn R. Price:** Thank you for that.

10:30

[175] **Christine Chapman:** I have Mark and then Mike.

[176] **Mark Isherwood:** To go back to stock transfer, if I may, like housing associations generally and not-for-profit organisations, stock transfer associations are focused not just on delivering quality housing, but on regenerating sustainable communities through skills bases, environmental improvements and so on. To what extent do you feel that that is being achieved and how does that contrast with those areas where local authorities are returning their stock? In terms of environmental standards, what do you think is the best balance between high environmental standards and delivering significant numbers of new homes? Section 106 was mentioned, and the Council of Mortgage Lenders in the past has expressed concern about the need for a standardised model, whereas the RSLs have argued that you need flexibility. Where are we on that to keep the lenders on board? Finally, in terms of the housing bond, which we believe is being formally announced today, some of your members have expressed concern to me that, longer term, that will impact on gearing, and, therefore, the ability to sustain borrowing on the balance sheets. They are also concerned about how future Governments can guarantee 30-year funding. I wonder if you could you comment on that.

[177] **Mr Davies:** May I pick up on point 2 about the environmental stuff? Absolutely, there needs to be a balance, and I think that that has been recognised by the Welsh Government in recent times, in terms of the building regulations devolvement. We need to keep developing. If you increase the standards to the extent that it becomes cost prohibitive, then you are not going to see any activity, and sustainability is all about the triple bottom line: the economic, environmental and social elements. So, there has been a sensible approach from the Welsh Government, in terms of the devolving of building regulations and the consultation that it has had with the housing sector, offering a balanced approach to increasing standards in what I think is a sustainable way.

[178] **Mr Barber:** Going back to point 1, on stock transfers and retained stock—an interesting one—I have no view at all in terms of which way that goes, but as a resident of Caerphilly borough, and one that has retained its stock, my understanding is that the aspirations are exactly the same, in terms of delivering for communities and delivering those wider economic benefits. That is my view and understanding on that. I am not aware of any difference there.

[179] **Mr Davies:** I am a resident of Bridgend, where Valleys to Coast Housing, the first stock transfer organisation, has been existence for 10 or more years now. It is an embedded part of that community and the work that it has done has been fantastic and generates a lot of employment, not just in its organisation, but there is the knock-on supplier-chain effect for that area.

[180] **Mr Barber:** May I go on to pick up point 4, about the revenue grant or the housing finance grant? Our finance director has been involved in the working group on that, and he deals with things like our future loan covenants. He is very comfortable with the solution because it is, effectively, a grant, even though it is delivered over 30 years. So, he is not concerned about the impact on future gearing levels for us. With regard to the ability of the Welsh Government to guarantee that over the 30 years, I am afraid that I cannot comment. I understand that officers in the Welsh Government have dealt with that, but it is beyond my ability to comment.

[181] **Mark Isherwood:** I think that the point is that because it is subsidising the revenue costs—the interest payments—it seems to be requiring the RSLs to borrow a higher proportion of development costs, which, therefore, in the longer term, will impact on the balance sheet.

[182] **Mr Barber:** Yes, in our viability models, we model over 30 years. We normally get the grant upfront, which is a benefit, but this does not have a huge detrimental impact. We are pleased to see that it is another solution: it is more additionality. We understand that the money comes from another source. So, anything that can be done to increase the supply at this time, we are keen to work on with Welsh Government to try to deliver that.

[183] **Mark Isherwood:** There was a final question on section 106; I think that that was the last one.

[184] **Mr Davies:** Just following on from the previous point, that housing revenue grant has allowed us to release three sites in the last few months. That will deliver 60 to 70 units.

[185] **Christine Chapman:** I have Mike next—

[186] **Mr Barber:** There was a question about section 106 agreements.

[187] **Mark Isherwood:** [*Inaudible.*]—standardising section 106 agreements.

[188] **Mr Barber:** That is something on which there has been a lot of work done. It needs to continue because it is really important for RSLs. Our ability to raise private finance means that we have to secure the finance against homes that we have completed previously. Lenders are getting much more stringent in their requirements; so, anything that impacts on their ability to charge those properties would be an issue. So, we would make a real plea that that is looked at so that we all understand what the lenders need from us to continue lending to deliver more affordable homes.

[189] **Mr Davies:** It is worth noting that, as soon as RSLs complete a property and hand the keys over, the finance teams in the background are raising finance against that property to continue the development programme.

[190] **Mike Hedges:** May I follow on from that? How robust are your finances in terms of dealing with a future interest rate rise? The second question is: do you think that you do enough to support small and medium-sized enterprises in the areas? The third question, which is almost a half-comment, half-question, is: surely the position is that local authorities' capacity is the reason why it is taking so long for planning permission to go through. If they did not have the capacity, they would not be asking all of these supplementary questions, and planning would go through quicker.

[191] **Mr Davies:** Okay, in terms of the financial aspect of your question, Mike, we are obliged to submit 30-year returns to the Welsh Government. So, finance teams within each RSL will issue every year a forecast over 30 years. Our ability to manage the financial pressures on us in terms of our loan drawn down is very carefully managed. We have various covenants that we have to adhere to. So, it all forms part of our business planning, which is undertaken every year. I think that the management of the financial exposure has probably increased in recent years due to the lack of public subsidy and it is managed well.

[192] **Mr Barber:** I would agree. We have sensitivity analyses, which deal with different interest rates. There is capacity and there is the ability to deal with reasonable changes in interest rates.

[193] Could I pick up the point about SMEs? A very significant proportion of our work is delivered through SMEs. I think that we have seen some really good examples of companies that—. What used to happen was that we had a lot of national organisations that had Cardiff offices, and they would pick up quite a lot of the work. What we have seen is that, with the retraction in activity in Wales, they now do not have a significant presence in the areas. That has created an opportunity for our local SMEs, and there are some really good examples of companies that we are working with that are employing local people and have set up their own timber frame facilities. For us, it means that we have to be flexible. Sometimes they cannot give us the parent company guarantees and we have to be more flexible about the insolvency cover arrangements that we have. We do that because we want to work with these local organisations. We want to do more; we want to build up the capacity within Wales, but I think that there has been a lot of good work there in recent times.

[194] **Christine Chapman:** Okay. Thank you—

[195] **Mr Barber:** I am sorry; there was one final point about local authorities and capacity. There has been a slowdown in the number of planning applications that local authorities have been receiving. I do not think that it is particularly about a capacity issue, but maybe, because planning is such a sensitive issue, planners are in a difficult position where they may feel that they need to get all the information and cover all the bases before they will come down and make a recommendation. I suppose that if in each local authority area there was a much clearer impetus, saying, 'We want to deliver affordable housing', maybe the planners would feel more comfortable about that.

[196] **Christine Chapman:** On that note, I thank both of you for attending and for giving evidence. I think that it has been a very useful session. We will send you a transcript of the meeting so that you can check the evidence for any inaccuracies. Thank you, once again, for attending this morning.

[197] The committee will now take a very short break. When we come back, we will take other evidence. Thank you.

*Gohiriwyd y cyfarfod rhwng 10:40 a 10:54.
The meeting adjourned between 10:40 and 10:54.*

Ymchwiliad i Lefelau Cyfranogiad mewn Chwaraeon—Sesiwn Dystiolaeth 9 Inquiry into Participation Levels in Sport—Evidence Session 9

[198] **Christine Chapman:** If we could reconvene the meeting, we will continue with our inquiry into participation levels in sport. This morning, we have a panel of witnesses from the Football Association of Wales and the Welsh Football Trust. May I welcome you all? I welcome Jonathan Ford, chief executive of the Football Association of Wales, Neil Ward, chief executive of the Welsh Football Trust, and Llyr Roberts, research and evaluation manager from the Football Association of Wales. Welcome to you all. Thank you for providing written evidence. The Members will have read the papers, so if you are happy, we will go straight into questions.

[199] I want to talk generally about the participation levels in sport. We have had some previous evidence on this. Could you tell me what you think are the main steps that need to be taken, and by whom, to improve the physical activity and participation rates in Wales? Who would like to start? Neil?

[200] **Mr Ward:** I will take that initially, as participation is obviously a key remit of ours.

We are engaged in many different levels of the game with many different groups. The challenges are many and varied. Obviously, facilities are a key challenge for us. That is why third generation artificial pitches form a big strand of our strategy going forward, because they are durable and we are able to build capacity around those pitches and ensure that we can enable more groups to play more regularly.

[201] Obviously, the voluntary workforce is important in ensuring that we have people who are available to help and support the growth of the game—more coaches and volunteers within the male and female games across all levels. We have to adapt to changing times. Some sport structures—and I will include football in that—are quite traditional and we need to make sure that we respond to what people want, particularly young people. We are seeing the commercial market beginning to fill gaps, but we need to respond as well to be able to offer sport and physical activity at different times, at different levels and in different forms. So, we are very much working on small-sided games, particularly with mini-football, and looking at building capacity in younger age groups—seven, eight and nine-year-olds—to get the flow of participation going.

[202] Then we very much have to work on retention. We are clear that there is a drop-out at around the age of 14 or 15. We have some idea of what that is, but we need to do more research into it and, obviously, we will respond to that as well. We also look at other groups in other areas that are working. So, we are working very much in the commercial sector, with groups that are engaged in working with schools and offering peripatetic activity during and after school, and ensuring that we credit that, support it and help it to grow further. We also work within other sectors, such as higher education. We have a focused college programme where we are working on developing the student workforce by improving participation within the 16 to 19 age group, then deploying them back within the community to ensure that they are supporting regularly. That is our broad approach to begin with.

[203] **Christine Chapman:** I think that we will pick up on some of the specifics now. Jonathan or Llŷr, do you want to add to that?

[204] **Mr Ford:** Neil has done a very good job of answering that. We have prepared a bit of a crib sheet here and Neil has gone through quite a few of the things on it. The one thing that I would add is that one of our key emphases is the focus club programme. We very much believe in the club being the hub of the local community and driving football at all levels, for all levels of ability. That is an important part, which is included in our 3G programme—our third generation artificial pitch programme that we are pushing through, as well.

[205] **Christine Chapman:** Thank you. Mike?

[206] **Mike Hedges:** West End in Swansea is a classic example of a football club being the hub of a community: it runs junior teams for those under seven years of age and right the way through. But, that does not happen everywhere. What can be done to make that happen everywhere? The second big problem—you might not believe this, but I was very small and thin as a child—and one of the difficulties is that, in schoolboy football, size is almost everything. What can be done to help the smaller children to stay involved?

[207] **Mr Ford:** I will take the first bit, if I may, and I will focus on the 3G programme. You probably remember, as you were on the committee the last time that we were here for an inquiry, that one of the things that we talked about was facilities, which Neil mentioned at the start of his speech about the need for participation. Facilities are a very important part of it. I was pleased to say then, and I am pleased to say now, that we have launched a programme—our vision of 3G. I have a copy here that I would be happy to leave, which is a pack that went to all our premier league clubs and several feeder clubs.

11:00

[208] We are committing, with regards to the moneys that we have available from UEFA, ourselves and other sources of income, about £5 million into a project to put 3G pitches in different clubs around Wales. A key element of that is making sure that we do not just put down a pitch and assume that it will work. When we put down a pitch, we are working closely with the club to ensure that it works with us on what we are calling the club is the hub model, making sure that community engagement is at the heart of what the club does. It is imperative to ensuring the long-term success of our clubs that, when we invest in those clubs, they adhere to the models and ensure that they are providing football for all and looking at those facilities as a way in which they can engage with that community on a much more frequent basis than they are doing now.

[209] **Mr Ward:** On the second point, in terms of how we encourage more people to play who perhaps have varying abilities, we have a mini-football programme that, until about five years ago, was an abridged version of the game, with eight players a side, but in the last few years, we have honed that down to introduce small-sided games, so at under six and under seven, they play four versus four, then they build up by age group, to five versus five and then six versus six. So, we feel that that gives everyone more touches of the ball. So, the stronger player does not dominate the game, but more people have more touches of the ball, and more opportunity to shoot and to defend. That encourages them to participate, but also develops skills at the same time.

[210] **Mr Roberts:** It is about a holistic approach as well. We have changed the way that we coach, and that is key to encouraging touches of the ball and what you mentioned there. However, the club is the hub model is also about looking at different age groups, bringing the community into that football club, and how to involve the community in that club in order to make it a sustainable club, which will be there for years to come.

[211] **Christine Chapman:** I think that Rhodri wanted to come in next.

[212] **Rhodri Glyn Thomas:** Gan ein bod yn awr yn trafod y clybiau fel canolbwynt i'w cymunedau, rwy'n gyfarwydd â'r gwaith sy'n cael ei wneud yng Nghaerfyrddin gan dîm pêl-droed Caerfyrddin yn datblygu ieuencid trwy'r system. Mae Mike wedi cyfeirio at Abertawe. A ydych yn hyderus bod hyn yn digwydd yn gyson trwy Gymru, neu a oes rhai clybiau sy'n well na'i gilydd am wneud hyn? Os oes, sut allwch chi sicrhau bod mwy o gysondeb yn y patrwm?

Rhodri Glyn Thomas: Given that we are now discussing the clubs as community hubs, I am familiar with the work that is being done in Carmarthen by the Carmarthen football team on youth development through the system. Mike has referred to Swansea. Are you confident that this is happening consistently throughout Wales, or are there some clubs that are better than others at doing this? If so, how can you ensure that there is more consistency in that pattern?

[213] **Mr Ford:** To answer the question—forgive me, I will answer it in English—there will always be some clubs that are doing a better job than others. Of course, our job is to ensure that we bring those clubs together so that they can learn and take best practice from one another. We have a facilitation role to ensure that that practice is shared. I am pleased to say that since the last inquiry on the Welsh Premier League, we have also employed a new promotional community officer, who is working to assist those clubs to ensure that we have a better, consistent standard. However, the very nature of football and football clubs is that you will always find that some will do it better than others. Unfortunately, that is the reality.

[214] **Christine Chapman:** Some of the frustrations that other witnesses have shared with us are about this lack of consistency, but it is about how quickly we wait for things to improve. What is your role in trying to speed the process up?

[215] **Mr Roberts:** Gwnaf i siarad yn Gymraeg. Yn amlwg, fel y gwnaeth Jonathan sôn, mae pob clwb yn wahanol, ac rydym yn trio cael cysondeb ar draws y clybiau. Cynaliasom sesiwn gyda'r clybiau cwpwl o fisoedd yn ôl, lle'r oeddem yn mynd drwy'r broses o wneud cais am grant ar gyfer caeau 3G. Fel rhan o'r broses honno, fe edrychom ni ar ddarparu cymorth busnes hefyd i'r clybiau. Mae hefyd gennym bwyntiau cyswllt â'r clybiau hyn, sef pobl sydd yn mynd allan a helpu i'w hannog i symud ymlaen a gweithio gyda phobl ifanc yn y ffordd rydym yn gobeithio y byddent yn gwneud, fel bod yr academiâu yn datblygu. Yn amlwg, mae pob clwb yn wahanol ac mae ymateb pawb yn wahanol. Dyna'r broblem rydym yn ei chael, wrth gwrs, ond rydym yn ceisio datblygu hynny a chadw'r cysondeb.

Mr Roberts: I shall speak in Welsh. Obviously, as Jonathan mentioned, every club is different, and we are trying to get consistency across the clubs. We held a session with the clubs a few months ago, in which we went through the process of applying for a grant for 3G pitches. As part of that process, we looked at the provision of business support for the clubs as well. We also have contact points with these clubs, namely people who go out and help to encourage them to move forward and to work with young people in the way that we would hope that they would do, so that the academies develop. Obviously, every club is different and everyone's response is different. That is the problem that we face, of course, but we are trying to develop that and maintain consistency.

[216] **Rhodri Glyn Thomas:** Mae gennyf ddau bwynt yn atodol i hynny. Rwy'n derbyn bod y gwaith hwnnw yn mynd ymlaen yn y prif gynghrair, ond beth am y clybiau sydd yn y cynghreiriau is na hynny? A oes modd i sicrhau eu bod yn gallu cydweithio gyda chlybiau'r prif gynghrair? A chwestiwn arbennig: beth ydych yn ei wneud i ddenu merched i mewn i chwarae pêl-droed ac i deimlo eu bod yn gallu cyfranogi yn llawn hefyd o'r cyfleoedd sydd ar gael i fechgyn yn y clybiau hyn i ddatblygu sgiliau?

Rhodri Glyn Thomas: There are two points that I would like to add to that. I accept that that work is going on in the premier league, but what about the clubs that are in the lower leagues? Is it possible to ensure that they can collaborate with the premier league clubs? And a particular question: what are you doing to attract girls to play football and to ensure that they feel that they can partake fully in the opportunities that are available to boys in these clubs to develop their skills?

[217] **Mr Ward:** In terms of the first part of the question, we have two broad programmes where we work on supporting clubs through our network of football development officers. We have a focus club programme where we have identified a network of 30 to 40 clubs that we feel have the capacity to grow, and those are nationwide—not in any particular area. Those will be a combination of premier league clubs that obviously have existing infrastructure and want to develop and those that we have identified in the next tier of clubs, in the Cymru Alliance and Welsh football league, and even below that, where we feel that those clubs have capacity to grow. We are helping them to put in the criteria that enable them to develop further, particularly the playing infrastructure, so there are more young players, more opportunities for girls, disabled provision, and so forth. We also have an accreditation scheme that encourages even the small junior clubs to establish consistent standards across the piece, covering things like child protection, ensuring that people are properly vetted, the training of coaches, and ensuring that there is equitable provision—so, where there is no provision for girls, that they develop capacity for girls within their clubs. That is a tiered structure, and it is an award scheme that we run from a standard level, which we have the majority of clubs achieving, and then there is a pathway to a bronze, silver and gold standard, with a number of clubs progressing through those standards.

[218] On the second question, we recognise the huge potential of the women's and girls' game for growth. Later today, the FAW will be launching a women and girls national strategy, and that is subsequent to two or three that we have had in place for the last 10 years.

We have made significant inroads. Our focus is very much on equality and inclusion, and ensuring that we are offering opportunities. However, our priority is not just women and girls; we have a growing programme for disability and a BME programme as well, which I am happy to talk about later. We are investing more and more in these areas, particularly around coach education and volunteer recruitment, because those are crucial in order to ensure that the game grows and that young players have the opportunity to be coached and trained, and to play within a club infrastructure. We now have around 5,000 women and girls playing, and we set a vision for 20,000 registered players over the next 10 years. I must say that that is official participation; I am sure that we will go onto data capture later, but we know that an awful lot of other football is being played outside the official structure.

[219] **Rhodri Glyn Thomas:** In terms of volunteer coaches, have the Criminal Records Bureau checks been a problem there? Have they reduced the number of people who are putting their names forward?

[220] **Mr Ward:** Obviously, it presents a potential challenge, but we have not found that. We have found a number of people coming forward, particularly on the coaching side. We organise around 4,000 training opportunities a year for coaches, and 90% of those are at level 1, which is very much an introductory level—a mums and dads mini-football type of activity. We are not seeing that. Frankly, what we need to do is keep the wrong people outside the game, and that is a necessary requirement.

[221] **Mr Ford:** Just to add to that, I am pleased to say that we prioritise very highly safeguarding within the game of football. We have dedicated resource behind that; we have three full-time employees working on safeguarding. Last year, we got a conditional level 3 award from the NSPCC, and we are the only national governing body outside of—it is not gymnastics; it is another sport—that has that level of accreditation, so we prioritise that and work very hard on that. I would like to think that we do that not just as a policeman, but also as an educator within the area.

[222] If I may just come back on the women's game, I have a couple of additional points to make, if I may, slightly more on a macro level. Neil mentioned the women's strategy, which we are launching today. I am pleased to say, and you are aware, that there is a Women's World Cup qualifying game versus Belarus in Cardiff City Stadium tonight, which is being widely covered, both by *Sport Wales* and on radio. We held our first international tournament in west Wales earlier this summer. That was a women's tournament for the under 19s. Since I have been in post, the investment in the women's game has increased threefold, and I am pleased to say that, as part of our governance review process, we have our first female FAW council member, and that is the first time in 137 years.

[223] **Rhodri Glyn Thomas:** You are getting there slowly, are you not?

[224] **Mr Ford:** There is a lot of history, but we are going in the right direction, and the women's game is a massive priority for us. I am pleased to say that we are seeing some of the results of our hard work—the fruition of our hard work.

[225] **Christine Chapman:** Peter has a specific question on this.

[226] **Peter Black:** I listened to your FAW council member on the radio this morning, and I understand that the international match is going to be broadcast on television tomorrow as well.

[227] **Mr Ford:** It was mentioned, actually; coverage is still an issue for us. It is interesting to note that the BBC network is covering all of the England matches, whereas BBC Wales has chosen not to cover the domestic Welsh matches. That is something that I have taken up with

BBC representatives. Of course, on the radio this morning—they are not going to thank me for this—they were saying that they were going to cover it on the radio. We are very pleased with the support being given. I think that there will probably be a couple of minutes of highlights on *Sport Wales* tomorrow. We have a very good relationship with the BBC. Media coverage is always a problem, to be honest, at the domestic level. It continues to be a problem for us and we are working as hard as we can to ensure that we get the due coverage for the biggest sport in this country.

[228] **Peter Black:** One of the points being made this morning was about the demand on women in terms of all the other sports that they get involved in. You tend to have a small number of women interested in sport who are torn between hockey, netball and football, and rugby of course—a lot of schools seem to be promoting rugby. The issue is one of how you get more women interested in football at the grass-roots level. Do you have to do it outside of school, to encourage the growth of women's clubs at the grass-roots level, or are there other ways of doing that?

[229] **Mr Ford:** I am sure that Neil will answer that in a minute. There is not a simple answer to that question, because there is a multitude of factors. Neil tried to allude to some of them. Whether we are talking about volunteers, facilities, or coaching, there is a multitude of different things that are all part of the solution.

[230] **Mr Ward:** The point was well made: if you are talented, you tend to be drawn to a number of different sports, and that is why, below that, we have to increase the range of opportunities that young people have. The point across schools is that the range of activities offered, certainly within the curriculum and in extracurricular activities in schools, can be quite narrow and based on the traditional games and based on the relative strengths or weaknesses of the staff involved. We need to make sure that the range and quality of what young people are offered, particularly in the school setting, curricular and extracurricular, is better than it is at present.

[231] **Mark Isherwood:** I will put three questions into one, to help to move things along. First, could you expand on your concern over Sport Wales's national participation level surveys and why you feel that these are not a good basis for action? Secondly, how do you respond to the evidence from Show Racism the Red Card Wales that there is

[232] 'a lack of leadership, and unwillingness to accept that racism exists'

[233] among Welsh sports organisations? Its was talking about an awareness of barriers—not intentional or overt racism particularly, but the failure to engage with organisations such as Show Racism the Red Card Wales to identify barriers in order to address them.

[234] Finally, I would like your comments on why you state that you are eager to collaborate with the Welsh Government to ensure a closer working relationship? What improvements would you like to see to address that?

[235] **Mr Roberts:** I will take the first one, on the Sport Wales surveys. I will revert to the Welsh language.

[236] Rydym yn cydnabod bod sialensiau ynghlwm wrth ymgymryd ag arolygon cenedlaethol o'r math hwn. Maent yn casglu gwybodaeth ar draws Cymru, ac mae hynny wastad yn sialens. Pe baem yn edrych ar arolwg yr oedolion egniol ac arolwg chwaraeon ysgol yn arbennig, byddem yn We recognise that there are challenges associated with undertaking national surveys of this sort. They collate information from across Wales, and that is always a challenge. If we were to look at the survey of active adults and the survey of school sports in particular, we would summarise the main

crynhoi'r brif broblem fel a ganlyn: mae'r data yn ddefnyddiol iawn i ni er mwyn dangos trawstoriad o'r hyn sy'n digwydd drwy Gymru, ac mae'n dangos patrymau eithaf diddorol y tu mewn i'r gamp ac mewn campau eraill. Ond y brif sialens, yn anffodus, yw nad yw'n caniatáu inni dorri'r data i lawr ar lefel leol—ar lefel llywodraeth leol.

11:15

[237] Er enghraifft, nid yw'n caniatáu inni edrych ar y mater yn strategol a gweithio allan faint o arian sydd angen ei fuddsoddi mewn ardal benodol, neu pa ymyrraeth sydd angen i ni ei chyflwyno mewn ardal benodol. Dyna'r sialens sy'n wynebu chwaraeon Cymru. Ar hyn o bryd—ac nid ni yn unig sydd o'r farn hon; mae sefydliadau chwaraeon eraill o'r un farn—y broblem yw bod yr ymateb yn isel iawn mewn ambell ardal, ac yn uwch mewn ardaloedd eraill. Os yw'r ymateb yn isel yng Nghaerdydd ond yn uwch yn ardal Powys, er enghraifft, beth mae hynny'n ei ddweud wrthym am yr ardal leol? Dyna'r sialensau rydym yn eu cael.

[238] Cwestiwn arall sydd angen ei holi pan yn gwneud y math hwn o waith yw: pwy yw'r cleient? Mae'n edrych ar faint o bobl sydd yn cymryd rhan mewn chwaraeon yng Nghymru. Rydym yn ymwybodol bod y data yn rhoi gwybodaeth ddefnyddiol iawn i Lywodraeth Cymru. Mae hefyd yn rhoi gwybodaeth ddefnyddiol iawn am les a'r sefyllfa o fewn ysgolion i Estyn. Fodd bynnag, fel y corff sy'n gyfrifol am gynyddu nifer y bobl sy'n chwarae pêl-droed yng Nghymru, rydym yn credu mai ni ddylai fod yn un o'r prif gleientiaid, yn yr un modd â'r campau eraill, wrth gwrs. Mae angen meddwl am y ffordd orau ymlaen.

[239] Mae'r gwaith hwn wedi esblygu dros amser, ac mae fel pe bai ein bod rhoi mwy o gwestiynau yn yr holiadur, ond mae eisiau mynd yn ôl gam a meddwl am y ffordd orau ymlaen, a dechrau edrych ar ffordd ffres ymlaen. Mae nifer o bethau sydd angen eu hystyried o ran sut rydym yn casglu gwybodaeth. Rydym yn gwybod fod yr ymateb wedi bod yn uwch eleni i'r arolwg ar chwaraeon ysgol, ond nid yw hynny o reidrwydd yn golygu y bydd y wybodaeth yn

problem like this: the data are very useful to us for showing a cross-section of what is happening throughout Wales, and they show quite interesting patterns within the sport and in other sports. However, the main challenge, unfortunately, is that it does not allow us to break those data down to a local level—to the level of local government.

For instance, it does not allow us to look at the strategic issue and for us to work out how much money needs to be invested in a specific area, or what intervention we need to introduce in a specific area. That is the challenge facing sport in Wales. At present—and we are not the only ones of this view; other sport institutions are of the same opinion—the problem is that the response is very low in some areas, and higher in others. If the response is low in Cardiff but higher in the Powys area, for instance, what does that tell us about the local area? Those are the challenges that we face.

Another question that needs to be asked while undertaking this type of work is: who is the client? It looks at how many people participate in sport in Wales. We are aware that the data provide very useful information to the Welsh Government. They also provide very useful information on wellbeing and the situation in schools for Estyn. However, as the body responsible for increasing the number of people playing football in Wales, we believe that we should be one of the main clients, in the same way as other sports, of course. We need to think of the best way forward.

This work has evolved over time, and it seems that we have included more questions in the questionnaire, but we need to take a step back and think of the best way forward, and start looking for a fresh way forward. Many things need to be considered as to how we collect information. We know that the response to the school sport survey has been higher this year, but that does not necessarily mean that the information will be useful to us. Therefore, those are the main issues from

dddefnyddiol i ni. Felly, dyna'r prif faterion o'r perspective.
o'm safbwynt i.

[240] **Janet Finch-Saunders:** Following on from Mark's question, concerns have been raised about multicultural aspects. What are you doing as organisations to increase participation in sport by the BME community, for example, and the various ethnic minorities with their cultures and backgrounds? Things that came to light during our earlier evidence-taking were aspects such as different clothing requirements, even down to dietary requirements. There are unique sports that would be enjoyed by some and not by others from various cultural backgrounds, but there is no chance at all for them to engage in those types of sports. As to the surveys that are coming out, with respect, when it comes to BME communities, they are a little bit of a broad brush, and do not drill down to the data that identify whether the need is being met by people in those unique cultures. What are you doing about that? When I asked the Minister, I rather felt that the buck was being passed to Sport Wales. I am meeting with Sport Wales, because I want to drill down because I am interested to know, as part of this committee, that we are reaching everybody in each of those unique ethnic minority backgrounds, so that no-one faces any barriers. How can you assure me that you are doing the same?

[241] **Mr Ford:** There are two answers to this. Neil will answer your specific questions, and I will come back on Mark's questions.

[242] **Mr Ward:** In terms of your point, I think that we are the only governing body that specifically employs a football inclusion officer, so we recognised this as an important area for us to focus on three or four years ago when we made that appointment. So, we have a growing understanding of some of the challenges in this particular area, and it is less a perception of racism—it is more about cultural barriers. The BME community, as you are probably aware, is hugely diverse and complex. We have learned of the barriers around those communities in allowing young people to participate and the value placed on sport, in particular—not necessarily on physical activity—but certainly on playing sport on a regular basis. It has been a challenge to access those people directly other than through a school environment, where you can provide some activity. In terms of ongoing regular participation, it is difficult to build those links. So, our focus has been on 16 to 25-year-olds mainly, who have a little more freedom and flexibility from the main family environment. We built on their interest and looked to change the attitudes and perceptions of future parents, to allow the children of the future that opportunity to participate. We have done various interventions. One that has been successful is a refugee league based in Cardiff. We are looking to replicate that in Swansea and Wrexham. We have had seven teams playing, and we are looking to add over 100 players from the refugee community. It is a challenge to get those people to work together in a particular area and to have the facilities and support to make it happen on a regular basis.

[243] **Lindsay Whittle:** Are you involved with the homeless community?

[244] **Mr Ward:** Not directly, but we have a football inclusion forum that brings together many different agencies, working in many different ways in the area of inclusion. I am very aware of the work that Street Football Wales is doing, and we have provided support and encouragement where we have been able to for the good work that it does.

[245] **Mr Ford:** I was just going to come back to answer the second part of Mark's question about Show Racism the Red Card, discrimination and racism. These need to be tackled both on and off the field of play. It is brought to the attention of a lot of people when football is shown on television, and through radio coverage. I think that we are all aware that it is not just within football. It is a societal issue that we are trying to tackle. As you would expect, we have a zero tolerance policy towards any form of racism and we do whatever we

can to banish it from our sport. Of course, we support organisations such as Show Racism the Red Card and others, to ensure that we are a very inclusive organisation, and that anybody who wants to play football can do so. I am pleased to say that recently even FIFA and UEFA, at their respective congresses, have adopted even more stringent measures with regard to punishment if racism is shown. We will do all that we can to ensure that those are picked up, and that they are appropriately dealt with, whether that is through us or through the legal system, which is where a lot of this will go if we find any forms of racism. We have also instructed our referees with regard to any in-crowd disturbances: if there is racism on the terraces, they have measures in place to stop games, to postpone games and abandon games, if necessary.

[246] It is not a problem that will go away overnight. It is something that we will continue to work with. We support Show Racism the Red Card in its educational initiatives. It is trying to tackle some sectors of society where racism is still rife and, ultimately, to educate for the future. We will be supporting it for many years to come, because I still believe that this will be a problem for many years. We are doing all that we can to ensure that it has no place within football.

[247] **Mark Isherwood:** What about the other part of my question?

[248] **Mr Ford:** That was the third part of your question. This is about the involvement of the Welsh Government. We are very grateful, through the trust, for any support that we get from the Welsh Government. We receive money through Sport Wales to support some of our programmes. We have also striven where we can to get more—forgive me—joined-up thinking with regard to ensuring that sport is not considered on its own merits in a silo mentality. We are talking about working very closely on educational programmes and working with health. We have tried, wherever possible, to ensure that sport is not just seen for its own sake, but also for the merits that it has—on a societal basis, on a community basis and on a health basis. What we are saying is that we are grateful for what we have received, but we do believe that, ultimately, if we receive more, we can do a lot more with it.

[249] **Mr Ward:** Just to build a little on that, as the largest participation sport, we feel that we are delivering very strongly on your physical activity agenda and working collaboratively through Sport Wales, as the funding umbrella. We feel that football has a real motivating hook for young people and could be used to tackle other agendas. We are working on an employability programme in north Wales in collaboration with the Football Association of Ireland, which is funded through European moneys. We are re-skilling and retraining those not in education, employment or training and deploying them back into further education, training and employment. We feel that that is having huge successes already; in the first hub, in Llangefni, we saw a 77% return of candidates who came through that programme going on to further education or employment, whether in the scheme or other employment. There is a lot that could be done in that area, and if there is any help that we can give to ensure that we can expand that activity across the whole of Wales, rather than in the inter-regional areas that are presently involved, we would very much welcome that opportunity. Equally, Jonathan touched on health, and there are a lot of health-related programmes. We can look at the work that clubs are doing in England in areas such as mental health, which is a huge challenge in relation to young men aged between 16 and 35. Again, football gives a sense of belonging; it is a way of forming a community in which you can build resource and training support. Again, we have communicated these things, but, while there has been an interest, we have not really been able to drive things forward.

[250] **Mike Hedges:** As you know, following Swansea's success in the premier division, the continuing decline of the Swansea senior league on a Saturday afternoon is even faster than before. We also know that there has been a huge increase in five-a-side football. What do you do to record the number of people engaging in five-a-side football and to bring the five-a-

side football family into the Football Association of Wales, rather than to let it be run outside of it?

[251] **Mr Ford:** I will tackle this first and I am sure my colleagues will kick in. The five-a-side game, as a small-sided game, is a really interesting development. We have seen Powerleague centres and Gôl centres being set up in the major metropolitan areas and you will probably not be at all surprised to understand or know that the numbers of people who are playing the 11-a-side game within those major metropolitan areas actually goes down. It is about the convenience factor of going to a centre where there are changing facilities, good quality five-a-side facilities, leagues that are set up, and where there is a bar where they can have a beer with their mates afterwards. Those things are very attractive versus the muddy field that there is down the road. This comes back to a facilities question as well, and we have already touched on that debate.

[252] Of course, what we are trying to do is ensure that we engage actively with those five-a-side centres—the Powerleague centres and the like—to ensure there is a knock-on benefit to affiliated football and to ensure that the 11-a-side game—the proper game of football effectively—is being promoted as a result of some of those activities. We need to ensure that those are absolutely a stepping stone through to the 11-a-side game. There will always be people, myself included, who will probably choose to go to play in those centres because of the convenience factor and the ease factor. We need to continue to ensure that people are coming through the conveyor belt and playing the 11-a-side game as well.

[253] **Mr Ward:** Just to build on that, as I said earlier, the commercial market has found a gap. The people who have busy active lifestyles and who, for whatever reason, cannot commit to training weekly and playing on the weekend have found that market. That is why the 3G programme that we are working on to develop more artificial services within and around clubs will give us the opportunity to provide that sort of opportunity and build it underneath the umbrella of the club as well.

[254] We have also responded to the small-sided game. We have a futsal officer—futsal is the official FIFA and UEFA-recognised small-sided game—and we have made great inroads there in the last few years. We now have a national team competing in UEFA competitions. We have a national club competition and, below that, a growing level of activity and we are looking at ways in which the futsal game can complement the 11-a-side game, so that it is not a strict alternative, but that it can support overall growth and skill development.

[255] **Mr Roberts:** Yn bersonol, rwy'n credu bod y gêm pump-bob-ochr yn hanfodol er mwyn cynyddu'r nifer o bobl sy'n chwarae pêl-droed yng Nghymru. Rydym yn gweld mwy o bobl yn dod mewn i chwarae'r gêm—pobl sydd efallai heb chwarae ers yr ysgol, felly mae'n hanfodol. Mae'r data yn ein caniatáu i wneud penderfyniadau strategol. Mae data Chwaraeon Cymru yn ein caniatáu i wybod faint o bobl sy'n chwarae ffurf anffurfiol o'r gêm, ond byddai torri'r data hynny i lawr i weld lle mae'r canolfannau futsal, neu'r canolfannau pump-bob-ochr, yn ein helpu i wybod yn union ble sydd angen inni ganolbwyntio'n hymdrechion.

Mr Roberts: Personally, I think that the five-a-side game is critical to increase the number of people who play football in Wales. We see more people coming in to play the game—people who have perhaps not played since school, so it is vital. The data allow us to make strategic decisions. Sport Wales's data allow us to see how many people play an informal form of the game, but breaking that down to see where the futsal centres or five-a-side centres are would help us to know where we should focus our efforts.

[256] **Mike Hedges:** Have you thought of registering those five-a-side centres and players?

[257] **Mr Ward:** They all have the numbers themselves, but we do not actively seek to record them.

[258] **Mike Hedges:** I will just rephrase that. I used to be secretary of Morryston Town Association Football Club, and for every player we had to fill in a form and register them with the Welsh league, which would then tell the Welsh FA how many players Morryston Town had registered. Have you thought about doing the same with five-a-side tournaments and leagues to bring them into the football family?

11:30

[259] **Mr Ford:** They fall outside our remit. They are not a recognised form of affiliation football. Futsal is the recognised form; it is slightly different, of course, as Neil explained. Funnily enough, we work very closely with five-a-side centres, but I think that the commercial marketplace does not necessarily want our involvement with them. Steps are being taken, but it is a separate body completely to us.

[260] **Mr Ward:** There is a growing market of people who are providing activities at holiday camps, leisure centres and schools. We are working very closely with those people. We have a Fun Football accreditation programme, where we encourage them to work with us to ensure that the staff and coaches that they employ are appropriately qualified and vetted, and that the technical programme has robustness to it. We then work with them and deploy them in the right areas where we feel that they would have an impact. Through sponsorship from Vauxhall, we have been able to offer free and subsidised places at holiday camps in key areas where young people would not necessarily have access to subsidised football activity or the opportunity to play. So, we are actively engaged in some areas of the commercial market, too.

[261] **Mr Roberts:** Un o'r rhesymau pam fod pêl-droed anffurfiol yn ddeniadol i bobl yw'r ffaith eu bod yn gallu mynd lawr i'r ganolfan leol neu'r caeau lleol a chwarae heb gofrestru. Mae'n anodd casglu data ar hynny. Nid wyf yn gweld problem gyda pêl-droed pump-bob-ochr, achos bydd gan y canolfannau hynny'r wybodaeth. Fodd bynnag, fel y dywedodd Jonathan, nid yw hynny'n rhan o'n cylch gwaith ni. Dyna'r sefyllfa o ran y data.

Mr Roberts: One of the reasons why informal football is attractive to people is the fact that they can go down to the local centre or their local fields and play without registering. It is difficult to collect data on that. I do not see a problem with five-a-side football, because the centres will have that information. However, as Jonathan said, that this does not fall into our remit. That is the situation with regard to the data.

[262] **Christine Chapman:** I want to move on to an issue that was discussed over the summer, and that is the governance arrangements of the FAW. I am going to ask Jenny to start off with some of the questions.

[263] **Jenny Rathbone:** Jonathan, when you came to talk to the committee in June of last year, you said that you were conducting a governance review. Over the summer, you have had a perfect storm of problems, with Barry Town Football Club and Llanelli Association Football Club having to drag you through the courts to get justice. I wonder whether you could tell us where you are with your governance review.

[264] **Mr Ford:** As part of the FAW strategy, which was launched with Carwyn Jones back at the end of 2010, beginning of 2011, we have been working on a governance review. Around October of last year, that governance review was started. Funnily enough, just the other day, we finalised the report of the governance review. I have a 105-page report with about 85 recommendations—or 88, as I have just been told; thank you. This work has been

done in collaboration with many stakeholders in football.

[265] It has been a very long process that we have been going through. I am very confident that the recommendations put forth in this document—in the final version of this report—would represent best practice. We went through it; Llŷr was very much there, and I am sure that he will talk about it in just a second. We went through every aspect of football in Wales—its decision-making structures. I hope that the FAW council can see its way to implementing hopefully all, or most, of the recommendations that are put forth.

[266] **Jenny Rathbone:** Turkeys do not usually vote for Christmas. There were some serious allegations from Andrew Edwards when he resigned, namely that members of the council serve their own agendas, bully weaker members and vote en bloc to railroad decisions. What confidence can people possibly have that this governance review will lead to a more fit-for-purpose organisation?

[267] **Mr Ford:** If the governance review recommendations were adopted, I am quite confident that they would lead to that. Whether or not the FAW council chooses to implement those recommendations is yet to be seen. We have had one meeting with the council, and that first meeting and a series of roadshows went extremely well. However, as you say, the council has to vote for it; it has to vote for the changes to come in, and it has to go through each and every recommendation and decide whether or not it is prepared to implement it.

[268] **Jenny Rathbone:** However, given that turkeys do not vote Christmas, you are asking the current organisation, which is not fit for purpose, to vote itself out of existence.

[269] **Mr Ford:** I have never said that the current organisation is not fit for purpose. What I am saying is that my job is to conduct a review in an appropriate manner, which we have done in a very professional way; to research what is working and what is not; and to understand what the models are in governance that would make this best practice, looking at what people are saying, a lot of which has been driven by the council members themselves, as well as an awful lot of secondary evidence. My job then is to work with them to find out what the appropriate recommendations are. It is not my job—I do not have a vote, unfortunately—to turn around to say whether they will implement that or not.

[270] **Jenny Rathbone:** Fair enough, but, meanwhile, you have a council whose membership simply does not reflect the people who participate in football. I believe that you said that you have one female member on your council now, out of 36.

[271] **Mr Ford:** That is correct.

[272] **Jenny Rathbone:** How many younger members are there, say under 30?

[273] **Mr Ford:** I think that volunteers in sport overall is an issue—

[274] **Jenny Rathbone:** I mean on the council.

[275] **Mr Ford:** There are none. Trish Turner, the latest on the board, is the youngest member of the council now—she is in her 30s. It is interesting, as you say, because, funnily enough, as I went around the roadshows, I questioned the council members on this. You will see that one of the recommendations in the report is on age limits and the recruitment of new council members. It is about bringing down that age limit to ensure that we recruit new volunteers into the administrative organs of football and other sports. To be honest, volunteers in sport is an issue across the whole of sport; it is not just an issue for us. When I went around speaking to the council members, a lot of them said that they started on the FAW council when they were in their 20s or 30s.

[276] **Christine Chapman:** Have you any Black Minority Ethnic members, for example, because that is one of the issues?

[277] **Mr Ford:** Not at the moment, no.

[278] **Jenny Rathbone:** In the meantime, you have spent a huge sum of money on arguing your case in the High Court. At what point is this governance review going to bear some fruit?

[279] **Mr Ford:** Forgive me, you are asking the wrong person that question. That question should be asked to the FAW council members themselves, rather than me. My job, as I said, is to do the appropriate thing of managing the very proper process of doing the governance review, which has been extremely difficult, as you can imagine, and extremely problematic. I am hopeful that the members themselves will see that this has been a very good process and that the recommendations are very solid. However, they are the decision makers in this, not me.

[280] **Christine Chapman:** I will bring Leighton in first and then Llyr can come in.

[281] **Leighton Andrews:** Jonathan, we have to support you in your efforts to take forward the governance review. We appreciate that, at the end of the day, it is a matter for the council members, but this committee would give a very clear signal to council members that we are encouraged by the work that you have done in developing this governance review. What is your timescale for the implementation of that review?

[282] **Mr Ford:** The timescale of the implementation is several years. On the decision making, we put the first draft report to council in a presentation that we did on a roadshow basis in August. We are going back to it on 22 October, which is the next council meeting, with this final report. There will probably be a slight deviation from some of the recommendations. I am very hopeful that they will implement the majority of the recommendations, but we are knowledgeable that the report in its final form will probably not be implemented with every single recommendation on every single page. So, we are working closely with them to ensure that we hopefully get as many of those through as possible. I am hoping that that decision will be made before Christmas.

[283] On the implementation of some of these recommendations, some will be implemented almost immediately, some will require new changes to the rules of the association and its standing orders, and others will be implemented on a timescale—some now, some by 2016, and some by 2018. Age limits, for example, is something that will be phased in over a period of time. With regard to the implementation, it was our recommendation that the board, which we now call the executive committee, would be charged with ensuring—as I will be challenged—that those recommendations come through in a timely fashion.

[284] **Christine Chapman:** Llyr, do you want to come in? I know other Members want to ask questions.

[285] **Mr Roberts:** Yr unig beth y gallaf ychwanegu yw bod hon wedi bod yn broses agored iawn, ac mae'r cyngor wedi bod yn rhan o'r broses honno. Mae rhai o'r materion rydych wedi'u crybwyll wedi cael eu crybwyll yn yr adroddiad. Fel y soniodd Jonathan, mae'n adroddiad cynhwysfawr **Mr Roberts:** The only thing that I would add is that this has been a very open process, and the council has been part of that process. Some of the issues that you have mentioned have been mentioned in the report. As Jonathan mentioned, it a very comprehensive report, with 88 recommendations in total. The

iawn, gydag 88 o argymhellion i gyd. Mae'r adroddiad yn awgrymu bod angen i'r sefydliad foderneiddio. Byddwn yn meddwl bod angen darllen yr adroddiad yn fanwl iawn cyn pleidleisio ar yr argymhellion, ond mae'r ffordd rydym wedi symud hyd yn hyn wedi bod yn bositif iawn o ran creu'r adroddiad hwn.

report suggests that the organisation needs to modernise. I would think that the report needs to be read in detail before voting on the recommendations, but the way that we have moved forward so far has been very positive in terms of the creation of this document.

[286] **Christine Chapman:** I do not think that Members will have seen the report, but perhaps we can have copies at some point. Janet wants to come in.

[287] **Janet Finch-Saunders:** I would be interested to know how your governance procedures filter right down to the local grass-roots level. I recently found myself attending a FAW inquiry hearing on behalf of a number of parents and a coach of 80 children who had been excluded. Those children were unable to play football for nigh on a period of 18 months. So, I went along and was very disappointed that there was not a structure to the inquiry hearing. I am still waiting for a copy of the report, even though it was published about two or three months ago. I am not convinced that, locally—. Certainly, as the local Assembly Member, having engaged in the process, I had no feedback. As it turned out, this coach and these children are now allowed to play, because the local league has seen sense and let them in, but, I can tell you, I think a book is going to be written about this. I can tell you, for 18 months—

[288] **Rhodri Glyn Thomas:** Can you tell them where?

[289] **Janet Finch-Saunders:** Sorry, in Conwy. In my constituency of Aberconwy. It has caused a lot of upset for a lot of children. I am talking younger children, of primary age, of the age that we should be really looking at to increase participation. We are there now, but, it is fair to say, it was not really with much help from the FAW. However, I was more concerned that, when you get to that level where you have a hearing in place, an inquiry so to speak, there was no procedure, even on the evening.

[290] **Christine Chapman:** Jonathan, before you come in, obviously there is quite detailed information here. We do not have the time to look at this in detail. Obviously, there needs to be a dialogue, so could you just comment on the general issues?

[291] **Mr Ford:** Of course. I assume that this is probably done at an area association level. I am sure that most of the Members here know that the Football Association of Wales is the governing body across Wales and we have responsibility to a specific level within what is called the football pyramid, after which—it is the same in England, which has the county FAs—we have what are called the area associations, of which there are six. This probably falls under an area association. Do not get me wrong, they are FAs, effectively, in their own right. They are subservient to us and it is important that appropriate governance structures are put in at the FAW level and that they are appropriately ricocheted through. This governance report also includes recommendations for the area association level and one of the key things within that is about the professionalism of the area association.

[292] **Janet Finch-Saunders:** I am really heartened to hear that.

[293] **Mr Ford:** I would hope that the good work that we are doing at a national governing body level will ricochet through, but it will still take some time. I do not know the details of your particular case, of course—

[294] **Janet Finch-Saunders:** I will read the report and, if I have any further concerns, I

will come back to you. Thank you.

[295] **Christine Chapman:** Rhodri is next.

[296] **Rhodri Glyn Thomas:** Rwy'n ategu'r hyn a ddywedodd Leighton. Rwy'n croesawu'n adolygiad hwn yn fawr. Nid eich bai chi yw hi ei bod wedi cymryd cyhyd, oherwydd rydych wedi gweithredu ar ôl dod i'ch swydd. Mae'r strwythurau wedi newid ac rwy'n credu bod rhai ohonom yn gwerthfawrogi bod newidiadau eithaf chwyldroadol wedi bod yng Nghymdeithas Bêl-droed Cymru dros y degawd diwethaf. Un pwynt a godwyd gyda ni gan y clybiau yn ystod yr adolygiad oedd perthynas Cymdeithas Bêl-droed Cymru gyda'r clybiau, a'r hyn yr oedden nhw'n cyfeirio ato fel y bleidlais aur a oedd gan y gymdeithas mewn cyfarfodydd. A yw un o'r 88 o argymhellion yn eich adroddiad yn ymwneud â hynny? Roedd y clybiau yn amlwg yn teimlo elfen o rwystredigaeth bod y bleidlais aur honno yn bodoli, fel fetto gyfan gwbl.

Rhodri Glyn Thomas: I echo what Leighton said. I welcome this review. It is not your fault that it took so long, because you have taken action after coming into your job. The structures have changed and I think that some of us appreciate that there have been quite revolutionary changes in the Football Association of Wales over the last 10 years. One point that was raised with us by the clubs during the review was about the relationship between the Football Association of Wales and the clubs, and what they referred to as the golden vote that the Football Association of Wales had in meetings. Do any of the 88 recommendations in your report deal with that? Obviously, the clubs felt a sense of frustration that that golden vote existed, as a veto.

[297] **Mr Ford:** I must confess that I have never heard the term 'golden vote'.

[298] **Rhodri Glyn Thomas:** I think that it was a golden vote that they referred to, if I remember rightly. The impression I got was that the clubs felt that, when something was being discussed at council level, you, as an organisation, had a golden vote, which, basically, was a veto.

[299] **Mr Ford:** I have never heard of that. It is not in our rules. I have never heard the term 'golden vote'.

[300] **Rhodri Glyn Thomas:** It was the term that they used in terms of the power that you had.

[301] **Mr Ford:** I have never heard of it.

[302] **Christine Chapman:** Perhaps we can make the evidence available to you.

[303] **Mr Ford:** Sure. I think that there is a more general answer, if I may. There are many different factions within football for which we are responsible. There are all the national teams, there is all the development, which Neil looks after, all the youth squads that we have within that, as well as coaching. It is multifaceted. Everybody, whether they are a council member or a club representative, is always fighting for their own corner. The reality is that there is only so much money in the pot, and we are not a big organisation. You are aware that our turnover is less than £10 million per year. We have done some fantastic deals with regards to maximising the commercial return from our TV rights, and I am pleased to say that the work that we are doing with UEFA is going to ensure a greater period of stability for the association. However, our revenue is still very small indeed. If you compare us to the WRU, you can see that we are, in turnover terms, one fifth of its size, yet our participation numbers are considerably higher. We are, I am sorry to say, not a rich organisation. Not at all. We need more money in sport. I firmly and fundamentally believe that we are doing the right things.

11:45

[304] We just do not have enough money at the table. I know that money is tight, and we are very grateful for what we receive from the Welsh Government, but, forgive me, you just need to look around the British isles at your counterparts, whether in England, Scotland or Northern Ireland, and see the amount of money that is being put in. Whether it is sports facilities or national development centres, the amount being put in is considerably more than is being offered for football or sport in Wales, and, if we can find a way to work together with you to release more pots of money, I am confident that that good work can continue and we can achieve all of our objectives together.

[305] **Mr Roberts:** Roeddwn i o'r argraff bod yr argymhelliad yn ôl yr *inquiry* diwethaf yn ymwneud â'r ffordd rydym yn cyfathrebu â'r clybiau. Mae camau positif wedi digwydd ers hynny, ac, os edrychwch ar ein systemau, mae cyfrifoldeb ar y *club representatives* i fynd â gwybodaeth o'r cyfarfodydd sy'n digwydd ar lefel yr FAW nôl i'r clybiau eraill. Rydym yn amlwg yn edrych ar hynny. Ers yr *inquiry* diwethaf, fel y gwnaeth Jonathan sôn yn gyharach, rydym wedi cyflogi *community support officer* a fydd yn datblygu'r berthynas honno ymhellach. Mae honno yn rôl bwysig iawn. Hefyd, mae datblygiadau gyda 3G. Rydym yn gweithio gyda'r clybiau hyn nid yn unig i ddatblygu caeau 3G, gobeithio, i'r clybiau, ond hefyd i ddatblygu'r clybiau fel busnesau. Yn bersonol, rwy'n credu bod y cyfathrebu wedi datblygu tipyn dros y cyfnod hwnnw o amser, ond mae wastad *issues* a rhaid i ni edrych arnynt.

Mr Roberts: I was under the impression that the recommendation according to the last inquiry was on how we communicated with clubs. Positive steps have been taken since then, and, if you look at our systems, club representatives have a responsibility to take information from the meetings that take place at the FAW level back to the other clubs. We are obviously looking at that. Since the last inquiry, as Jonathan mentioned earlier, we have employed a community support officer who will develop that relationship further. That is a very important role. Also, there are developments with 3G. We are working with these clubs, not only to try to develop 3G pitches, hopefully, for the clubs, but also to develop the clubs as businesses. Personally, I believe that communication has developed substantially over that period of time, but there are always issues and we do need to look at those.

[306] **Rhodri Glyn Thomas:** Gyda'ch caniatâd chi, Gadeirydd, efallai gallwn fynd yn ôl at y dystiolaeth. Os rwy'n gywir, roedd dystiolaeth gan glybiau Caerfyrddin a Bangor am y bleidlais aur—os nad ydw i wedi dychmygu hyn i gyd, wrth feddwl yn ôl—ac ysgrifennwn ni atoch chi gyda'r wybodaeth am yr hyn roeddent yn ceisio ei gyfleu.

Rhodri Glyn Thomas: With your permission, Chair, maybe we can go back to the evidence. If I remember rightly, the evidence on the golden vote was from Carmarthen and Bangor—if I have not imagined this in thinking back—and we will write to you with the information about what they were trying to convey.

[307] **Christine Chapman:** Perhaps you could then send a comment or response on that.

[308] **Mr Ford:** By all means.

[309] **Christine Chapman:** We will send that evidence to you. Time is running very short now, but I have Mike and then Mark to ask questions.

[310] **Mike Hedges:** We have talked about the Welsh FA council members. I am sure that Jonathan would like to put on record that many of them have spent decades of their lives helping grass-roots football in Wales, putting nets up in the rain and all the other things people do, running grass-roots football.

[311] **Mr Ford:** That is absolutely true, and thank you for reminding me. I absolutely do support a lot of what the council members have done in their spare time, and their commitment. For example, the president of the association has been working in football for 35 years, probably. He was a professional person, he has dedicated his life to football, he works for over 200 days per year, probably, and does not get paid a penny for doing it. They are all volunteers, and they do not get paid. Often, when I go around the country and people criticise them, the first thing I ask is, ‘What exactly are you doing to volunteer to help improve your communities?’ That said, there is obviously a modernisation agenda. We have changed considerably as an organisation. We are now almost a £10 million-per-year-turnover organisation and, with the two organisations combined, we pretty much have 100 full-time staff. The issues that we face, and the litigious environment in which we live, with people threatening us with court action, means that we need to adapt and change. The question is whether those people are able to keep up with the modern demands of a multi-million-pound organisation and whether there is some additional help or training that may be required so that they can execute their directorial responsibilities appropriately for the level of organisation that we are talking about.

[312] **Mr Roberts:** Mae'n bwysig cofio hefyd fod yr unigolion hyn yn cael eu hethol i swydd gan y clybiau ac mae'r broses yn debyg iawn i'r broses o ethol Aelodau Cynulliad. Felly, mae'n bwysig ystyried hynny.

Mr Roberts: It is important to bear in mind that these individuals are elected to their jobs by the clubs and that the process is similar to the process whereby Assembly Members are elected. So, it is important to bear that in mind.

[313] **Mark Isherwood:** It was 15 months ago that Jonathan told this committee that representation on the FAW council was ‘not quite fair’. What do you believe would be the implications for football in Wales now if the FAW council were not to change the way in which the FAW is governed?

[314] **Mr Ford:** You are probably touching the nerve of council members right to the core when you talk about representation on council. It is something that I described as an issue, and that I will continue to describe as an issue. We touched on it in the report. I have to be honest that, the way that we touched upon it, unfortunately, was that we did not come to any firm conclusions in the report, but we have agreed, as part of the recommendations, that this is the next area that seriously needs to be addressed. Of course, you are talking about leagues versus area associations, which is a very touchy subject. Forgive me, but it would be no different from me coming into this room and saying that there will only be half the number of current Assembly Members going forward. It is turkeys and Christmas—you said it. Forgive me, but it would be almost exactly the same. It is an issue. It is an issue everywhere, and, unfortunately, you are no different from us in that respect. I would love to change it—I would love to put some recommendations forth—but what I want to do with this report specifically is to ensure that the governance structures are put in place first, and get the bus, if you will forgive my analogy, in the right direction. We have been around for 137 years, and, I assume, we will be around for the next 137 years. It is not going to evolve in revolutionary terms—it is evolution, not revolution.

[315] **Christine Chapman:** On that note, I thank all of you for attending this morning's session. We will send you the transcript of the meeting so that you can check it for factual accuracy. Thank you for attending; it has been a very useful session.

11:51

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
Motion under Standing Order 17.42 to Resolve to Exclude the Public

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

the committee resolves to exclude the public from the remainder of the meeting, and the beginning of the meeting on 2 October 2013, in accordance with Standing Order 17.42(vi).

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11:51.

The public part of the meeting ended at 11:51.