

Information Further to Ministerial Answers

Information further to OAQ(3)1507(FM) issued by Rhodri Morgan, the First Minister, December 2008

To Nick Bourne:

During Plenary on 2 December we discussed the production of quarterly Gross Value Added estimates for Wales.

It would be possible to produce quarterly GVA estimates for Wales following a similar method to that which Scotland uses. However there would be several issues in producing these estimates.

Our approach has been to monitor the economy in Wales using the range of available indicators to provide a more holistic picture than can be obtained by any single indicator. Examples of indicators used at present are the monthly labour market data and the quarterly short term output indicators. The Allsopp review recommended that it would be better to assess short-term regional activity by looking at a range of timely indicators and surveys than by constructing quarterly GVA estimates for each region, which may have relatively low information content.

The Welsh economy is more closely integrated with the English economy than the Scottish economy is, which means that measuring cross-border flows would certainly have quality issues. Estimates of quarterly GVA for Wales may also not be consistent with the GVA estimates that the Office for National Statistics produces annually.

At present we have far fewer staff working on similar statistics than the Scottish Government do. There would also be additional burden on businesses in Wales as extra data collection would be required to produce estimates on the same basis as Scotland.

Information further to OAQ(3)1507(FM) issued by Rhodri Morgan, the First Minister, January 2009

To David Melding:

During First Minister's Questions on 2 December I agreed to write to you regarding your query on recent VAT figures and the challenges facing the Welsh economy.

I have now had the opportunity to further study these figures, which highlight a number of points including that there were 6,800 VAT registrations in Wales during 2007, 4.5 per cent more than in 2006, compared to the increase of 13.0 per cent between 2006 and 2007 in the UK as a whole. The lower rate of increase of registrations in Wales may partly reflect the impact of changes to tax rules related to composite managed service companies in April 2007. A managed service company is a form of intermediary company through which workers provide their service to the end client, which were set up as they could be used to gain tax advantages.

The figures released also reveal that there were 5,700 VAT de-registrations in Wales during 2007. However, the total VAT registered stock in Wales increased by 1,100 (1.3 per cent) during 2007, to stand at 87,300 at the start of 2008, which is the highest level in the current series of data which began in 1994. The figures also highlight that the total VAT stock in Wales has grown in each year since 1997, so that the level at the start of 2008 was 9.5 per cent higher than in it was in 1997 and 8.5 per cent higher than in 1999. Wales also had a

higher VAT stock rate (488 per 10,000 working age population) than the North East (330), Scotland (442), Yorkshire and the Humber (454) and the North West (460). VAT de-registrations in Wales do not necessarily mean that the businesses have closed but that their turnover may have reduced below the VAT threshold.

There is no argument about the need to sustain, start and grow enterprises in Wales during this period of economic downturn. The suite of interventions in place to expand enterprise in Wales include services delivered under the Flexible Support for Business model supported with EU funding over the next six years. The range of services includes support for individuals wishing to start a business, Relationship Management support and advisory and mentoring services for SME's, access to finance from the Single Investment Fund and continued and additional support for Construct Wales and the FS4B Supplier Development Service to ensure support for SMEs to compete for private and public sector contracts.

We will also continue to explore further actions in the Economic Summit to support enterprises in Wales during this economic downturn and ensure that we do all that we can to sustain, start and grow businesses in Wales.

Information further to OAQ(3)1507(FM) issued by Rhodri Morgan, the First Minister, January 2009

To Michael German:

In the course of the First Minister's Question session of 2 December, I undertook to respond to you on the issues of interest rates charged by Finance Wales.

The current financial situation is making it difficult for many businesses to access investment funding. Based on their direct experience, many companies in Wales have reported facing a reduction in the High Street banks' appetite to invest, alongside an increase in the banks' pricing for credit.

For small loans, some banks are now offering fixed interest rates. For example, the Royal Bank of Scotland will provide a 10-year loan of up to £15,000 at a fixed rate of 10.4 per cent. Others, such as HSBC, offer between 7.9 per cent and 14.9 per cent, also for loans up to £15,000 and with the final rate depending on the credit worthiness of the business and the available security.

The Welsh Assembly Government established Finance Wales to provide commercial investment to businesses that either cannot raise—or have difficulty raising—the full investment funding they require from other commercial sources. Finance Wales is continuing to invest in Wales-based small and medium-sized businesses and, reflecting a marked increase in enquiries, Finance Wales' year-on-year investment rate has increased during 2008/2009. Cumulative investment to the end of October 2008 reached £12 million compared to an October 2007 figure of £6.5 million.

The interest rates charged on Finance Wales' loans are calculated on an individual basis, based on the risk associated with a particular deal and in accordance with the European Commission's reference rate regulations. The European Commission's reference rate regulations require Finance Wales' interest rates to be set at 4 to 10 per cent above the European reference rate for the UK (currently this stands at 5.66 per cent). Reference rates are set by the Commission based on market conditions to ensure the efficient use of state aid.

As per its remit, Finance Wales often invests in businesses which have limited - or no - security and therefore are higher risk. Since 2001, the average rate applied across the 934

Finance Wales loans that are still active (e.g. those which are yet to be fully repaid) is about 10.5 per cent.

Finance Wales is not permitted to compete on pricing with other private funders, nor does it seek to do so. Indeed, not being a bank, the organisation also operates a significantly different product portfolio and cost structure. However, it is clear that Finance Wales' pricing policy is comparable with that of the High Street banks, as well as acting in compliance with the European Commission reference rate regulations.

Since Finance Wales began operation in 2001, it has invested £106million in over 2,000 deals (equity, mezzanine and loans) which has leveraged a further £319million of private sector investment. Finance Wales' investments also help businesses access additional capital to achieve adequate funding, particularly important in the current climate. Last year, Finance Wales invested £20.8million in Wales-based businesses through 185 investments, of which 151 were syndicated with other financial partners, including High Street banks and private individuals such as business angels.

Information further to OAQ(3)1514(FM) issued by Rhodri Morgan, the First Minister, January 2009

To Darren Millar:

During First Minister's questions on 2 December, you asked what the Assembly Government is doing to support cancer patients in Wales who are finding it difficult to pay increased fuel bills this winter.

Three main factors contribute to fuel poverty: energy prices, income levels and the energy performance of the home a person lives in. The first two factors lie largely outside the control of the Assembly Government, although we do work closely with the UK Government and Ofgem to progress action on these issues. The Assembly Government has a greater direct role in relation to the third factor affecting fuel poverty, the energy efficiency of the home. The Home Energy Efficiency Scheme is our main programme aimed at addressing this specific issue. Under this programme, households are offered benefit entitlement checks as well as a range of energy efficiency measures including cavity wall insulation.

Over the past few years, and as a reflection of our commitment to helping those in fuel poverty, the Home Energy Efficiency Scheme budget has increased significantly. For example, in 2004/05 the budget stood at £14.5 million. The Home Energy Efficiency Scheme budget was £19.8 in 2008/09 and the recent Strategic Capital Investment Fund announcement will ensure that additional funding will be available to support energy efficiency action focused on those in fuel poverty.

As a One Wales commitment, we are developing a National Energy Efficiency and Savings Plan for consultation in February 2009. Work on developing the Plan is encompassing a review of our Fuel Poverty Strategy and Home Energy Efficiency Scheme and eligibility criteria and targeting will be among the key issues we will address in the consultation.

On the 24 November, the Chancellor of the Exchequer Alistair Darling announced in his Pre-Budget Report that he was bringing forward April's increase in Child Benefit to January, increases of the Child Tax Credit and a payment of £60 to all pensioners equivalent to bringing forward the April increase in the basic state pension. These measures will benefit some cancer patients in Wales.

Jane Davidson is due to meet Cath Lindley from the Macmillan Cancer Support organisation shortly to discuss key issues including fuel poverty issues relating to cancer patients in Wales.

Information further to OAQ(3)1517(FM) issued by Rhodri Morgan, the First Minister, on 18 February 2009

To Alun Cairns:

During First Minister's questions on 2 December you asked what plans the Assembly Government has to enhance the Minister for Children, Education, Lifelong Learning & Skills' powers with regard to obtaining data on deaf children in schools throughout Wales. I am sorry for the delay.

At this time, we do not have immediate plans to extend powers with regard to obtaining further data for deaf children in schools throughout Wales. This is because we have in part already undertaken or intend to undertake over the next few years policies which will improve collection and publication of data relating to children with Special Educational Needs (SEN), including those with Hearing Impairments.

To date, we have used powers under the Education Act 1996 by making subordinate legislation obliging Local Education Authorities (LEAs) and/or governing bodies of schools to collect data and publish information about matters relating to the provision of education for pupils with SEN.

More recently, we have made regulations in Wales to improve data collection and ensure more meaningful and relevant information is provided on pupils with SEN, namely the Education (Information about individual Pupils)(Wales) Regulations 2007, and our Pupil Level Annual School Census (PLASC) data collection already gathers such information, and its coverage extends further than England's SEN Information Act 2008. In using PLASC, schools can record up to two types of SEN for each pupil, defining one as the primary need and the other as a secondary need. This ensures that pupils with hearing impairments, which may be regarded as their secondary need, are included in the overall data. It is the responsibility of the school to ensure that the types of SEN are accurately recorded.

Following the former Education Lifelong Learning and Skills (ELLS) Committee's review of SEN and reform of the current statutory assessment and statementing framework in Wales we conducted a preliminary consultation on potential options for change. We consulted parents, carers, relevant professionals and the voluntary sector throughout Wales. As a result of this preliminary consultation, we have proposed a number of pilot projects designed to test a range of alternatives to the current statutory assessment framework in Wales. One of the pilot schemes aims to develop a comprehensive framework for the evaluation and monitoring of educational provision for children and young people with Additional Learning Needs (ALN). This pilot will focus on assessment, data collection and the development of improved outcome measures for pupils with SEN.

Following the pilot programme, we expect to introduce legislation which will be subject to formal consultation, evidence-based and, importantly, carry the confidence of key stakeholders throughout Wales.

I very much support the Minister for CELLS' belief that this is an opportunity for local authorities to take forward, in partnership with the Welsh Assembly Government and other key stakeholders including voluntary organisations, a pilot programme that will ultimately result in an innovative and much improved system whereby pupils with ALN will have their needs met and receive a first class education.

