



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

Y Pwyllgor Menter a Busnes **The Enterprise and Business Committee**

Dydd Mercher, 4 Gorffennaf 2012
Wednesday, 4 July 2012

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
David Rees	Llafur Labour
Kenneth Skates	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Duncan Hamer	Pennaeth Entrepreneuriaeth a Gweithrediadau'r Sector, Llywodraeth Cymru Head of Entrepreneurship and Sector Operations, Welsh Government
Edwina Hart AC/AM	Gweinidog Busnes, Menter, Technoleg a Gwyddoniaeth Minister for Business, Enterprise, Technology and Science
Karyn Pittick	Pennaeth yr Uned Mentrau Cymdeithasol, Llywodraeth Cymru Head of Social Enterprise Unit, Welsh Government

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

Kayleigh Driscoll	Dirprwy Glerc Deputy Clerk
Leanne Hatcher	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Ben Stokes	Gwasanaeth Ymchwil Research Service
Gareth Williams	Clerc Clerk

Dechreuodd y cyfarfod am 10.55 a.m.
The meeting began at 10.55 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Nick Ramsay:** I welcome Members to the Enterprise and Business Committee. We are continuing our look into the active travel White Paper in a minute. The usual housekeeping rules apply. We have received an apology from Dafydd Elis-Thomas. There are no substitutions.

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

[2] **Nick Ramsay:** I invite a member of the committee to move the motion.

[3] **Byron Davies:** I move that

*the committee resolves to exclude the public from item 3 on the agenda in accordance with
Standing Order No. 17.42(vi).*

[4] **Nick Ramsay:** I see that that is agreed.

*Debyniwyd y cynnig.
Motion agreed.*

*Dechreuodd rhan gyhoeddus y cyfarfod am 11.57 a.m.
The public part of the meeting began at 11.57 a.m.*

**Sesiwn Graffu gyda'r Gweinidog Busnes, Menter, Technoleg a Gwyddoniaeth
ynghylch Mentrau Cymdeithasol**
**Scrutiny Session with the Minister for Business, Enterprise, Technology and
Science on Social Enterprises**

[5] **Nick Ramsay:** I welcome Members back to today's meeting of the Enterprise and Business Committee. We are following up on the social enterprise inquiry in this session. I thank our witnesses for being with us today to help us with our inquiry. Would you like to introduce yourselves?

[6] **The Minister for Business, Enterprise, Technology and Science (Edwina Hart):** I am Edwina Hart, Minister for Business, Enterprise, Technology and Science.

[7] **Mr Hamer:** I am Duncan Hamer, head of entrepreneurship and business information.

[8] **Ms Pittick:** I am Karyn Pittick, head of the social enterprise unit.

[9] **Nick Ramsay:** Thank you for your written evidence, which has been most helpful. We have a number of questions for you, so I suggest that we move straight to those, and the first question is from Ken Skates.

[10] **Kenneth Skates:** Good morning. I understand that the Welsh Social Enterprise Coalition has put together a group to look at definitions and governance of social enterprises. How important are those two issues to the Welsh Government's policies?

[11] **Edwina Hart:** They are very important and we hope to have the final work in this area by the end of July.

[12] **Kenneth Skates:** Great. On the mapping report that was published by the Welsh Government in October 2009, to what extent will the recent work feed into and update that?

[13] **Edwina Hart:** The work will feed into that and once we have the details of that work at the end of July, we will look at what we are doing. Our focus groups will also give us

quality feedback, which is important. We will also have the views of the social enterprise practitioners, which will complement the mapping exercise previously undertaken. So, we regard this as an important move forward from the original committee report.

[14] **David Rees:** Your microbusiness task and finish group put a report together, highlighting the need for further business support and the one-stop-shop concept. The previous report highlighted the lack of quality advice offered to social entrepreneurs in recent years. How will the new one-stop shop work with the social entrepreneurs?

[15] **Edwina Hart:** I think that it will work well. Social enterprises make the point to me that they are businesses. Sometimes, people do not regard them as such, but think that they are some sort of cuddly little things that exist in a vacuum. In fact, they are quite hard-nosed businesses. The important point, in terms of the microbusiness report, is that we included something to support businesses and they are businesses. So, we think that it will help enormously.

12.00 p.m.

[16] On the one-stop shop, we will be providing those by January. So, they will be in situ by then. We will closely monitor how they deal with these issues and I am sure that the social enterprise sector will tell us if it has any problems with that. Interestingly, when we had our grant schemes and offers, social enterprises were, as businesses, encouraged to apply. However, the issue then was that some were disappointed when they did not get cash, but, on the other hand, they had to have proper business plans in order to get cash. So, there is sometimes an element of the chicken and the egg when discussing social enterprises in terms of them seeing where they are. However, we all realise that they are businesses and have to perform to the same standard as any other organisation in terms of their business plans. Do you want to add something about the one-stop shops, Duncan?

[17] **Mr Hamer:** The procurement exercise for one-stop shops specifically has as an element social enterprise provision as well as a focus on investment readiness. We have learned some of the lessons from the growth fund, for example, where you need to put forward that investment-ready case; that is a key requirement.

[18] **David Rees:** You have identified a network of business champions. Will it include social entrepreneurs and will they be part of the one-stop-shop activities?

[19] **Edwina Hart:** Yes, some of the individuals already are social entrepreneurs, so I do not think that there are any issues relating to that.

[20] **David Rees:** Have you looked at whether, among the nine sectors that you have identified, social entrepreneurship is within those sectors, and whether business champions from those sectors are also feeding into that network?

[21] **Edwina Hart:** Social entrepreneurship goes across all sectors, but it would be fair to say that, particularly in information and communication technology and the creative sectors, you see issues relating to social entrepreneurs and so on coming forward. That is key in the development of their strategic plans. Quite a lot of individuals are now involved in championing social enterprise and entrepreneurship. However, we are trying to bring all of the strands together to get a coherent approach.

[22] **David Rees:** Could you confirm that you are getting details on the numbers and types of social entrepreneurs within the various sectors?

[23] **Edwina Hart:** If we could get numbers, we would do so, but we have not

concentrated on the numbers because we cannot—people do not necessarily identify themselves in that way. It is only if they have ever had an engagement with us that we can identify what the sector looks like. For example, when we do the one-stop shops, we can clearly identify whether social entrepreneurs and social enterprises came to us. We could perhaps include a strand for them to monitor in order to get those numbers. However, it is a difficult area in which to collate information.

[24] **David Rees:** Has the Welsh Social Enterprise Coalition been able to provide additional information in that sense?

[25] **Edwina Hart:** No, it has not. The issue with that coalition is that it is important that we recognise that its role is limited, in terms of the work that it undertakes for Government.

[26] **Alun Ffred Jones:** Cwestiynau ariannol sydd gennyf yn bennaf. Yn gyntaf, faint o arian mae'r Llywodraeth yn ei roi i Ganolfan Gydweithredol Cymru yn flynyddol?
Alun Ffred Jones: My questions are mainly financial ones. First, how much funding does the Government provide to the Welsh Co-operative Centre annually?

[27] **Edwina Hart:** I cannot recall how much we give it.

[28] **Ms Pittick:** I am sorry; I do not have a lot of Welsh, and I did not catch the translation.

[29] **Alun Ffred Jones:** A gaf i ofyn y cwestiwn eto?
Alun Ffred Jones: May I ask the question again?

[30] **Edwina Hart:** How much do we give annually to the Wales co-op centre?

[31] **Ms Pittick:** Annually, it is just under £150,000 in core funding.

[32] **Alun Ffred Jones:** A ydych yn rhoi arian i Glymblaid Mentrau Cymdeithasol Cymru?
Alun Ffred Jones: Do you give money to the Welsh Social Enterprise Coalition?

[33] **Ms Pittick:** I am sorry; it is still—

[34] **Alun Ffred Jones:** The headset is probably on the wrong station.

[35] **Edwina Hart:** It has to be on channel 1. I am fine; it is on channel 1.

[36] **Nick Ramsay:** Sorry, Ffred.

[37] **Alun Ffred Jones:** O ran y glymblaid mentrau cymdeithasol yr oeddech yn cyfeirio ati, nid ydych yn rhoi arian i'r glymblaid, a ydych chi?
Alun Ffred Jones: In terms of the social enterprise coalition that you mentioned, you do not provide any funds, do you?

[38] **Ms Pittick:** Yes, we do; we provide it with £200,000.

[39] **Alun Ffred Jones:** Beth gewch chi'n ôl am y £200,000 hwnnw? Roedd rhyw awgrym nad oedd yn gwneud llawer iawn ar ran y Llywodraeth, felly beth mae'r glymblaid i fod i'w gyflawni gyda'r
Alun Ffred Jones: What do you get back for that £200,000? There was some suggestion that it did not do much on behalf of the Government, so what is the coalition supposed to achieve with that £200,000?

£200,000 hwnnw?

[40] **Edwina Hart:** It has undertaken work for us at conferences and has got the feel of what is going on in the sector. That, in many ways, is quite subjective in terms of our relationship with it. It helps to raise awareness of the sector and it has undertaken the focus groups for us. If you want to know what it does in terms of hard outcomes, which is what I assume you are getting at, they are not hard outcomes in terms of what they deliver for Government; they are soft outcomes that help to develop policy and help to reflect awareness of what goes on in the sector.

[41] **Alun Ffred Jones:** A yw'r Llywodraeth yn bwriadu adolygu'r cymorth ariannol hwn yn y dyfodol agos? **Alun Ffred Jones:** Does the Government intend to review this financial support in the near future?

[42] **Edwina Hart:** Yes.

[43] **Alun Ffred Jones:** Roeddech yn cyfeirio at y siopau un stop. I ba raddau y bydd y rheini yn dyblygu gwaith Canolfan Gydweithredol Cymru, sydd, hyd y gwn i, i fod i roi cyngor i fentrau cydweithredol yn barod? **Alun Ffred Jones:** You made reference to one-stop shops. To what extent will those duplicate the work of the Wales Co-operative Centre, which is, as far as I am aware, supposed to provide advice to co-operative initiatives already?

[44] **Edwina Hart:** They will not duplicate the work of the Wales Co-operative Centre. The one-stop shops are business one-stop shops, and if a social enterprise is a business, it will go along there just like any other business would to receive advice. If specialist advice is required for the establishment of co-operatives, mutuals or perhaps employee buy-outs, they would access the Wales Co-operative Centre.

[45] **Alun Ffred Jones:** Mae gwaith ar y gweill ar hyn o bryd i edrych ar y potensial i undebau credyd gynorthwyo busnesau cymunedol. A yw'r Gweinidog yn ystyried unrhyw opsiynau ychwanegol ar gyfer cynyddu argaeledd cyllid i fentrau cymdeithasol? **Alun Ffred Jones:** Work is currently under way to look at the potential for credit unions to assist community businesses. Is the Minister considering any additional options for increasing the availability of finance for social enterprises?

[46] **Edwina Hart:** We are looking at how credit unions could usefully help with giving small loans to businesses, social enterprises and entrepreneurs. We are undertaking some work in that area.

[47] **Joyce Watson:** Good afternoon, Minister. I want to ask questions on monitoring. How does the Minister intend to monitor and report on the department's support for social enterprises?

[48] **Edwina Hart:** Monitoring is quite a difficult area. We monitor how we deal with the contacts that come to us. For instance, as I have indicated to you, we will positively look at what we are going to do with the one-stop shops to see who comes from that direction to us and who is accessing that service. If we receive applications for any funds, we can also monitor those. I am establishing a new commission to look at issues around various areas of work, and monitoring is one of the areas that I would like the commission to report to me on regarding how we can successfully monitor what is going on in the sector to ensure that we have the best decision-making process to develop policy in the system in the future.

[49] **Joyce Watson:** You mentioned the programme for government and that we will have

a progress report on specific performance indicators related to the Welsh Government's support for social enterprises. Will monitoring be included in that?

[50] **Edwina Hart:** The commission will look at these areas. We have to set down clearly what terms we want the commission to look at. In terms of the commission's membership, we will have that discussion as things move forward. We are trying to make the process for the commission as open and transparent as possible to take into account what it might suggest that we should look at in that context. This is a field that has only recently come into economic development.

[51] **David Rees:** You have indicated that the funding for the Wales Social Enterprise Coalition and the Wales Co-operative Centre is about £400,000 per annum. You have indicated that you will review that. When will that review take place, and, in the meantime, will hard outcomes be identified for that funding?

[52] **Edwina Hart:** We will take final decisions next week on how we undertake the review, because that review will start imminently. We have to wait for the recommendations of the review in terms of what we do. People will possibly look at the structures that we have and ask whether they are fit for purpose and whether they are giving us a subjective or objective benefit. Sometimes, we want to fund things not because they are driven by outputs and they are hard-nosed, but because it is good for the sector to have an organisation that is drawing in the strands of discussions with Government. At the end of that process, we will look at what funding arrangements can be put in place.

[53] **David Rees:** In the meantime, are we looking at any hard outcomes for the current organisations while that review is being undertaken?

[54] **Edwina Hart:** We have outcomes. We have contracts with them but, in the true business sense, I would not say that they were hard outcomes. I think that that is fair comment.

[55] **Byron Davies:** Good afternoon, Minister. Given that the responsibility for social enterprises is now included in your portfolio, has this brought any major changes to the Welsh Government's approach to supporting and working with the sector?

[56] **Edwina Hart:** Everyone across Government, irrespective of their portfolios, understood what a social enterprise was. It is good that they are coming to us, because it allows joining-up within my department, rather than it going across departments, which is quite important. We also see social enterprises as a core business opportunity, so it is good that they are linked to everything that we do in terms of our business areas. The link with microbusiness has proved that, and these enterprises will come out well in the microbusiness report that looked at the issues. That will work quite well.

[57] **Byron Davies:** Have you any plans to update the 2009 social enterprise action plan to reflect your priorities and vision for the sector?

[58] **Edwina Hart:** I have no plans to update the plan at present, but following the establishment of the commission, it will provide recommendations on future priorities, which will deal with an update or perhaps establish a new plan.

[59] **Byron Davies:** Lastly, what was the rationale for disbanding the social enterprise ministerial advisory group in August of last year?

[60] **Edwina Hart:** It was part of a cross-Government review that looked at various things. I meet regularly with the Wales Co-operative Centre and others to hear the views of

businesses and people in social enterprises, and I just thought that that was an unnecessary structure, to be honest.

[61] **Nick Ramsay:** How often did it meet?

[62] **Edwina Hart:** It depended; I think it met quarterly. When the Wales Co-operative Centre or anyone else has an issue, I would rather that they pick up the phone, make arrangements for a meeting and come in. You have the formality of the quarterly meetings and the agenda, but sometimes the issue is quite important, so I am trying to be a bit more flexible in my approach to discussions with organisations.

[63] **Nick Ramsay:** Flexibility is not normally a bad thing.

[64] **Eluned Parrott:** I want to ask a little about the potential for social enterprises to be involved in public service delivery. In your updated response to the recommendations, you say that the third sector continues to be involved in improving the effectiveness and efficiency of public services, but, as you have said, social enterprises are businesses rather than third sector organisations. To clarify, what role are social entrepreneurs taking in leading this agenda?

[65] **Edwina Hart:** The Glas Cymru model is an excellent model that can offer solutions, as the committee referred to in its original recommendation 11. When we responded, we said that we would look at this. There is a very strong case for supporting alternative forms of enterprise within that area, which we have tried to encourage. We use the Wales Co-operative Centre to explore the issues around that with others.

[66] In terms of public service delivery, there is a suspicion out there that when you look at these models, you are going to take away public sector jobs. However, some of the work that some of the models might undertake are jobs that are not currently done within the public sector, and there might be additionality. So, it is only right and proper that we encourage people if they want to do these things. One of the key areas for me—which I have always been very keen on—is the nursing home sector, within the care sector, because we have seen so many large nursing home companies go to the wall. There could have been opportunities for employer buy-outs and new types of models and vehicles to run those homes, particularly when you look at the communities that they are in and the type of employment and training that they could have provided in the community. There is also the fact that the community would have been at hand to work with people from their own communities. Those are the areas that we should be looking at, and these are some of the issues that the commission will want to pick up on.

[67] **Nick Ramsay:** Which sectors do you think are most appropriate for the Glas Cymru model?

[68] **Edwina Hart:** Glas Cymru deals with infrastructure, so perhaps we should look more at those areas. One of the reasons for establishing the commission is to up the game in respect of the issues that we want to look at in this area of the economy.

12.15 p.m.

[69] **Eluned Parrott:** As I understand it, the commission is looking to grow the sector in general terms. Is it seeking to identify new, innovative ways to work within public services as well, or is it specifically looking at growth in and of itself?

[70] **Edwina Hart:** It will be looking at growth, and that might be one of the areas of growth that it will have to tackle. When the commission's terms of reference are established, I

would be more than happy to share them with the committee. Today's meeting is very useful for me in drafting the terms of reference, if there is interest in this area.

[71] **Eluned Parrott:** That will be incredibly helpful. I am sure that we would also be keen to see international best practice included in the terms of reference, such as Mondragón in the Basque country, and things along those lines. Will there be an opportunity to take a broader look at the potential role for social enterprises and mutuals?

[72] **Edwina Hart:** Yes, I think that there will be a broader opportunity. I am old enough to remember when the Wales TUC first visited Mondragón, which does not say much.

[73] **Nick Ramsay:** Before we move on, on the Glas Cymru issue, do you think there are any main barriers to replicating that model that the Welsh Government would like to remove?

[74] **Edwina Hart:** No. We will wait for the commission's view, but I cannot think of any off hand, to be honest.

[75] **Keith Davies:** Mae gennyh ch gronfa i dros glwyddo asedau cymunedol, ac mae 10 prosiect wedi'u hariannu hyd yma. Pa effaith ydynt wedi'i chael ar gymunedau lleol, ac a oes sicrwydd y byddant yn para?
Keith Davies: You have a community asset transfer fund, and 10 projects have been funded so far. What effect have they had on local communities, and is there any assurance that they will continue?

[76] **Edwina Hart:** On the community asset transfer fund, having an available fund has proved to be very helpful and people are keen on it. As constituency Members, we probably all get enquiries about the transfer of assets to the community. It seeks to create more sustainable communities by asset transfer, but the problem is that the programme was fully committed quite early on, which shows its success. It is probably a bit too early to understand the full impact of the fund. There will be an evaluation, and we will use the evidence to look at future funding decisions in that area. A recent approach to the fund that I have seen was for taking over a building to establish three different social enterprises within it: a café, some citizen's advice type of consumer work, which could form a business, and something else. The cost of the building was prohibitive to the community, and that is why the fund is useful. If we are genuine about the growth of young entrepreneurs and of social enterprises, we have to look favourably on the continuation of the community asset transfer programme, because the facilities that we are transferring are first class. Some facilities come to mind that have been renovated quite recently by public sector organisations, but they have then found no use for them. So, we will look at that after the evaluation.

[77] **Keith Davies:** Fel yr ydych yn dweud, rwyf yn credu y bu'r gronfa'n dda iawn. A oes gobaith yn y dyfodol y byddwch yn cynyddu'r arian sydd ar gael?
Keith Davies: As you say, I think that the fund has been very good. Is there any hope in the future that you will increase the funding available?

[78] **Edwina Hart:** If you saw my budgets, I would not like to answer that with 'yes' or 'no'. The budget lines for coming years and the discussions in the Assembly about other budgets mean that that might be quite difficult. I have tried to focus in my current budget on ensuring, within my limited and meagre resources, that the money goes to the front line of keeping people in employment, retaining jobs and looking at future jobs. If you can justify this by linking it to the growth of social enterprises and the creation of jobs, which I think you might, it might be a funding stream that it would be worth trying to squeeze others for. However, I am always mindful of taking from one and giving to the other. It is a question of getting the correct balance. In years of plenty, this would be exactly the type of fund that, as a Minister, I would want to up.

[79] **Joyce Watson:** Minister, regarding the community asset transfer, there are models of really good practice out there, such as Harlech swimming pool, which has moved on to allow accessibility to the disabled. It has allowed job creation with regard to add-ons and additional money that they have been able to require as a consequence. So, when you are drawing up models of best practice, Minister, that really has an element of community engagement, building from strength in all elements that we would be interested in, and so it would be worth looking at.

[80] **Edwina Hart:** A total of 16 projects have been funded through it. Certainly, when we do an evaluation, we will look at the success of all those projects to see what lessons there are to be learned. I value not just the opportunity for employment for people, but the wider social and economic benefits that come from maintaining things. Employment still has to be the key for my budget.

[81] **Julie James:** I am in danger of becoming a one-trick pony in this committee as I am on procurement again. I am determined to ask different questions the next time we meet. Anyway, on the procurement front, you helpfully said in your paper that we are expecting the McClelland review shortly. Is it looking specifically at the involvement of social enterprises in public sector procurement, or is it just part of the wider review mechanism?

[82] **Edwina Hart:** My officials have been working on the supply and development schemes specifically and with Value Wales. You have been heavily involved in this, Duncan. They have met the Welsh Social Enterprise Coalition recently to inform the delivery of social enterprises' needs and requirements. Do you want to talk about some of the work that we are doing in that area, Duncan?

[83] **Mr Hamer:** Specifically on procurement, we have the new sell2wales website that we are in the middle of procuring, and we recognise the specific needs of social enterprise. So, adding to what the Minister has just said, my team works on supply and development, and we met with the Welsh Social Enterprise Coalition. We are trying to build that new model on the needs and requirements of social enterprises into that, with regard to time limits and so on. It is work ongoing, I would say.

[84] **Julie James:** Is advice that is being offered to social enterprises tailored particularly by Value Wales, or is it just general?

[85] **Mr Hamer:** We are listening and tailoring to a degree. It is an area that we are looking to constantly improve.

[86] **Julie James:** One of my issues with it is that social enterprises seem to be perfectly placed to deliver community benefits ably, but it does not seem to be happening as much as we would like it to. We had a task and finish group of this committee looking at this issue as well, and it came over quite loudly there that that was not really happening. Are you aware of that? Do you have a plan to do something about it?

[87] **Edwina Hart:** We are aware of it, but, like you, we are waiting for the review to be completed by the Minister for finance. I had a discussion with the person who was undertaking the review and made them well aware of the concerns of my sector and my department about procurement. I very much hope that that will be reflected in the final report. The final report will now ask them to tailor more specifically to the requirements of social enterprise and, I have to say, other elements of the work that I cover in my department to deal with some of the seemingly difficult procurement issues that exist.

[88] **Julie James:** I entirely understand where you are coming from with that, Minister. However, we had a problem with the whole issue of framework contracts and the suitability

of social enterprises to get into those frameworks and so on.

[89] **Edwina Hart:** That point has been well made across the piece, because everyone in the Chamber has their concerns about the use of framework contracts and how they can be a disincentive to certain groups getting involved.

[90] **Julie James:** Indeed. The way that the supply chain works underneath them is also a particular issue for social enterprises.

[91] **Edwina Hart:** Social enterprises are sometimes at the bottom tier of supply chains, because of the work that they undertake. How do you make sure that they get the benefit? It is not about tier 1 and tier 2. It is just as important to be down at tier 5 and tier 6 in the provision of services locally to generate interest in the local economy, and some of the small entrepreneurs and other people who actually come in with social enterprises will be keen to get in at that level and not just at the top end of the chain. I am hoping that the work that has been undertaken will be a breath of fresh air in allowing us to move forward on these difficult procurement issues.

[92] **Nick Ramsay:** I am sure that Julie James could fill the rest of the time with many questions on procurement. [*Laughter.*]

[93] **Julie James:** I was restrained, Chair.

[94] **Nick Ramsay:** You were. You asked very focused questions. Keith Davies has questions on recommendation 12 and enterprise education.

[95] **Keith Davies:** Mae gennyf gwestiwn am addysg fenter. Mae'n debyg na fydd y pecynnau sydd ar gael yn awr oddi wrth Gyrfa Cymru i roi gwybodaeth am y maes i ysgolion ar gael ar ddiwedd y flwyddyn. A oes cynlluniau gyda chi i roi rhywbeth yn eu lle?
Keith Davies: I have a question on enterprise education. It seems that the packs available now from Careers Wales to provide information about the matter to schools, will not be available at the end of the year. Do you have plans to introduce something instead of them?

[96] **Edwina Hart:** We undertook to do some further work as part of the original recommendation, and enterprise activity is the school's responsibility, as you will be aware. In the past, Careers Wales staff provided direct delivery of such activities, but the budget reductions mean that that is not affordable now for it as an organisation. However, the withdrawal of that delivery has been balanced. There are the enterprise packages that are available for schools to deliver, there is training for teachers and schools to deliver those packages, and there is engagement with employers, which I think is the key issue to provide support for schools to deliver the enterprise packages.

[97] There are issues around the careers service that I cannot comment on. However, 79% of Welsh FE and HE institutions now engage students in activities that highlight social entrepreneurship. I am sure that some of you have seen, in your constituencies, the excellent level of work that goes on in some areas in dealing with social entrepreneurship. Some FE colleges are particularly actively engaged, given their links with employers and so on. We have to ensure that that type of relationship continues.

[98] **David Rees:** I have a question about skills development. In your paper, you identify that social enterprise employers can access services on the same basis as private sector employers, which I think is wonderful. How are they made aware of that so that they can benefit from it? That is critical. Do we know how many have been able to benefit from it to date?

[99] **Edwina Hart:** We do not have the numbers, as they are not numbers that we would collate, but they are aware from their various networks and websites, are they not?

[100] **Ms Pittick:** The Wales social enterprise coalition is helping to provide information to social enterprises on all these issues.

[101] **David Rees:** Are we monitoring that development, and do we know that that is all happening?

[102] **Ms Pittick:** Yes. It is on its website, and we get reports on that.

[103] **David Rees:** Sometimes a website is one thing, and getting the information out to people is another. I just want to make sure that it is more proactive than just putting it on its website.

[104] **Ms Pittick:** It is proactive, as it has focus groups. So, it meets many social enterprises around Wales. That is an opportunity to provide information on what is available and what is out there.

[105] **Julie James:** We had a really interesting visit to Glyndŵr University last week. They were talking about incubator projects there. They had not looked at a social enterprise model for those. I wonder whether we are in touch with the university sector on that kind of model. Some of them are obviously just straightforward business developments, but others had a definite community angle that they could have been picking up.

[106] **Edwina Hart:** I will certainly pick up on that as a result of the Member's comments, Chair.

[107] **Alun Ffred Jones:** Mae gennyf un cwestiwn. Yr hyn nad wyf wedi'i godi heddiw yn yr atebion yw a yw'r sector hwn yn tyfu yng Nghymru ac a yw'n llwyddo fel y dylai, o gofio ei bwysigrwydd a'i werth cymdeithasol? A ydych chi'n bwriadu cael ffigurau ar lwyddiant neu aflwyddiant y sector yn gyffredinol, neu a ydych chi'n bwriadu monitro hynny i'r dyfodol? Ar hyn o bryd, nid oes llawer o dystiolaeth, hyd y gwelaf, am y sector a faint mae'n ei gyflogi. Mae ffigurau yma o £2 biliwn, ond mae'r rhan fwyaf o hwnnw yn dod o Glas Cymru a chymdeithasau tai. Felly, beth am y gweddill? Faint o fusnesau sydd? Faint maent yn eu cyflogi, ac a yw'n cynyddu?

Alun Ffred Jones: I have one question. What I have not picked up from the answers given today is whether this sector is growing in Wales and whether it is as successful as it should be, given its importance and social value? Do you intend to collate figures on the success or otherwise of the sector generally, or do you intend to monitor that in the future? Currently, there is not much evidence, as far as I can see, about the sector and about how many people it employs. There are figures here of £2 billion, but most of that comes from Glas Cymru and housing associations. So, what about the rest? How many businesses are there? How many do they employ, and is that increasing?

[108] **Edwina Hart:** I share your concerns about information regarding the sector. Although we engage with the sector, and we are aware of organisations that exist in it and what they do, I would not say that we have a complete picture. That is why I am keen that the commission moves forward to assist and drive this agenda. It will look at a tremendous amount of issues, such as contact with the sector, how we disseminate information to the sector, what type of details we have to have, where the opportunities for the sector are, and where we can drive the issues across. So, I would be more than happy, Chair, if you have a further update in the next six months, to allow you to see what I will be doing with the commission and the work that it will be focusing on. I think that that would help to assuage

some of the worries and concerns expressed by committee today.

12.30 p.m.

[109] We have done a reasonably good job of taking forward the committee's recommendations in the key areas, but I also recognise that there is a lot more work to be done. We have looked at the success of companies and so on in this very difficult period. Co-operatives and mutual companies have done very well in terms of how their business is developed against a background of a different ethos and principles. That is where Alun Ffred is correct. These organisations seek to work in a different way, but they are still business organisations. They have been functioning very well during the recessionary period, and we will certainly concentrate on those issues.

[110] **David Rees:** Is that a failure, in one sense, of the Welsh Social Enterprise Coalition, or other bodies, in not giving us that information? If we need to know how this is going, surely someone should be looking at how that sector is advancing. If that body was set up for that purpose and to promote it, why does it not know how well it is going?

[111] **Edwina Hart:** It was set up to promote it, but I am not saying that we have necessarily given it such rigid tasks as the information requirements that you are now asking for. We were looking at it to enhance the public relation levels of understanding of social enterprises and taking things forward. Many of the points that you have raised today could be taken into account in the review that is ongoing. The role of the commission will come on top of that. No organisations exist forever within a vacuum. They have to be seen to be delivering with the public purse. We and the sector have to be seen to be getting value.

[112] **Nick Ramsay:** Are there any other questions for the Minister or her officials? I see that there are none. I have a final question, Minister, on an issue that has not really come out in the course of the questions so far. It is a broader question about the future as you see it for social enterprises. Do you have a picture in your mind about where you want us to be in five or 10 years' time, and how social enterprises will be placed and working?

[113] **Edwina Hart:** I have a clear vision of where I want Welsh social enterprises to be. I want to be at the forefront of the development of policy to create jobs within the economy. I want us, as a Government, to be doing a lot more work in this area. In order for us to do the work, we have to get the baseline facts. We have to identify the growth areas. Eluned Parrott asked whether we were going to talk about the public sector and how it can add to benefits; all of these things have to be clearly defined.

[114] Since I took over the portfolio, this is new into economic development. I have tried to give it more of an economic development jobs-led approach. That, in itself, is not necessarily easy. However, it is coming together well with regard to our understanding with the sector. We find that some organisations that we deal with are very business savvy, such as the Wales Co-operative Centre, with regard to what they want to do and undertake. I recognise that we have to do a lot more in encouraging people and putting the ability out there for people to come to engage and to understand how you set up an enterprise in the first place. It is not just about having a good idea; it has to work as a business. How do they do their business plan? Where do they go for their business plan? We need to give more specialised help to social enterprises with the development of a business plan than a normal business plan for companies. Those issues are there.

[115] **Nick Ramsay:** You see them very much as enterprises that are social.

[116] **Edwina Hart:** Yes.

[117] **David Rees:** I have one question on that. The community investment fund has just been established. I know that it was only established in December 2011, which is not long ago, but have you any idea of how that is working at the moment to provide support?

[118] **Edwina Hart:** We will have a look at that and get back to you with some of the work that we are currently undertaking. We will review the discussion today, Chair, and if there are any outstanding issues, we will drop you a line.

[119] **Nick Ramsay:** Thank you, Minister, and your officials. I also thank Members for all your questions. I will bring this section of the meeting to a close.

12.33 p.m.

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

[120] **Nick Ramsay:** I move that

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

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

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 12.34 p.m.
The public part of the meeting ended at 12.34 p.m.*