

# **Social Justice and Regeneration Committee**

**SJR(2)-03-07(p.1)**

**Date: Thursday 15 February 2007**

**Venue: Welsh Assembly Government Offices, Rhydycar, Merthyr Tydfil**

**Title: Edwina Hart – Report To SJ&R Committee – 15 February 2006**

## **1. Restructuring of the Courts**

Last year, I updated the Committee on an announcement in relation to the restructuring of the courts, and undertook to keep the Committee updated.

Currently, Wales is part of the Wales and Chester Circuit. However, members will recall that the administrative boundaries for the Courts Service in England and Wales have been redrawn, so that Cheshire will be moved into an English region and there will be a single administrative unit covering Wales. The Wales area will be known as HMCS Wales and will have a Director for Wales, although it will of course remain part of HMCS as a whole. The changes will take effect from 1 April 2007.

Members welcomed this announcement when it was made but some concerns about capacity were raised. It remains the case that there is currently not enough capacity in North Wales courts to deal with all North Wales work, and some work will therefore continue to go to Chester. HMCS have advised that all criminal cases originating in Wales will be heard in Wales other than in exceptional circumstances, for example where a very high level of security is required which North Wales courts may not be able to provide, or where the anticipated scale and length of the case is such that other court work would be severely disrupted. For civil/family cases, however, there are more issues with capacity, and some cases will continue to be heard in Chester in the short-term. HMCS Wales have plans to expand the facilities at Mold and Wrexham, and are attempting to secure funding to implement these plans.

HMCS are also working on some changes to secondary legislation that will resolve certain jurisdictional issues to ensure that all types of case can be started and heard in Wales, and anticipate that these will take effect on or very soon after 1 April.

## **2. Resignation of Professor Rod Morgan**

I would like to record how sad I was to hear about the recent resignation of Professor Rod Morgan, Chairman of the Youth Justice Board and also record my appreciation of his very real contribution to the reduction and prevention of offending by children and young people in Wales. The Welsh Assembly Government has always shared the views of Professor Morgan on the value of diverting young people away from crime before they are drawn into the criminal justice system and the need for robust community sentences rather than custody, whenever this is in the best interests of the child.

I look forward to an equally productive working relationship with Professor Morgan's successor in regard to all the key youth justice issues relevant to Wales.

### **3. Additional Prison Places**

The Home Secretary announced on 20 July 2006 that NOMS will deliver a programme of 8,000 additional prison places through a mixture of expansions at existing prisons and building a number of new prisons. Following this announcement, I wrote to the Home Secretary on the 27 July 2006. In particular, I expressed concerns over the fact that Welsh domiciled women still have to serve their sentences outside Wales and asked that additional resources be provided to support prisoners suffering from mental health and drug related illnesses. I received a response from Gerry Sutcliffe, Secretary of State for Criminal Justice and Offender Management, on the 22 August in which he explained that the Home Office will be looking to build prisons in areas of greatest strategic need, including Wales, but that specific sites will be subject to acquisition and planning consent. This was covered in my report to Committee on 21 September 2006 (SJR(2) –12-06(p1)).

The Home Office have again confirmed that decisions on the location and function of the new places will be determined by greatest need, and that where possible, new capacity will be provided in areas of highest demand. The Home Office have also confirmed again that specific sites would be subject to acquisition and planning consent.

I wrote again to Gerry Sutcliffe on 7 February to seek clarification of the Home Office's intentions in relation to the Centrex site in Cwmbran.

### **4. Alcohol Consumption Post Smoking Ban**

At the last meeting on the 18 January I agreed to check if any research had been carried out in Scotland and Ireland on the effects of alcohol intake after the introduction of smoking bans.

In the Scottish Executive, the Department covering the smoking ban is carrying out an evaluation. This is looking particularly at behaviour and attitudes to the ban but will include the impact on alcohol consumption. They do not expect to be able to report until at least one year after the ban came in to force.

In the Health Department in Ireland, they have not commissioned any research in to the effect on alcohol intake from the smoking ban. If any of the outside agencies are doing so they will provide details.

### **5. Update on Post Office Issues**

Further to my undertaking to raise the profile of post offices with the Welsh Local Government Association (WLGA), I am scheduled to meet the Leader of the WLGA on 7<sup>th</sup> February 2007. Our agenda includes discussing the possibilities of the WLGA promoting the use of post offices for the delivery of local government services.

The Department of Trade and Industry's consultation on the proposals announced by their Secretary of State on the future of the post office network runs until 8 March. I will be responding to the consultation in due course making the Welsh Assembly Government's views on the proposals clear and I urge the people of Wales to take the opportunity to make their views known to the DTI.

## **6. Update on Farepak**

The Joint Administrators issued their first report on the collapse of Farepak on 18 January 2007. The report states that the directors of Farepak made loans totalling £33 million to its parent company EHR. The loans were to be repaid in order that Farepak could pay their suppliers and deliver goods and vouchers to their customers in November and December 2006. EHR were not able to repay the loans and Farepak could not discharge their obligations and ceased trading on 11 October 2006. The report also confirms that customers are likely to receive only 5p for every £1 lost.

The Administrators are recommending the appointment of a Liquidator who would have the power to take legal action, against any third party, which could result in the realisation of further assets, so increase the repayment to customers. The Liquidator would also have the power to investigate when Farepak should have ceased trading and to take appropriate legal action if it is found that this should have been earlier than 11 October 2006.

Customers are invited to vote on this appointment; votes must be submitted by 9 February 2007.

The Farepak Response Fund received a total of £6.8 million pounds in donations and as a result they were able to distribute vouchers equivalent to 17% of the amount saved.

I firmly believe that the long term answer to the Farepak situation is the credit union movement in Wales. Credit unions are able to provide secure savings accounts, protected against loss in the same way as those provided by banks and building societies – ideal for saving for Christmas.

They also, generally after 8-12 weeks saving, are able to offer their members loans when unexpected expenses occur. When Farepak collapsed the credit unions offered their help to those affected and many were able to provide crisis loans, without the need for savings. I wanted to ensure that all credit unions could offer such loans. In order to do this and working in partnership with the Wales Co-operative Centre an amount of £22,000 has been committed to provide protection to credit unions offering crisis loans to Farepak customers. Many Farepak customers were able to benefit from these loans in time for Christmas.

The Instant Loan Fund will operate for an initial 12 month period and may be used to help credit union members in similar situations.

## **7. Uptake with Credit Unions.**

At Committee in October, I agreed to obtain details on the uptake of credit unions. We know that credit unions in Wales have seen a threefold growth over five years.

The Wales Co-operative Centre is currently carrying out a review of the movement in Wales with a view to providing information on the current status of each credit union to inform us in the Welsh Assembly Government of future development needs. The findings are not yet available, but will be circulated when the review is complete.

## **8. Financing of the Social Enterprise Sector**

At Committee on the 23 November, I agreed to update members on the financing of the Social Enterprise Sector. In January 2006 a Finance sub group was set up by the Social Enterprise Joint Working Group. This group would look at the financing of the sector and report back.

One of the actions in the Social Enterprise Strategy for Wales was to establish an all Wales Community Development Finance Institution (CDFI). This issue has been under discussion within the sector for some time and, although I had given my approval in principle for the establishment of such an institution, the original steering group had found that it would be difficult and expensive to fund and the demand in Wales was insufficient to make it sustainable. The sub group would revisit the issue.

CDFIs are independent organisations which provide financial services to businesses and individuals unable to find these services commercially. They share a common purpose in that they do not simply aim to fill a funding gap, but also to affect social change by providing capital and business advice to those organisations aiming to create wealth in disadvantaged areas or operate in underserved markets.

According to the Community Development Finance Association's Annual Report for 2005 - Inside Out - the UK CDFI sector is booming:

- ?181 million investment potential for micro, small and social enterprises
- Loans on offer from ?50 to ?1 million, average ?7,250 to micro, ?50,000 to small and ?43,500 to social enterprises
- A variety of rates on offer including lower rates for personal lending, average loan to individuals ?600

However, the UK CDFI sector is not yet self sustaining as 58% of its funding still comes from grants. CDFI anticipates 3 further years of grant funding will be required.

An all Wales CDFI would require public funding for its operating costs and for 45% of its loan fund, the remaining 55% would come from private investment. Finance Wales and the Financial Services Authority were asked by the Assembly Government to look at funding but could not agree on a state aid compliant model. In England CDFIs are funded through the Phoenix Fund.

An all Wales CDFI was originally mooted to ensure Wales benefited from the Community Investment Tax Relief Scheme (CITR). CITR provides a tax incentive to investors in enterprises within underinvested communities. The incentive is available to individuals or companies investing with a CDFI accredited under the rules of the scheme. The relief is worth a maximum 25% of the investment over 5 years.

The sub group has found that Welsh organisations and investors are already benefiting from CITR in that Co-operative Community Finance, formerly the Industrial Common Ownership Fund, a UK wide CDFI are very active in Wales as well as being one of only a handful of UK institutions to take full advantage of the CITR scheme.

It does appear that some areas of Wales, primarily rural areas, have a lack of micro lending institutions for small and social enterprises – Finance Wales for example offers loans from ?5,000. These areas may benefit from the setting up of small, local CDFI. Some credit unions in Wales are already looking at the possibility of micro lending through community reinvestment trusts. The first of these has already been set up in Powys by the Robert Owen Credit Union.

There are also gaps at the other end of the scale i.e. social enterprises looking for very large loans in excess of ?250,000. This type of loan is still very rare in Wales and either Finance Wales or UK wide institutions such as the Charity Bank will aid organisations in putting together a package of measures to suit their needs.

## **9. Draft Guidance on s226 of Housing Act**

Sections 225 and 226 of the Housing Act 2004 place a duty on local authorities to consider the accommodation needs of Gypsies and Travellers and then to plan strategically to meet those needs. A definition of Gypsies and Travellers is required to enact the regulation to make this a legal requirement on local authorities. A definition has been agreed and has been consulted upon. Currently the enactment of the regulations is being timetabled and is likely to take place post-May 2007.

Within the Local Housing Strategy Guidance and the Housing Market Assessment Guidance, which is the evidence base for the Housing Strategy, there is a requirement to look at and provide for Gypsy and Traveller accommodation needs so we are confident that this process is underway in advance of the legal requirement being enacted.

## **10. Gypsy and Traveller Sites**

At Committee on the 23 November, I agreed to consider what further work could be undertaken on the location of Gypsy and Traveller sites to local amenities. As referred to earlier, there is currently a requirement within the Housing Market Assessment Guidance and local authorities' Housing Strategies to examine and provide for Gypsy and Traveller accommodation needs. These are likely to be sites in most cases but may also involve properties when and if Gypsies and Travellers stop travelling for particular reasons. This may involve the refurbishment or extension of existing sites or new sites or provision of properties. A grant is shortly to be available for the refurbishment of existing sites once a minimum site standard has been agreed.

A Draft Planning Circular 'Planning for Gypsy and Traveller Caravan sites' was issued by the Planning Section in December 2006 for consultation until March 2007. This encourages local Councils to identify suitable locations for Gypsies and Travellers' sites in their Local Development

Plan following an assessment of need which would involve the Housing Strategy and the Local Housing Market Assessment Guidance from housing. Gypsies and Travellers would be involved in this process as key stakeholders. Housing officials have been working with Planning officials in this regard.

Both of these policy approaches involves close consultation with Gypsy and Traveller groups and their representatives which should enable their needs and preferences to be taken into consideration, proximity to local amenities would be taken account of in this way.

## **11. Appointment of Health and Homelessness Facilitator**

I am pleased to inform you that Amanda Ryan had been appointed as our national Health and Homelessness Facilitator. She will help to promote good practice across Wales, and advise on how we can achieve our objectives for improving access to health services for homeless people. Her background is as a nurse consultant working with vulnerable groups in the Cardiff area. I am confident that she will strengthen our efforts to improve services in this aspect of our National Homelessness Strategy.

## **12. Update on North Wales Loans Pilot Scheme**

Members will be aware that a consortium of three local authorities In North Wales i.e. Wrexham, Denbighshire and Flintshire have been running a loans pilot scheme in partnership with the Home Improvement Trust (HIT) using their 'Houseproud Scheme'. The pilot, which was launched in December 2005, will last for two years and is being supported by the Assembly Government with resources of ?42,000.

The local authorities in the consortium have reported some progress over the first year of the pilot which they will be building on for the second year. Whilst loans will not replace grants they will provide an additional form of assistance to help homeowners in Wales repair and improve their homes.

## **13. Excess Winter Deaths**

At Committee on the 23 November, I agreed to update committee on progress towards research that may be undertaken into excess winter deaths. A bid under the AWARD scheme run by WORD has been put forward that will undertake an evaluation of the evidence linking excess winter deaths with fuel poverty. This will assess the impact of housing and behaviour related factors, and their relative contributions towards excess winter deaths. Should any evidence be found relating to energy efficiency interventions and excess winter deaths, recommendations will be made for future operation of the Home Energy Efficiency Scheme.

## **14. Funding for Care & Repair 2007-08**

I recently announced funding for Care & Repair services in Wales of ?4,366 million for 2007-08. The amount of funding is an increase of 3.69% over the current year and represents the amount required

to maintain and sustain existing levels of agency services to meet basic sustainable core requirements. This is welcome news as we all recognise how valuable the service that Care & Repair provide for older and disabled people. Details of the funding for each agency are at Annex 1.