

# Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cyllid](#)

[The Finance Committee](#)

25/11/2015

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

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o'r Cyfarfod  
Motion under Standing Order 17.42 to Resolve to Exclude the Public  
from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi 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**

Jocelyn Davies	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Julie Morgan	Llafur Labour
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Rathbone	Llafur (yn dirprwyo ar ran Christine Chapman) Labour (substitute for Christine Chapman)

**Eraill yn bresennol**  
**Others in attendance**

Gareth Bullock	Cadeirydd, Cyllid Cymru Chair, Finance Wales
Robert Hunter	Cyfarwyddwr Strategaeth, Cyllid Cymru Director of Strategy, Finance Wales
Michael Owen	Cyfarwyddwr Buddsoddi Grŵp, Cyllid Cymru Group Investment Director, Finance Wales

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

Bethan Davies	Clerc Clerk
Tanwen Summers	Dirprwy Glerc Deputy Clerk
Gareth Thomas	Y Gwasanaeth Ymchwil Research Service
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

*Dechreuodd y cyfarfod am 09:31.*  
*The meeting began at 09:31.*

## **Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions**

[1] **Jocelyn Davies:** Good morning, everybody, and welcome to a meeting of the Assembly's Finance Committee. Can I just remind you that, if you have an electronic mobile device, if you would turn it to silent, we'd be very, very grateful? I've received apologies from Ann Jones, Peter Black and Chris Chapman. I'm delighted that Jenny Rathbone is here substituting for Chris. Does anybody have any declarations?

[2] **Jenny Rathbone:** I'd just like to declare that I was the chair of the European programme monitoring committee until last month.

[3] **Jocelyn Davies:** Lovely, thank you.

[4] **Jenny Rathbone:** For both programmes.

[5] **Jocelyn Davies:** Lovely, thank you. I'm sure we'll benefit from your knowledge there, Jenny.

09:32

## **Papurau i'w Nodi Papers to Note**

[6] **Jocelyn Davies:** We've got a number of papers to note before we come to the first substantive item. Those are the minutes of 5 November, 11 November and 19 November. Are they all agreed? Yes. Then we've got a number of letters that we've had sent to us. Okay, is everybody happy with those? Okay, then.

## **Cyllid Cymru Finance Wales**

[7] **Jocelyn Davies:** We'll move to our first substantive item, then, which is item No. 3. This is Finance Wales. We've got a number of witnesses with us this morning. Would you like to introduce yourselves for the record and then, if it's okay with you, I'll go straight to questions, unless you've got a brief statement to make.

[8] **Mr Bullock:** No, no brief statement—

[9] **Jocelyn Davies:** We'll go straight to questions.

[10] **Mr Bullock:** We made our submission to you. I'm Gareth Bullock. I'm the chair of Finance Wales.

[11] **Mr Owen:** I'm Mike Owen. I'm the group investment director for FW.

[12] **Mr Hunter:** I'm Rob Hunter. I'm the strategy director in Finance Wales.

[13] **Jocelyn Davies:** Lovely, thank you. Of course, Robert, we've seen you here before. Thank you very much for sending us your paper. Members will have read the paper. We've got a number of questions for you, so I'll start. Further to your evidence to our Enterprise and Business Committee earlier this year, could you provide the committee with an update on the work being undertaken to clarify and evolve your remit? And when do you expect that to be completed by?

[14] **Mr Bullock:** Let me take that. I've been on board about, what, six or seven weeks now, and I've been heavily involved in establishing what our remit is for a journey towards the development bank of Wales. But, initially, in terms of the remit of Finance Wales as we operate today, that remains constant and really remains what it has been for a number of years. I think an important point to make on that is that, whenever a fund is established—so new money that comes from the Welsh Government that is to be deployed into certain sectors of the Welsh economy—that is where, if you like, the remit gets very—. In a very detailed way, it gets looked at again to make sure—. In fact, there's quite an intensive debate at each new fund to just ensure that all of the measures and all of the investment criteria really match up and align with what the aims of the Welsh Government are. So, you have the overarching remit, if you like, but, at the same time, as each fund is established, there is a sort of reconfirmation and a calibration of investment criteria, as I say, to make sure that it meets the requirements set by the Welsh Government.

[15] **Jocelyn Davies:** So, when do you expect the work to be undertaken? When will we see it completed, then, when we'll have some more clarity around your role?

[16] **Mr Bullock:** Chair, you're talking about the development bank of Wales, now.

[17] **Jocelyn Davies:** Yes.

[18] **Mr Bullock:** On that, we have been working with the Minister and with officials, to essentially put the structural concept of what a development bank looks like to them and an initial idea of what, really, I think, is a key aspect of this—the need for a sustainable model, going forward. I would imagine that, should we get a green light from Ministers to proceed, we could be putting a very detailed proposal to Government in a matter of weeks.

[19] **Jocelyn Davies:** Ffred, did you want to come in on this point?

[20] **Alun Ffred Jones:** Ie, os caf, ac **Alun Ffred Jones:** Yes, if I may, and fe fyddaf yn gofyn fy nghwestiwn yn I'll be asking my question in Welsh. Gymraeg. A ydych chi wedi cael Have you had a directive from the cyfarwyddyd gan y Gweinidog ynglŷn Minister in terms of what she expects â beth mae hi'n ei ddisgwyl, neu beth or what the Government expects the mae'r Llywodraeth yn ei ddisgwyl, development bank will be? bydd y banc datblygu?

[21] **Mr Bullock:** Yes, in discussion, and this is not yet a finalised conversation or discussion. I think there are three elements that we see in the development bank. If you look at a development bank, and let's compare ourselves with other development banks in advanced markets around the world, they tend to have three elements. The first one, fundamentally, is the financing aspect, the financing operation, which is largely what Finance Wales does today. So, that will actually be a foundation of it. The second one, which is very important too, is essentially what gets put under a rather general term of 'business support', and this is capacity building, it's education, it's assistance in all its guises to help small businesses prepare themselves for investment. That's a very important part. That goes on in another part of Welsh Government today. Then, the third one, which we think is really important, and I think this has come out of a number of the reports that we've had over the last few years around the financing of SMEs in Wales, is essentially what we're calling, in shorthand, an intelligence unit, which is the place where we can capture all the data, all the intelligence about how big this sector is and what their precise needs are. Our initial thoughts are that it would be a really good idea if we could work with one or more Welsh

universities to establish that, so that when we do talk about this sector, we talk on the basis of verifiable fact and current knowledge. So, those are the three elements that we want to see in a development bank, ideally. I think we could put that into a very detailed and concrete business plan in very short order.

[22] **Mr Owen:** I think, Chair, it's important to note that, from an operational perspective, we haven't stood still. Since our visit to this forum, actually, in 2014 and the Enterprise and Business Committee earlier this year, we've taken all of the recommendations and implemented them, so we're working towards that development bank goal, if you like, from an operational perspective.

[23] A few of the main recommendations that came from this forum, I'll pick out, including a clearer system for business referrals—I guess we'll discuss it later, but we are a founder member of the Wales bank referral scheme, along with NatWest, which is going very well in its pilot phase—more openness and transparency, particularly on the annual accounts, which we've presented, again, to this forum, and that highlights what we've achieved, but also what we're hoping to achieve in terms of goals for the future. And, actually, we undertook the independent poll of SMEs, which we do on an annual basis, towards the end of last year, which gave us some good feedback and some areas for us to work on. We are in the process, as the Chair has just mentioned—as my chairman has just mentioned, actually—of doing this year's survey, and it's quite likely that we will do that with a Welsh university to get greater understanding of the needs for the market in which we operate. There are a number of other recommendations, but I'm pleased to say we've taken those on board.

[24] **Jocelyn Davies:** Okay, lovely. Thank you. Julie, you wanted to come in on this point.

[25] **Julie Morgan:** I just wanted to be clear, the proposal for the development bank: you're coming up with that proposal for the Minister, are you? So, you're doing the work on that for the Minister?

[26] **Mr Bullock:** Yes.

[27] **Julie Morgan:** And using the skills at Finance Wales as a base for the development bank.

[28] **Mr Bullock:** Yes.

[29] **Julie Morgan:** I just wanted to be clear on that.

[30] **Jocelyn Davies:** Yes. One of the things that we've heard, certainly from taking evidence—I know that you've acted on our recommendations, but looking at the evidence that came in front of us—is that the dissatisfaction with Finance Wales was partly based on the varying expectations and the role not being clear enough. People were campaigning for a specific institution, and then Finance Wales wasn't that institution, and then they were saying it should be different. Do you think that there's clarity now around the role of Finance Wales, and how are we going to ensure that the development bank is what people expect it to be, or that the role is clear enough that people don't then find themselves dissatisfied with that in the same way as they did with Finance Wales?

[31] **Mr Bullock:** Let me begin to answer that and maybe, Rob, you could come in just afterwards. I think the clarity of—. To me, it's clear, and it's important that our prospective customers see it as clear as well. I think that's going to be the challenge, obviously, and clearly there have been some problems there in the past. I think, financing—. I tend to use micro to medium-sized enterprises. So, from the very small to the medium-sized enterprises that are just about—you know, whose next step is to go fully into the private sector. I think that's an important comment there. What we don't want to do, and we see very much as our remit, is not to compete with the private sector. Quite the opposite: in fact, to work with the private sector to actually, if we can, in some way, help increase their risk appetite so that they do more in the economy, because we will take an element of the risk that they can't take. But, in so doing, it liberates more availability of funds for investment. I think that's a very important role that we play. So, I think, at the sort of concept level, it's straightforward. I think that the hard bit is making ourselves known. I don't know if you want to talk a bit about that, Rob.

[32] **Mr Hunter:** Yes. One of the criticisms, I suppose, of Finance Wales in the past was that it was a really well-kept secret almost, some of the things that we were doing. Because there's tremendous work going on in the economy; huge amounts of investment, which has come directly from Finance Wales, and also from the private sector, which has been leveraged through what we've done. The key to this, I think, is the improvements, which we've already started to make, but we need to continue to make, in

terms of transparency on our aims and on our performance. You would have seen on the website that that, I think, has radically changed in the last year. There are still some improvements to do there. The annual report and accounts, as Mike mentioned, are now much more of an easy read and also have a lot of case studies in there. I think it's less of a plain document and something that actually says something about what we do.

[33] The other thing, I think, is better market engagement, because we need to engage better with stakeholders. We need to reach out right across Wales so that not just businesses we're dealing with know about what we do, or businesses through advisers, but actually we can reach the wider community. I think it's in mid Wales, isn't it, that we've had a radio advertising campaign.

[34] **Mr Owen:** Yes, I was going to pick up on the 'well-kept secret'. As a result of the independent survey, which we commissioned following the visit to this forum, it was clear that SMEs were aware of us. About 55 per cent of SMEs polled were aware of us, which is good, in that it was up from 49 per cent the year before, so, a 6 per cent growth, but it's still half. So, we realise that we have a lot more work to do there. Whilst we are very well-known among intermediaries, banks and corporate finance institutions, which has been our typical target market for deal flow, we could do more.

[35] **Jocelyn Davies:** Well, you did seem to rely rather heavily on gatekeepers.

[36] **Mr Owen:** Absolutely. 'Gatekeepers' is a good word.

[37] **Jocelyn Davies:** That's what it seemed to be to me, that they were gatekeepers, and that you weren't a well-kept secret amongst those; it was just amongst everybody else.

[38] **Mr Owen:** Absolutely.

[39] **Jocelyn Davies:** I know that we'll be coming on to that a bit later, and you did mention that in written evidence, the attempts that you've made.

[40] **Mr Owen:** We did. We did.

[41] **Jocelyn Davies:** I've got two Members who want to come in on supplementaries. So, Mike and then Nick. You wanted to come in also, didn't

you?

[42] **Mike Hedges:** There was a question that I was going to ask later but it sort of fits. We've moved into it now.

[43] **Jocelyn Davies:** Okay, then. Do it now, then.

[44] **Mike Hedges:** I'll ask it now. You've talked about working with NatWest and other banks. Sometimes, on low-risk investments, people can get a better rate from banks than they can from you. Do you steer them to where they can get the best rate of return or do you say, 'These are low-risk companies, it'll do our bottom line a lot of good if we put them on our books'?

09:45

[45] **Mr Owen:** No, absolutely. You know, we would signpost them to more appropriate finance. I think we should acknowledge that, still, the vast majority of introductions to Finance Wales come from the banks. They're our No. 1 source of introduction and then followed by the accountants. When anybody applies to us for funding, they must declare that they have been and were turned down elsewhere for private funding. Our rates are on the website; people are aware of the rates that we charge. If you could get it a lot cheaper—because it's a fully secured deal, of which we do very, very few, if any at all—you would expect that the company and their advisers would have pushed them in that direction. But, absolutely, when they apply to us, there is an acknowledgement—and, actually, a specific box they have to tick to say they've been to the private sector and been turned down.

[46] **Jocelyn Davies:** Nick, did you have a question on this point?

[47] **Nick Ramsay:** Yes, Chair. Mike Hedges actually just touched on what I was going to touch on, but you've mentioned rates. There was some criticism last year, the year before, about the level of rates that Finance Wales is charging. Why are the rates so much higher than we would have expected?

[48] **Mr Owen:** I'll take that, Chair. This is, really, a function of the risk that we take. With regard to moving towards a development bank, there is, quite rightly, a willingness that it is self-funding; you know, it shouldn't need bailing out, for want of a better phrase, every year by the Welsh Government. For you to make a fund self-funding, the return has to be commensurate to

the risk. Now, to put that into perspective, default rate provisions on our debt book would be getting up to around 10 per cent because of the risk we take, coming back to the gentleman's comment earlier—Mike—around the security being very insecure. These are high-risk propositions, so the default rate would be commensurately higher. I guess high street banks would be looking at—1 per cent to 2 per cent would be their default rates, hence they can charge lower interest rates. Our interest rates are reflective of that risk and to ensure and designed—.

[49] Firstly, there are external stakeholders who agree with us the parameters of our funds, and our largest fund, JEREMIE, would have been the European Investment Bank providing half of that fund in the form of debt—you know, they would not be endorsing a business plan that says, 'We're going to lose 10 per cent of the debt book, but we won't be charging any interest.' You'll not raise funds. Another one of our largest funds, the SME fund, which has stepped into the shoes of the JEREMIE fund, now that JEREMIE is fully invested successfully, is part-funded by Barclays bank, again a commercial funder. They would not be backing a fund where they were at risk of losing their capital. So, you know, it comes back to risk and sustainability.

[50] **Jocelyn Davies:** Gareth, did you have a point that you wanted to follow up on?

[51] **Mr Bullock:** Yes. I think it's such an important area. I just wanted to connect it back to the opening question about where we've got to in thinking about and building the development bank. This is absolutely crucial. This is, actually, at the heart of what I referred to as a sustainable business model. I think it may be worth while for the committee, as it knows, but just to recall that the term that we use is, sort of, 'We're financing the gap', and the reason it's a gap is because, essentially, the private sector can't operate in there because it's beyond their risk appetite. It is therefore the riskiest part of the market. Theoretically, therefore, but also in reality, you do need to charge interest rates that are commensurate to the risk, and, relative to a private sector, bankable proposition, they will be higher.

[52] I think one of the things that we'll have to do as a development bank is articulate very carefully what our risk appetite is and what is an expected return from our shareholder, the Welsh Government, because that will drive the rates that we charge. There's a bit of arithmetic in all of that and then there are some risk concepts that, you know, need working through, but that

will be a very important part of—when we, hopefully, come to establish the development bank—articulating that very clearly.

[53] **Nick Ramsay:** This is another important question: do you think that—thanks, Chair. Do you think that there is a confusion or a misunderstanding in some quarters about the purpose of Finance Wales, and do you think that the danger is that that is going to roll through into the development bank as well?

[54] **Jocelyn Davies:** Which is a better way of putting the question I put to you earlier.

[55] **Mr Bullock:** Look, I haven't been around very long. I suspect there must be, and I think it's up to us as we re-present ourselves in our new form going forward, but even before that, to be very clear and articulate about what our purpose is. And it is to finance micro-to-medium enterprises in Wales that are capable of generating jobs and wealth creation in this economy that cannot find the financing from the private sector. That, I think, in a nutshell is our purpose. That's what we try to do now. I think we understand it within Finance Wales—

[56] **Nick Ramsay:** I would hope so. If you don't understand it there's not much—

[57] **Mr Bullock:** Well, if we didn't then there would be fundamental problem, obviously, because how could we then explain it to the people who want to use Finance Wales? As we've mentioned in a couple of answers so far, our ability to articulate that more widely so that people really understand it—when I say 'people' I mean our potential customers—I think there's more that we can do on that. Using new channels, maybe new ways of explaining it, we've got to explore all of that. But you're right.

[58] **Jocelyn Davies:** Mike, did you have a follow-up question?

[59] **Mike Hedges:** We've sort of drifted into the whole of my bit, so shall we deal with that now?

[60] **Nick Ramsay:** Sorry.

[61] **Mike Hedges:** No, it was the answers as much as the questions, Nick. My first question is of course: do you agree that no bank could ever survive if

it weren't for high risk and low interest rates?

[62] **Mr Bullock:** Yes, that path is littered with corpses, there's no doubt about that.

[63] **Mike Hedges:** Having said that, the fact there are state-aid exemptions—what advantage have you taken of the state-aid exemptions when designing the new funds?

[64] **Mr Bullock:** Do you want to take that one specifically?

[65] **Mr Hunter:** Each of the new funds is considered against state-aid exemptions. I think the key question goes back to what the aim of the fund is, because each fund is going to have a different aim. We will be pitching the interest rates based on the needs of the customer, which is the Welsh Government if they're setting up the fund, so, for example, on the property fund, which is a highly successful fund, I think it was £10 million, wasn't it, Mike?

[66] **Mr Owen:** Yes.

[67] **Mr Hunter:** And that's doing exceptionally well. That will be charged at commercial rates. It is creating a profit. But if we're working in microbusiness areas, then in effect we know with microbusinesses, or microfinance in particular, that the default rates on that area of investment are going to be high. Now, we've got tools at our disposal, so we can use de minimis in terms of state aid, so we can offer state aid up to €200,000 with no problem at all across pretty much all of our funds, if we want to. We could seek block exemption for a particular fund, or we could notify a particular fund. So, there are tools at our disposal, but I think it comes back to that point around sustainability and risk and return. One of the things we're cognisant of is that we're heading towards a period where this may be the last, if you like, JEREMIE replacement, the last EU structural-funded programme, and we need to be in a position where, for our shareholder, we can make sufficient returns so they can be reinvested and create something that's evergreen for Wales, and actually move away from being a perennial burden on the Welsh budget. This is something that could be evergreen. It's something where we could stand on our own two feet. So, when we're designing interest rates, there are lots of various areas, but we're cognisant of all the rules around state aid and the flexibilities they give us, and they do give us an awful lot of flexibility should we choose to take it.

[68] **Jocelyn Davies:** Jenny, did you have a supplementary on this point?

[69] **Jenny Rathbone:** To pick up on the point you were making about the property development fund, you're charging commercial rates, which are less than what you charge for other aspects of the fund. Is that right?

[70] **Mr Owen:** No, not really. We have a scale for debt—because we're talking about debt at the moment; lending, loans—we have a scale based on creditworthiness through a credit-scoring agency—not that we score it, but we do have a credit reference—and availability of security, so we can range our debt rates. Our debt rates would be from 5 per cent to 12 per cent. We put that on the website, and there's a link to something called the Funding Circle, which I would say take a similar risk to us; their rates are 8 per cent to 18 per cent, typically. So, there are a couple of aspects here. Firstly, the rates are higher than you would see with a high street bank, but we're not comparing apples with apples. That would be a fully secured loan. Ours would be unsecured or part-secured at best, so there's an education/communication piece, to come back to your point, sir, from earlier, and to come back over here, in terms of if we're losing a lot more than we're charging in interest rates, well, that is an ever-decreasing circle; that is not going to be a self-financing fund.

[71] The other point is, of course, if Finance Wales was to be offering very, very cheap loans with a very high rate, we'd be crowding out the private sector—the opposite of one of our main aims. Would the banks be populating their teams in south Wales with SME lenders if Finance Wales was undercutting them? Probably not. It would be counter-productive for the Welsh economy.

[72] A final footnote, hopefully, to the interest rate thing—not that we're avoiding it—is that we also have exposure to the north-east and north-west of England, where interest rates on their JEREMIE funds are the same, or higher, even, than here in Wales.

[73] **Jocelyn Davies:** Ffred, did you have a supplementary on this point?

[74] **Alun Ffred Jones:** A allwch chi esbonio beth yn union ydy cronfa eiddo Cymru a beth yw ei phwrpas hi? **Alun Ffred Jones:** Could you please explain to me what the Wales property development fund is and what its purpose is?

[75] **Mr Owen:** Absolutely. This is a good example, actually of Finance Wales—. We've talked about our key skills and experience, and this is a great example of where we think we work very well in conjunction with the Government. This was a gap in the market spotted by our investment teams. They could see that small-scale property development and small-scale property developers were areas that were underserved. We're talking about, really, sub-£2 million investments into this type of deals. Fortunately, we had a gentleman come across from the Principality who used to do this role back when he worked there. He came to us and spotted this gap; so, we had the expertise. This was pitched by the staff, as a result of our market intelligence and understanding our sector, to the board, who decided to endorse it and recommend it to the Welsh Government, who thought it was a good idea and decided to fund it with £10 million.

[76] Now, this was the first fund that we had that was what we call 'high-velocity capital'. Historically, our funds would be invested for five years and then recouped over five years, and then we'd see what we had at the end to recycle again. With 'high-velocity capital', by that, what I mean is, we're investing and when the funds come back in, they don't sit in a realisation account, we invest them again. So, the property fund has been going two years. We've invested £14 million, after having been given £10 million, and we expect to recycle it, actually, three times over the life of that fund. It's created and safeguarded about 260 jobs. That may not sound like a lot for the amount that we've invested, but we're going to invest this again another two or three times and, crucially, which comes to the nub of what Finance Wales is so successful at, that cash will go back to the Welsh Government at the end of the term. So, you'll have had your job creation, you'll have had the economic benefits for small builders who couldn't access funding. One of the challenges with that fund is that we haven't widely communicated or advertised it because we're inundated. We could invest it two or three times over.

[77] **Mr Bullock:** Just to be, perhaps, a little bit more precise, if I understand where the question was going: that money is dispersed, it's invested, the developer builds their property, and then sells on, and then that's repaid. That happens in a very short amount of time.

[78] **Mr Owen:** Six to nine months.

[79] **Mr Bullock:** So, that money comes back and then it can be recycled—

hence the amount that we lend out will actually be bigger than the initial nominal amount of the fund.

[80] **Jocelyn Davies:** Okay, thanks for explaining that. Julie, shall we come to your questions?

[81] **Mike Hedges:** Shall I ask my question as well, because we have run into it?

[82] **Jocelyn Davies:** Mike, do you want to sit here? [*Laughter.*] Do you know what, because you're been so pleasant this morning, we'll do all your questions and then we'll come to Julie.

[83] **Mike Hedges:** Chair, we have run into them.

[84] **Jocelyn Davies:** We're on JEREMIE, yes. Go on.

[85] **Mike Hedges:** We're on JEREMIE funds. Can you update the committee on the progress with the established JEREMIE fund? I've listened to what you've said; does that mean you're confident that the fund, as it's being developed, will not have a negative impact on the Welsh Government's balance sheet?

[86] **Jocelyn Davies:** Robert.

[87] **Mr Hunter:** Well, the JEREMIE 2 fund is named 'the Wales business fund'. So, we've gone for something that kind of says what it is. Some people would have known what JEREMIE was, others wouldn't. I think this is clearer. The overall size, scope and nature of the fund has now been finalised, and we are undertaking a procurement exercise. So, Finance Wales will be the fund holder, but we're procuring fund managers for that role. We had a supplier event a couple of weeks ago, and we're working on the invitation to tender now. So, we would hope to be in a position where the fund was ready to launch, probably around May 2016, or something like that.

10:00

[88] The fund is anticipated to be £135.9 million; that's a very precise anticipation, but that's what we're working to at the moment. Unlike the previous JEREMIE fund, it isn't funded via external debt, and there are a number of reasons for that, one of which—I think you've kind of touched on

it—is that, to get external debt in, you'd need to create an off-balance-sheet vehicle to borrow the money in, and that would have a negative impact on the Welsh Government's budget. What we're actually doing is we're creating it using European regional development fund money—a small amount; well, it's not small, I suppose—around £30 million of Welsh Government money, which is financial transactions reserve, which is repayable. But the remaining £30 million is going to be through legacy funding from the existing JEREMIE. I mean, the £30 million, it's a conservative estimate on what we could put into the fund, but that kind of shows the benefits of recycling. I think this gives us a lot of benefits, actually, because we won't be paying the interest and fees on the European Investment Bank part of the loan. In fact, when we do our interest rate calculations going forward for this fund, that won't be a factor in generating those fees. So, hopefully, the fund would be offering better value for money for the end customers.

[89] The other really big target in this fund is private sector leverage, and I think it goes back to the core of what the bank's there to do, and it's to fill the gap, but it's to crowdfund into Wales. We're there to get private sector leverage as high as we possibly can, so we're going to be quite aggressive in terms of these deals, which will aim to co-invest alongside private investors and bring as much money into the Welsh economy as we can.

[90] **Mike Hedges:** That's me done.

[91] **Jocelyn Davies:** Are you sure now, deputy Chair? [*Laughter.*] Julie, shall we come to your questions?

[92] **Julie Morgan:** Yes, thank you very much. This is going back to the development bank, and you saying it should be financially sustainable. If you could expand on what you mean by 'being financially sustainable'—.

[93] **Mr Bullock:** Okay. It's probably best to look at it in two ways. There's the ongoing expenses or expense base of the bank at the moment, Finance Wales—to take the analogy to Finance Wales. It costs us about £11 million—what I might call our establishment expenses and our establishment costs today. So, what we would be aiming to do in the development bank is to generate sufficient surplus that one could actually cover one's own expenses without relying on grant-in-aid or any other Government source of income. But, then, more fundamentally, actually, on the balance sheet, on the operations of the bank, it would be, as we've alluded to in a number of answers this morning, the idea that, as we invest funds or lend funds,

depending on whether we do it with equity or debt, we do it well enough and calibrated enough that we could make a surplus that will enable us to generate—and I think the term that you use is ‘legacy’—retained reserves, or whatever you want to call it, that we can then use to create more funds to then on-lend into the economy. So, that’s what we want to do. That’s how it will be financially sustainable. That doesn’t alter the fact that you can then scale that up by taking more funds as and when from Government directed at certain sectors, but, as we do that, those funds will operate in the same way; we will try to calibrate it and target it such that we make a sensible, modest surplus so that we can then create those reserves to continue lending. That would be the model that we want to go for.

[94] **Julie Morgan:** I think you said to the Enterprise and Business Committee that in three to five years you hope not to have any grant-in-aid. That would mean the money to actually run your end—the body; the development bank—but you would have additional money, hopefully, for specific funds or projects. Is that—? That’s my understanding.

[95] **Mr Bullock:** That’s right. I think that one of the words I’d like to introduce here is, really, a sense of scale. One of the things, as I was accepting this role, that I was struck by in all the reports I read and all the analysis that’s been done is the ambition that I think stakeholders have for the financing of micro to medium businesses in Wales through the development bank for Wales. I think to really give substance to that ambition, it does need scale. And today our actual footings, or the amount that’s on our balance sheet as invested in our customers, is £277 million. And I don’t know whether that’s a big number or a small number, relatively, but actually that’s the—. I suspect it’s a small number; I don’t know how small; it depends if we can articulate what the entire market is, but one would think: why couldn’t we make that two times or three times that size? And, if we’re getting the benefits that we are getting, and that we are measuring today, from under £300 million of investment, imagine what it might be if were two times or three times that. So, I do want, if you like, to put a marker down, in the sense of matching the ambition of all the ink that has been spilled in writing about the development bank, to say that the scale would be a really important objective of the development bank—to scale up.

[96] **Julie Morgan:** Thank you. I just want to go on to recruitment now.

[97] **Jocelyn Davies:** Yes, sure.

[98] **Julie Morgan:** Okay. I understand you've been having some difficulty in recruitment. I wondered if you could explain where you're having difficulties, which posts, and why you think this has happened.

[99] **Mr Bullock:** Okay. I might just take the opportunity now—. I'll have Mike talk about within the operations of the company, which I think where the direction of your question is going, but I did just want to let the committee know that we have—you may have seen it because it's now public—advertised the role for the new chief executive of Finance Wales, and that is under way. If all went well, then, hopefully, we could make an appointment in the first quarter of next year. So, that's under way. But, Mike, do you want to talk about the operations and where, particularly, there's some friction?

[100] **Jocelyn Davies:** Before Mike comes in, why did it take so long to advertise? Was there a reason for that, because it's over a year? Is it a year?

[101] **Mr Owen:** I think, to be fair, the existing chief executive only left in September.

[102] **Jocelyn Davies:** Oh, September. So, this is timely, is it?

[103] **Mr Bullock:** Yes.

[104] **Jocelyn Davies:** Okay, fine. Mike, shall we come to you?

[105] **Mr Owen:** Yes, sure. Good questions; thank you, Julie. Actually, it is challenging to recruit people; no, sorry, not challenging to recruit people, the right people, because what we do is very different to a bank. There's no security to lie on. There's no historical track record. We need people who can assess management teams and experience is a key ingredient in that. We've been very successful at growing our own. If you look across the SME funding sector, you will see many of the banks and corporate finance institutions littered with people who cut their teeth at Finance Wales. So, we've been very good at growing our own, but the scale and the pace of our growth in the last couple of years, and what we expect to have to do—yes, recruitment will feature large. I would say the nature of the challenge has changed a bit and is probably less acute. So, for the last couple of years, the negative press associated with Finance Wales was the overwhelming factor in why people weren't applying. There's no getting away from that.

[106] I think, as that has quietened down, things have improved, but it's coincided with the return of the banks into the market, and a number of the banks and new entrants have been recruiting heavily, so there's more competition for those high-quality individuals. I think, in the last six months, we've lost about four individuals from the investment teams, which is something—. We'll replace them. So, the challenge remains; there are slightly different reasons for that challenge, but I think, with certainty around the future direction, it will be quite exciting for people to want to come and work at Finance Wales once again.

[107] **Jocelyn Davies:** How do you—. Sorry, go on.

[108] **Mr Bullock:** I think it is an ongoing challenge, and I think it will become more so, and I think the point that Mike makes about the private sector—whilst we're not in competition with the private sector in the way that we deploy our funds, I think we do have some competition in people, and it's just a fact of life. One of the things that we have seen—and there have been one or two examples that I was told about as I joined—is that people have joined us, had three years of really good experience, because we're very active, we do a lot of very interesting things and give responsibility at a young age, and, of course, they suddenly become a very interesting proposition to private sector operators in the same field. So, we have lost one or two like that, and I suspect that will be a fact of life that we're just going to have to find a way to manage around.

[109] **Jocelyn Davies:** Sorry, Julie. You said that negative publicity around Finance Wales has prevented people from applying. How do you know that?

[110] **Mr Owen:** Because we were unable to fill vacancies for a very long time.

[111] **Jocelyn Davies:** Maybe you weren't paying enough. How do you know it was that factor? How do you know it was that factor? Or would you just prefer to think that it was that factor?

[112] **Mr Owen:** No. I think we noticed a significant drop-off in terms of applicants and we wouldn't, at applicant stage and advertising for jobs, we wouldn't advertise the amount of the salary. It would be 'competitive'. We've never had any problems prior to that. I'm going back six to nine months now—this is last year and the year before. I've noticed that there's been a change since, and people are applying again for those opportunities. So, I

see a direct correlation—

[113] **Jocelyn Davies:** But there could be other factors, and maybe you just prefer to think that what people are reading in the press—

[114] **Mr Owen:** Potentially.

[115] **Nick Ramsay:** I've got a figure in front of me that, compared with 2013–14, jobs created or safeguarded was down by 15 per cent. Does that figure sound like the reality to you?

[116] **Mr Owen:** Say it again, sorry.

[117] **Nick Ramsay:** That the number of jobs created or safeguarded was down by 15 per cent compared with 2013–14. Does that figure sound realistic?

[118] **Mr Owen:** And you're comparing 2014–15?

[119] **Nick Ramsay:** Yes.

[120] **Mr Owen:** Yes, it does, but, in 2013, there was an exercise to catch up, if you like. One of the things that we needed to get better at was getting data from our customers. In 2013, there was an exercise to catch up on those clients that, maybe, we hadn't got the data in about their job creation. So, there was a spike because there was a catch-up. Now it's normal business.

[121] **Jocelyn Davies:** So, those are the jobs created or saved in the businesses that—

[122] **Mr Owen:** That we invest in. Yes, absolutely. We gather those data through customer feedback forms and, to be fair, there were 50 per cent to 60 per cent returns then. Now we're up to 98 per cent to 99 per cent, so we're confident that we're capturing all of the data on jobs that we can.

[123] **Jocelyn Davies:** Okay. Julie, shall we come to you? And we'll come on to you, then.

[124] **Julie Morgan:** Just going back to the Chair's reference to the negative publicity, which you also mentioned, I think that when we did last interview you, it was about at a peak.

[125] **Mr Owen:** In 2014, yes.

[126] **Julie Morgan:** I think it must have been very demoralising for you in Finance Wales.

[127] **Mr Owen:** Absolutely.

[128] **Julie Morgan:** I just wondered whether—separately now from the recruitment issues, which presumably you think are now over—the morale in Finance Wales has recovered from it being said that you weren't fit for purpose and all those sorts of comments.

[129] **Mr Bullock:** Mike, do you want to take that one?

[130] **Mr Owen:** Yes. That's a really good question. We've got a fabulous team—very talented and resilient individuals. It was very difficult in 2014: 'You should be scrapped', and 'You're not fit for purpose'. Reading that, almost on a daily basis, was very, very difficult. But our staff responded, the team responded, in the only way they know how, which is two years of record performance. They rolled up their sleeves and delivered and exceeded targets and we've had year-on-year improvements, despite all of the negative publicity. So, I would say that morale is a whole lot better.

[131] **Mr Hunter:** An interesting point is that, during that period, actually more funds were being created using Welsh Government money than at any time, I think, in the organisation's history. So, to sit alongside JEREMIE and be deployed, and, for many of those funds, we now have that balance and we can carry on investing those. I started with Finance Wales in July and what I've sensed is that, actually, there's a lot of optimism there. We're working very closely with the Welsh Government on the development bank proposals. We're engaging the staff in those discussions, and I think there's a sense of excitement now that there's a good future. One of the things that I've found, coming into the organisation, is how much people value what Finance Wales delivers to the economy and the potential of what it can deliver to the economy of Wales. So, I don't get the sense that it's demoralised in any sense. But I kind of came in off the back of that.

[132] **Mr Bullock:** A comment I would make, just as a newcomer, is that I think it's a truism that staff are motivated and have higher morale if an organisation is dynamic and going forward. I think that whilst there were—I

wasn't around for this, but there were, I know—some negative atmospherics, if I can put it that way, at that time, actually, since May 2014, until now, the invested balance sheet of managers has gone from 189 to 277. So there's been a 40 per cent increase during that time, which is actually very motivating because people are busy, they're doing good things, and so, again, if we just can keep that momentum going, I think morale will be—well, negative morale won't be an issue.

10:15

[133] **Julie Morgan:** So, basically, you welcome healthy criticism, and I think we've agreed that there are going to be reports to this committee about once a year. So, that's good. But you feel that bad phase is over now.

[134] **Mr Owen:** Hopefully.

[135] **Julie Morgan:** Thank you.

[136] **Jocelyn Davies:** Nick, shall we come on to your questions, if you've got any left?

[137] **Nick Ramsay:** I think Mike Hedges has probably asked most of them. [*Laughter.*] In a good way.

[138] We keep coming back to this issue of transparency. Do you think it would be helpful if you published your key targets on your website at the start of each financial year? Going back to the question Julie Morgan just asked you, do you think there's an underlying problem here that you've just been perceived as not being out there enough? I take what you were saying about being the best kept secret and all that, but, actually, in terms of the job you're hoping to do with the development bank, you're going to have to be far more obvious, aren't you?

[139] **Mr Bullock:** Could I talk to that? And Mike, you may want to put some flesh on the bones of what I'm going to say. I'd just say, as the new chair, I absolutely espouse openness and transparency. We are a public body. You know, we work for, and to further the objectives of, the Welsh Government. Therefore, we should just put that very clearly—our objectives, our measures, how we perform against them—very clearly in all our literature, on our website, and we're beginning to do that. I think Mike can tell you about one or two areas where we've made that change. I think you'll see in the annual

report already—that's a much different annual report from previously, and we'll continue to work on that to make it much more open, much more transparent. So, that actually, I think, is a key article of faith, if you like, of Finance Wales going into the development bank as well.

[140] And then, secondly, your other point about being out there, again, it comes back to perhaps what we were saying in one of your previous questions. I think we have to explore more and different ways of reaching our potential customers. Whilst we've done probably a reasonable job through intermediaries, where we're well known, actually, going around intermediaries—you know, we've tried it with a radio channel now, and we've had—what is it—a 150 per cent increase. That's terrific; we've just got to find, particularly in an increasingly digital age, those channels and exploit those channels much more effectively than we have done, and that certainly will be a challenge that I'm going to be putting down to our marketing people in Finance Wales.

[141] **Jocelyn Davies:** So, the intermediaries that you mention in your report, you've been having these quarterly dinners with those around the country. Who are they, then? Are these—

[142] **Nick Ramsay:** Do you mean banks—high street banks?

[143] **Mr Owen:** This is an initiative that came following our appearance here in 2014. We realised we weren't engaging as much as we could with intermediaries at a higher level. So, the deal guys would be meeting intermediaries on specific deal matters all the time, but as an exec, as a management team, I wasn't as in touch as I should have been. So, the investment director and I and, normally, a board member, we hold a quarterly dinner in each of the regions. We started in mid Wales, then it was north, south and then, actually, two weeks ago, we did one in Newport, for south Wales. This is an informal get-together. Half of the invites would be prominent intermediaries—accountants and/or bankers—and half would be portfolio customers from that area. It is a warts-and-all, 'Tell us what we're doing well, tell us what you like, tell us what you don't like, tell us where we need to do better', specific to that part of Wales. And the intelligence has been very good. You know, they tell us we're doing a lot of good things. Actually—

[144] **Jocelyn Davies:** So, that's more about getting feedback from your current—

[145] **Mr Owen:** Yes, absolutely, on how we can improve. Yes.

[146] **Jocelyn Davies:** —from your current customers, rather than promoting yourself to people who'd never heard of you. Because what we heard is that some people had never heard of you.

[147] **Mr Owen:** Customer surveys are something else that we implemented last year, and they're great—you know, very high levels of satisfaction with Finance Wales. One of the areas it highlighted was something that came up in the regional dinners, which is that our lowest percentage was about 84 who were very satisfied with knowing what else Finance Wales did. So, they knew about the funds that they had received investment from, but we weren't very good at sharing all the other funds that we do, because we have six funds.

[148] **Jocelyn Davies:** When you say '84', 84 what?

[149] **Mr Owen:** Eighty-four per cent of respondents.

[150] **Jocelyn Davies:** Oh, 84 per cent. Right.

[151] **Mr Owen:** Yes—were aware of the other funds that we—

[152] **Mr Bullock:** I think there is an important point. Those are good statistics, but I think, on your point Chair, if we're surveying, we're obviously surveying people who've heard of us. I think what we've got to try and find are people that don't know us.

[153] **Jocelyn Davies:** I don't think I would do a survey amongst my friends of if I'm a nice person, because they're my friends. Jenny did you want to come in on this?

[154] **Jenny Rathbone:** I want to pursue this further because, obviously, you're preaching to the converted when you're doing these customer surveys. They're the ones who have already heard of you. It's important to know what they think of your service. But I suppose I'm still struggling to understand why only 55 per cent of SMEs in Wales have ever heard of you. Because you surely have been working alongside organisations like the FSB. I appreciate that most SMEs are one-woman bands and it's really hard to get to them, but—.

[155] **Mr Bullock:** I share your mystification, as a new person. I was surprised. That was a statistic that brought me up short. I automatically assumed that we would be known as the Government's instrument in this space, which has been going for 12 years—that we'd be much better known. So, it's certainly an area that I want to explore and understand why that is the case and, as I said in a previous answer, find different ways in which we can reach the parts that we haven't been reaching. I think that's what we must do. I think that's a real task on us to do that. I accept it readily.

[156] **Mr Owen:** I'm sorry—hopefully, I was going to come on to that. I was rambling a bit, I appreciate. The independent survey that we commissioned to businesses, SMEs in Wales, showed that statistic—about 55 per cent are aware of us. Let's not forget, though, that we provide funding. So, why do you need Finance Wales? You want investment. Some 82 per cent of SMEs are happy non-seekers of finance. So, why would they need to be aware of us?

[157] **Jocelyn Davies:** To be honest, I think you're comforting yourself with evidence there. It's still not good they haven't heard of you, even if they are not at that moment looking for finance. I don't think that you should say to yourselves that that's okay because they're not looking for finance. They should still have at least known you exist.

[158] **Mr Bullock:** I accept that point. If I might just add, very shortly, just to go back to one of the legs of the development bank, which is what I call an intelligence unit, I think this is an area where, if we can work with one or more of the Welsh Universities or business schools, just trying to find ways in which we can get that data and information in a very thorough way, using their techniques—it would be a really good objective. We could give you numbers that are independently verified and we could all believe them.

[159] **Jenny Rathbone:** I'd like to come back to that but, first of all, can you just tell us what the customer surveys told us, apart from the fact that they were satisfied with you? What did your customer surveys actually tell you about gaps or things that they wanted you to do something about?

[160] **Mr Owen:** Our customer surveys told us that they're very satisfied with the performance—about 94 per cent, I think, were highly satisfied. The area where we need to do better is educating them about what else we can do. But, also, speed and turnaround is something that we need to work on, and we are working on that. We've taken a look at microloans particularly,

because that's the volume in terms of numbers of transactions that we do, and where people want a smaller amount of money. So, they quite rightly want it quickly, and we've slimmed down the consumer credit Act process. I won't bore you with the details but it's down to—we can get the money out in a couple of days now. We give you the answer in 48 hours. Actually, we are trialling an online application for the very first time, very shortly. Hopefully, it will speed it up again.

[161] **Jocelyn Davies:** Nick, did you have a supplementary on that point? Then I'll come back to Jenny?

[162] **Nick Ramsay:** I was just going to play devil's advocate there and say: do you think some of the customers filling out they surveys are afraid that if they slag you off they won't get any more money? [*Laughter.*]

[163] **Mr Owen:** Absolutely—potentially.

[164] **Jocelyn Davies:** Jenny, did you have some more—

[165] **Jenny Rathbone:** Coming back to these 45 per cent of SMEs who've never heard of you and the fact that 82 per cent say they don't actually need any loans at the moment, I just want to take one of the areas where there is huge market failure, which is around energy generation and renewable energy. We've all, in our electricity bills, paid into the green levies that we've been paying for the last few years, and yet nearly all of this money left Wales, either because it was invested elsewhere in the UK, or, if it was invested in Wales, it was multinationals who benefited and they won't necessarily keep the profits in Wales. So, what could you be doing to take advantage of those sorts of opportunities, where, certainly, places like Cornwall hugely jumped in with both feet? Wales has missed out so far. We have the oldest housing stock in the whole of the UK. We have massive leakages of energy going on. All of our historic settlements are built around rivers, bar none, for obvious reasons. So, there are huge opportunities for microgeneration—business opportunities for communities to improve their wealth. How could Finance Wales do the job that is done by regional banks in Germany to enable those renewable energy businesses to flower?

[166] **Mr Bullock:** Do you want to talk about that, Rob?

[167] **Mr Hunter:** Yes, I was just going to say that, one of the things that we have done—and this is slightly on a tangent—. The Help to Buy scheme is a

scheme where we were approached by the Welsh Government to say, 'Could you deliver this? It's not aid to SMES; it's something quite different'. We've delivered it, I think, very successfully and actually very cheaply. Our fees basically just cover the marginal cost, so there's an awful lot more left—rather than going on fund management fees—to actually be invested in those areas. Since joining Finance Wales, I have been in discussions with a number of departments in the Welsh Government, and I think one of the things—one of the arms, moving forward, of a development bank—is to look at how this organisation can benefit the whole of the delivery of the Government's priorities, wherever there's a need for a financial engineering instrument.

[168] **Jocelyn Davies:** So, is what you're saying there, Rob, that, if Government policy was to encourage development such as Jenny mentioned there, you would be flexible enough to be able to move on that and to work on that? But it would need to align with Government policy, I guess, is what you're saying.

[169] **Mr Hunter:** Absolutely. I think one of the things that we'll be looking to do, and it's something that the organisation hasn't done in the past—. Once any Government comes in, they obviously have a manifesto and the commitments are then turned into some sort of programme for delivery. I mean, what my team will be doing is going through that programme for delivery and then speaking to the Government to say, 'There's this area, this area and this area where we may be able to assist you'. Now, you know, we would need to build up expertise. We may only be the holder, and we might need to get externals to deliver whatever it is. But I think that, especially—and we have got a comprehensive spending review coming out today—with the pressures on Government finance, looking at new, innovative ways to deliver things in the country is important.

[170] **Jocelyn Davies:** Okay, you've made your point. I know we've only got a couple of minutes left, and some Members haven't been able to ask their questions. Gareth, did you have a point?

[171] **Mr Bullock:** I just wanted to say—just to embellish what Rob was saying—that I absolutely welcome that challenge. I don't know the specifics of renewable energy. But I think that that is absolutely the challenge that a development bank should welcome and should find solutions for. It's exactly that. If it's about financing and it's all about a mechanism for making it happen, that, I think, is what a development bank should be. So, absolutely, the answer should be: 'Yes, we must find a way'.

[172] **Jocelyn Davies:** Okay. Nick, you wanted to ask something. Is it on this point?

[173] **Nick Ramsay:** Kind of. I just wanted to know how closely you work with the European Investment Bank—I think you mentioned it earlier—if you work with them at all. I think they have had similar problems in the past in the UK and in Wales with not being as visible as they might have been, and in other countries they do tap into the resource.

[174] **Mr Owen:** Yes. Our current involvement with the EIB is that they provided half of the JEREMIE fund. They lent us half the JEREMIE fund. Sadly, on one level, we've only got—happily on another level—one year left of repayments and we will have fully repaid them. So, our formal relationship with them will be at an end in Wales.

[175] **Nick Ramsay:** Do you see it continuing with the development bank?

[176] **Mr Owen:** This comes back to the question I was asked earlier around borrowing powers. Still, at the moment, if we take external borrowing onto our balance sheet, it will negatively impact on the Welsh Government. So, that is a challenge that we are looking at.

[177] **Nick Ramsay:** I'm just thinking about maximising what's out there.

[178] **Mr Owen:** Absolutely. It is a great source of capital and they are good people.

[179] **Jocelyn Davies:** Okay. Is there any Member—? Mike, you had a supplementary, and then we'll come back.

10:30

[180] **Mike Hedges:** Yes. You talked about the potential of SMEs and what percentage knew you, and, of course, there are also potential SMEs—people who are thinking about it—and that's where being well known comes in handy when people are thinking about you. I see, for example, that lots of people aren't interested in football, but they've heard of Manchester United. [*Laughter.*] I think, because people aren't interested at this very moment in something, doesn't mean that they shouldn't know about you. So, I think, really, the challenge to you is to become better known so that people, when

they're thinking about starting an SME and contemplating setting up, as people have—quite a lot of businesses—you are somebody they think about.

[181] **Jocelyn Davies:** You don't need to answer it. Just agree. [*Laughter.*] Jenny and then, Fred, did you have any questions? I think we've covered most of yours, actually.

[182] **Jenny Rathbone:** Okay. You mentioned crowd funding in your earlier remarks, I just wondered if you could elaborate a little bit more on how you might consider using crowd funding for capturing things that would take the public's imagination. There are loads of savers in Wales who are getting absolutely nothing for their money. So, how could we use that a bit better?

[183] **Mr Bullock:** I think, one thing, it's certainly not envisaged in any of our plans to make a development bank a deposit-taking bank. I think that really would be a competition with the private sector, which I think would be deleterious. I think, in terms of crowd funding, we know sites that do this; the question we ask ourselves is: what can we add? Because these sites are very expensive in terms of their whole IT and technology investment and the skills that they use. We would have to reinvent that if we decided to do it ourselves. I think we'd just like to do a little bit more work on understanding—. Today, we don't even know—I don't know whether other people in the firm know at this point—how much these national crowd funding sites actually do in Wales. It would be quite interesting to know what they do. But today, if you're a Welsh enterprise, you can go on this site and use it, so there's no barrier to entry at all. The question is: is there anything we could do that could enhance that service? We'll certainly think about that, but I don't think it is us building one, is my initial view on that.

[184] **Mr Owen:** We do co-invest with crowd funding sites, particularly with the technology seeds; so, in those exciting start-up businesses, we quite regularly co-invest with them.

[185] **Jocelyn Davies:** Okay. Have any other Members got any questions? No. Okay, thank you. I think we've enjoyed our session with you. I hope it will be the first of many.

[186] **Mr Bullock:** Yes. We look forward to it.

[187] **Jocelyn Davies:** We'll send you a transcript. If you would check it for accuracy, we would be grateful, before we publish it.

[188] **Mr Bullock:** Yes.

[189] **Jocelyn Davies:** Okay. Thanks very much.

10:32

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd  
o'r Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public  
from the Meeting**

*Cynnig:*

*Motion:*

*bod y pwyllgor yn penderfynu that the committee resolves to  
gwahardd y cyhoedd o weddill y exclude the public from the  
cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in  
17.42(vi).*

*accordance with Standing Order  
17.42(vi).*

*Cynigiwyd y cynnig.*

*Motion moved.*

[190] **Jocelyn Davies:** Right. I now move the motion under 17.42 that we move into private session. Everybody content.

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:32.*

*The public part of the meeting ended at 10:32.*