

Agenda – Local Government and Housing Committee

Meeting Venue:

Committee Room 5

Meeting date: 19 January 2023

Meeting time: 08.45

For further information contact:

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Pre-meeting (08.45 – 09.00)

1 Introductions, apologies, substitutions and declarations of interest

(09.00)

2 Scrutiny of the Welsh Government Draft Budget 2023 – 24 – evidence session 3: Minister for Climate Change

(09.00 – 10.30)

(Pages 1 – 37)

Julie James MS, Minister for Climate Change

Emma Williams, Director of Housing and Regeneration, Welsh Government

Dean Medcraft, Director, Finance & Operations, Welsh Government

3 Papers to note

(10:30)

3.1 Correspondence between the Committee and Business Committee – Legislative consent memoranda

(Pages 38 – 41)

3.2 Letter from the Minister for Climate Change – update on implementing recommendations of the Equality, Local Government and Communities Committee on Empty Properties

(Pages 42 – 58)



3.3 Joint letter from Cymorth Cymru and Community Housing Cymru to the Minister for Finance and Local Government in relation to the Welsh Government Draft Budget 2023–24

(Pages 59 – 60)

4 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting and from the next Committee meeting

(10.30)

Break (10.30 – 10.45)

5 Consideration of evidence received under item 2

(10.45 – 11.15)

6 Consideration of the draft report on the Levelling–up and Regeneration Bill LCM

(11.15 – 11.45)

(Pages 61 – 64)

7 Update on the forward work programme

(11.45 – 12.00)

(Pages 65 – 68)

8 Update on work relating to empty properties

(12.00 – 12.15)

(Pages 69 – 89)

9 Update on housing Ukrainian refugees

(12.15 – 12.30)

(Pages 90 – 99)

Document is Restricted

Local Government and Housing Committee

Date: 19 January 2023

Title: Welsh Government draft budget scrutiny 2023-24

Introduction

The Draft Budget includes spending plans for 2023-24 to 2024-25. This paper provides evidence to the Committee on the future programme budget proposals in relation to Housing, Regeneration and Land budgets as outlined in the Draft Budget which was laid on 13 December 2022.

Annex A provides a breakdown of the relevant Draft Budget figures for the Climate Change Main Expenditure Group (MEG) by Spending Programme Area, Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

Financial Tables

	2022-23	2023-24		2024-25	
	Final Budget	Draft Budget	Change	Draft Budget	Change
	£'000	£'000	£'000	£'000	£'000
Revenue	237,508	249,648	12,140	256,148	6,500
Non Cash	0	0	0	0	0
Total Resource	237,508	249,648	12,140	256,148	6,500
Capital	697,500	834,000	136,500	865,500	31,500

**No financial transactions capital have been allocated as part of the Draft Budget. Allocations will be considered and made as part of the Final Budget .*

Allocations made to support Programme for Government Commitments

The Housing Directorate supports the delivery of a number of Programme for Government commitments. In accordance with Welsh Government budget management principles, allocations to support the delivery of these commitments have been targeted towards interventions that are affordable and offer value for money. Details of the allocations and the PfG commitments they support are provided throughout this paper.

A Strategic Integrated Impact Assessment was published alongside our Draft Budget on 13 December; this sets out how our interventions have been targeted to address economic, climate and other impacts. Allocations have been made throughout this portfolio to address impacts that have been identified and with the principles of the Wellbeing of Future Generations Act in mind; these details are provided throughout this paper.

**Homelessness – Revenue allocation of £46.147m in 2023-4, a further £5m in 24-25
Housing Support Grant – Revenue allocation of £166.8m in 2023-24 and 2024-25**

Fundamental reform of homelessness services to focus on prevention and rapid rehousing is a key priority in the Programme for Government which commits to “**Reform housing law and implement the Homelessness Actions Group’s recommendation to fundamentally reform homelessness services to focus on prevention and rapid rehousing**”. Reform of the Housing system offers the opportunity to contribute significantly to a fairer and more equal Wales.

Additional revenue funding of £10m in the Homelessness Prevention budget will boost investment in homelessness prevention and relief interventions across Wales, support local authorities to continue our ‘no-one left out’ approach, as well as continue to support the development of a **national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who are at risk of homelessness** through the extension of our National Leasing Scheme. We have already begun work to meet our objective to fundamentally reform homelessness services to focus on prevention and rapid rehousing and a White Paper will be published next year. Additional investment in homelessness prevention delivers on key policy objectives, reduces pressures on other public services and improves outcomes for individuals and families. The continued and increased focus on preventative measures through the Housing Support Grant and Homelessness Prevention Grant is therefore vital.

Our support will ensure we have a system which places the right people in the right homes in the right communities with the right support, in order for people to succeed and thrive. The legislative, policy and funding framework needs to be reformed and aligned to achieve this. The pandemic undoubtedly accelerated aspects of the wider transformation to homelessness services, mostly in respect of the policy considerations regarding priority need. To ensure the continuation of the ‘no-one left out’ approach, we recently introduced transitional legal arrangements, as part of the longer-term transformation away from priority need and to a system focused on prevention and rapid re-housing. Whilst this approach ensures no-one is forced to sleep rough in Wales, it is resulting in unprecedented numbers of people being supported with temporary accommodation – 8,652 people as at 30 September 2022, which places considerable resourcing pressures on local authorities.

The additional funding will therefore support local authorities with increasing homelessness prevention measures to try and reduce the flow of people needing temporary accommodation. It will also assist with the costs of temporary accommodation in order to continue the ‘no-one left out’ approach during the transitional period, prior to wider legislative reform and the transition to a rapid rehousing approach. Officials will work with the sector to ensure that the funding is utilised in ways that have the greatest impact.

Given the diverse range of people potentially affected by homelessness, significant consideration has been given to protected groups. We have looked at the data and can see that specific services are required across Wales to serve specific client groups that have unique needs. The Housing Support Grant (baselined at £166.8m across the two

financial years) helps to create more specialised services that can support different groups, e.g. women affected by homelessness, as well as domestic abuse and sexual violence. By having that support in place, women will be more likely to present to services, rather than remaining 'hidden' and in danger. Similarly, services that are sensitive to age or sexuality will be vital for young LGBTQ+ clients who require specialised support in order to feel safe enough to present and move on to more permanent accommodation. Ensuring that we meet the needs of diverse ethnic minority people is also important given disproportionate impact of homelessness on some ethnic minority people. Wrap around services that were developed during the pandemic, including support for those experiencing mental health and/or substance misuse issues have been mainstreamed with the additional funding provided to the HSG in 2021-22 and maintained in the following three years.

Investment in housing support and homelessness prevention delivers on a key policy objective, reduces pressures on other public services, and improves outcomes for individuals and families. For example, we estimate that currently as a result of the pandemic, there are at least 8,652 people in temporary accommodation across Wales. Evidence from Crisis UK shows that people who experience homelessness for three months or longer cost public services (health and criminal justice) an average of £18,388 over the twelve month period. This would equate to over £159.1m in estimated costs to public services in Wales (over £55.7m in health services alone) if those people currently in emergency accommodation experienced homelessness for three months or more. The continued focus on preventative measures through the Homelessness Prevention Grant and Housing Support Grant to keep people in their homes are therefore vital.

Research by Cymorth Cymru and Cardiff Metropolitan University into the social and financial impact of the Housing Support Grant estimated that the grant generates a gross annual saving to public services of £300.4m, or a net annual saving of £176.7m (when taking in to account the annual HSG spend as at July 2019). This represents an estimated net saving to public services in Wales of £1.40 for every £1 of funding for HSG. Every £1 of HSG funding generates an estimated net saving of £5.20 for mental health services.

Achieving transformational change is ultimately therefore about the need to shift resources to alleviate pressure and demand from elsewhere in the system. There is anecdotal evidence during the pandemic that providing accommodation to long-term rough sleepers has enabled wider public services to engage with people, helping them to stabilise and manage substance misuse habits and engage with physical and mental health services, reducing demands on emergency services.

The additional funding allocated in the budget will enable the continuation of this approach whilst we shift more towards prevention and transition homelessness services towards a rapid rehousing approach.

Of the £13m allocation to the Homelessness BEL in 2023-24, **£1.4m** will support the PfG commitment to ***“Implement the renting homes Act to give renters greater security and develop a national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who or are at risk of homelessness”***. We have already announced the roll out of a national leasing scheme across Wales to improve access to longer term affordable housing in the private rental sector. Local authorities will be able to use the scheme to discharge their homelessness and prevention of homelessness duties. Property owners will be

encouraged to lease their properties in return for a rent guarantee and additional funding to improve the condition of the property; and tenants will benefit from longer term security of tenure (between 5-20 years) at rents restricted to Local Housing Allowance rates. Revenue funding supports local authorities to staff and administer the scheme and forms the basis of the property owner incentive and tenant support.

Private Rented Sector Supply – Capital allocation of £ £1.5m in 2023-24, and £1.5m in 2024-25.

Having access to a greater stock of good quality, affordable housing will be a key driver in helping meet the needs of the people of Wales. The private rental sector (PRS) leasing scheme, known as Leasing Scheme Wales (LSW), is intended to address some of the difficulties both landlords and tenants experience in the PRS through improving access to longer term affordable housing in the private rental sector. The scheme is being rolled out across Wales, with 15 of the 22 Local Authorities currently signed up. The scheme directly supports the delivery of the Programme for Government commitment to ***develop a national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who are at risk of homelessness.***

Under the scheme, property owners lease their properties to the local authority in return for a rent guarantee and additional funding to improve the condition of the property and the local authorities will be able to use the scheme to discharge their homelessness and prevention of homelessness duties. The ambition is by the end of year 5 each local authority will have leased 1% of their PRS through the scheme, approximately 1,500 properties across Wales (based on the 15 Local Authorities signed up to date). In this first year of LSW approximately 75% of properties coming onto the scheme had previously been empty for more than six months, which is helping to increase the supply of properties available.

The scheme is intended to provide accommodation for those threatened with homelessness and has been designed to reflect the needs of children and parents and/or carers, people with protected characteristics under the Equality Act 2010, and other people who may face particular barriers.

As the scheme provides a secure home for individuals, there are wide ranging benefits that come from that, including physical and mental health as it provides longer term accommodation at local housing allowance rates to households on low incomes, making the PRS accessible to those who are currently financially excluded or living in the poorest quality private rented sector (PRS) accommodation. Providing good quality housing, with assurances of tenure length, helps prevent and alleviate tenants' physical and mental conditions resulting in fewer calls upon the NHS and a healthier society.

Providing greater security of accommodation for tenants will contribute towards a Healthy and more Equal Wales, a Wales of Cohesive Communities, and a Wales of vibrant culture and thriving Welsh language. This is demonstrated by the clear health benefits of having a good quality home which is affordable and located in a safe environment.

Investing in the PRS contributes to the local economies, creating and supporting jobs and training opportunities as well as improving people's health, well-being and quality of life. This work involves improving the housing stock for future generations and the quality of that housing stock in the PRS. Supporting the provision of affordable homes

also promotes the creation of local jobs, training opportunities and housing development supply chains.

The majority of WG funding is aimed at supporting those at most priority need for housing and initiatives to provide new and/or affordable housing. This scheme approaches need differently as it seeks to relieve pressure on the demand for social housing through its use of the PRS and increasing options to meet urgent housing need. .

Housing Policy – Revenue allocation of £6.471m in 2023-24, baselined for the next year

£6.471m has been allocated to the Housing Policy BEL as a package of funding to undertake a range of activity to meet our Programme for Government commitments.

Renting Homes legislation came into force on 1st December 2022 and will significantly increase security of tenure by ensuring that tenants who have not breached their contract will have a minimum of six months' notice to find a new home. The legislation will also make other important changes, such as providing protection against retaliatory eviction and ensuring homes are fit for human habitation, which will include the fitting of smoke and carbon monoxide detectors and regular electrical safety testing..

We are supporting “***Rent Smart Wales landlords to respond quickly to complaints of racism and hate crime and offer appropriate support***” via training for all landlords and managing agents who rent out properties in Wales. We are working with third sector organisations and Rent Smart Wales to develop training focused on quickly responding to complaints of racism and hate crime for all landlords and managing agents who rent out properties in Wales. The training will be delivered early in 2023 alongside an awareness raising communication programme, targeted at tenants, focussed on how to report racism and hate crime and where to get help and support.

Additional revenue funding of an initial **£0.6m** will support the various strands of activity within the **Second Homes and Affordability Pilot** which is complementary to the PfG Commitment to “***Create a Welsh Language Communities Housing Plan***”. This includes a Welsh Government senior pilot manager, two dedicated staff resource on the ground in the pilot area, evaluation and exchange of good practice. An additional £8.5m has been made available over three years in order to support the bespoke guidance for the HomeBuy within the pilot area. We have also committed to supporting Cyngor Gwynedd with the evidence base and operational costs of implementing an Article 4 planning direction in the pilot area (should Cyngor Gwynedd determine it wishes to apply a direction in the area).

The Programme for Government sets out clearly our commitment to address the issue of affordability in areas where there are high instances of second homes and to develop a Welsh Language Communities Housing Plan. A consultation on the plan was launched by the Minister for Education and Welsh Language on 23 November 2021 and the plan was launched in October 2022. It includes actions on numerous interventions that aim to support Welsh speaking communities. Actions include support for community-led co-operatives and social enterprises, establishing an estate agents steering group and setting up a commission on the Welsh language. The interventions in the draft plan, if taken forward after consultation, are complementary to the work being taken forward in the second homes pilot in Dwyfor.

We will maintain our funding to **Care & Repair** agencies to provide services to support rapid hospital discharge and prevent hospital admissions. Most local authorities delegate part of their Enable grant from Welsh Government to Care & Repair agencies to increase their capacity to provide adaptations services, and the majority of Regional Partnership Boards commission additional services from Care & Repair to meet specific local needs.

The Programme for Government has also committed to “**Legislate to enact the recommendations of the Law Commission in relation to leasehold reform**”. The leasehold housing sector is an important part of the national housing market. It houses an estimated 4.5 million households in England and Wales. Approximately two thirds of these properties are flats and one third houses. In Wales, leasehold accounts for around 16% of all dwellings. This equates to, very approximately, 235,000 properties. The Law Commission has proposed wide-ranging reforms to make it easier for leaseholders to extend or buy the freehold of their home and to promote the adoption of commonhold as a form of ownership that gives more rights in comparison with leasehold. The Minister has committed to implementing leasehold reform through working collaboratively with the UK Government, not least as some aspects of the legislation to implement the Law Commission’s recommendations are likely to relate to reserved matters. This approach will enable a more comprehensive and beneficial set of reforms to be enacted for leaseholders in Wales as soon as possible. Continued additional funding will support engagement with the development of this important legislation, ensuring the changes made meet the needs of Welsh leaseholders.

By implementing the Law Commission’s recommendations on leasehold reform and ensuring open spaces and facilities on estates are funded fairly, which is another Programme for Government commitment, we will contribute to our well-being objective of making our cities, towns and villages even better places in which to live and work.

The additional funding will also support work to “**Publish a White Paper to include proposals for a right to adequate housing including fair rents and new approaches to making homes affordable for those on local incomes**”. Funding will support work to establish an evidence base and develop policy in relation to this commitment to develop a white paper on Fair Rents and Right to Adequate Housing.

The balance of funding will support delivery of a range of activities focussed on ensuring that everyone has a decent place to call home and delivery of equity and high standards in housing across Wales. This includes delivery of the following Programme for Government commitments, including to **Develop further effective tax, planning and housing measures to ensure the interests of local people are protected**. These commitments relate to our work in the area of second homes and affordable housing solutions. At this point, we have consulted on local taxes for second homes and self-catering accommodation, and have launched consultations on possible changes to the planning system and to Land Transaction Tax. Decisions relating to those areas, and financial impacts of options, will be fully assessed in line with the consultation responses. We have also established a pilot to test interventions in Dwyfor. The budget will support the roll-out and evaluation of the pilot as well as the central coordination of our policy development and implementation.

Building Safety - Revenue allocation of £6.000m in 2023-4, a further £0.5m in 2024-25. Capital allocation of £135m in 2023-24, and £165m in 2024-25.

Building Safety is a priority for the Welsh Government. It is critically important that residents feel safe and secure in their homes.

The lessons learnt from the reviews and inquiries, identified areas to improve our building safety. We proposed a new Building Safety Regime for Wales that presents a significant overhaul to the existing system.

The Welsh Building Safety Programme has two distinct areas of work:

- addressing fire safety issues in buildings of 11 metres and over in our existing building stock, and
- a fundamental reform of building safety, which looks at how we make sure that buildings with multiple dwellings are made as safe as possible in the future.

Supporting the remediation of buildings with existing fire safety defects whilst addressing the challenges of holding those responsible to account is very complex, particularly as not all aspects of these matters are within the powers of Welsh Government. However, we are committed to addressing building safety in Wales and continue to take forward our building remediation programme alongside a significant programme of reform to establish a fit for purpose building safety regime in Wales.

On 30 September 2021 the Welsh Building Safety Fund opened, asking that Responsible Persons of medium and high-rise buildings submit an Expression of Interest. This is the starting point for accessing support from the Welsh Government.

To date (20 September 2022) we have received 261 expressions of interest.

All 261 Expressions of Interest received to date have had a digital survey completed.

Where information and evidence are unavailable, out of date, incomplete or raise concerns about fire safety risk those buildings have been identified for further intrusive survey work. 163 buildings have been identified that require further intrusive surveys. These surveys are ongoing, with 105 surveys completed to date.

Both the digital and intrusive survey work is paid for by the Welsh Government. By funding and commissioning the surveys, Welsh Government will gain a clear, consistent and comprehensive picture of building safety issues across Wales.

We have also agreed to provide funding for surveys carried out prior to the launch of the Building Safety Programme, subject to certain criteria being met.

This survey work is essential if we are to understand the remediation work necessary to reduce fire risk in medium and high-rise buildings in Wales.

Alongside survey work, we have also undertaken developer negotiations to ensure that, wherever possible, developers pay to remediate fire safety issues. This includes preparation of a Developers' Pact and formal legal documentation to underpin it.

These works take time, and we have launched a Leaseholder Support Scheme to support those leaseholders in severe financial hardship, offering independent financial

advice and where appropriate, the option to sell their flat and either rent it back or move on.

Capital funding will support the remediation of buildings and support to leaseholders. We have made significant progress on this highly complex issue. The critically important first phase continues to help us understand the true scale of the problem and inform development of the right solutions to properly address it. Funding to support remediation will seek to holistically address fire safety in multi-residential buildings and ensure no one else has to go through these difficulties again in the future.

A Joint Inspection Team working in partnership with current enforcement agencies will provide another route to improve building safety for residents. Work to establish the structure and governance of the Joint Inspection Team continues to progress following the successful recruitment of the strategic lead (10th October 2022). This role is vital to refining the detailed working arrangements for the formal establishment of the team.

We are committed to ensuring resident engagement is at the heart of our legislative reforms and our white paper set out bold and important reforms to strengthen resident voice to ensure they have more say in matters that affect their homes and can be confident their buildings are safe. All residents, regardless of their tenure, should expect to have their voices heard. Having good communication and engagement with residents is vital, not only for building safety but also for community cohesion and social well-being. This funding will support the development of these commitments.

Land - Revenue allocation of £1.150m in 2023-24, and a further £0.1m in 2024-25. Capital allocation of £20m in 2023-24, and £25m in 2024-25.

The revenue funding will support additional resource to enable the Land Division to meet the ministerial ambitions where Land Division is tasked to increase the provision of affordable/social housing across Wales and to deliver "Exemplar Sites" within its land portfolio. It will also enable the full potential of the land portfolio to be realised over the next 5 years in terms of delivering good quality affordable housing. The pipeline of sites has the potential to deliver circa 2,600 housing units over the next 5 years

The resource will allow Land Division to pursue the agenda of achieving maximum public benefit for the public purse from its land portfolio. It will set a performance specification aligned to the PfG setting out its standards for policy objectives, in particular affordable homes, place making, carbon reduction, biodiversity, supply chain, community benefits and the like. This process will allow best scheme selection and to achieve best value for the public purse.

The Land and Buildings Development Fund (LBDF) complements the ambitions of other interventions delivered across Welsh Government and wider public sector with the aim of unlocking the potential for developing public land for public good, particularly to meet the demands for social and affordable housing. The scheme is primarily intended to support the ambition for small scale, energy efficient, low carbon developments. The fund is particularly interested in applications seeking to unlock schemes that will utilise modern methods of construction, innovative technologies and deliver solutions at pace.

LBDF is a targeted capital driven programme that concentrates on freeing up public land where development has stalled. It is intended to enable public bodies and public

sector partners to overcome barriers to development i.e. bridge the “viability gap” and advance change.

This capital funding is supporting delivery of the **20,000 new homes target** by securing sustainable, well-designed affordable homes on public sector land, including our own land portfolio, where it will seek to establish a new benchmark for residential development. All schemes are delivered in a place-making context, with the intention of 50% affordable homes and mandating space standards and driving innovation in low carbon energy solutions and Modern Methods of Construction.

Regeneration - Revenue allocation of £1.271m in 2023-24, and £1.671m in 2024-25. Capital allocation of £40m in 2023-24, and £40m in 2024-25.

The Welsh Government’s regeneration investment is focused on town and city centres to strengthen their social, cultural, and public service usage therefore creating sustainable places. It is delivered through an integrated place-making approach under the Transforming Towns programme, which provides flexible support in response to the issues and challenges faced by individual towns across Wales, taking into account the potential future impacts of climate change and embedding sustainable development principles. Its overall objective is to support the sustainable growth of towns and cities and their transformation into places of living, working, learning and leisure.

Sustainable regeneration of town centres will be achieved through three objectives:

Focus Town Centre First

- Build the strongest case for ‘Town Centre First’ principles across government and the wider public sector, and provide challenge to ‘out of town’ development
- Work across government departments to support delivery of strategic projects that will regenerate town centres, multiplying impact through strategic coordination at the Welsh government and local levels across Transport, Health and Education, in particular

Deliver positive change for places

- Invest in infrastructure that will re-energise town centres post-COVID to ensure their sustainability
- Reimagine the high street to deliver wider benefits and placemaking to support town centres both locally and in a regional context

Build local capacity to deliver regeneration

- Engage stakeholders across development and regeneration to test and implement fit-for-purpose town centre regeneration
- Ensure local authorities and other local delivery partners have the capability and capacity needed to deliver regeneration through strengthened support from government, including more collaborative ways of working and the delivery of digital resources.

Our investments focus on town centres to mitigate the impact of the rapid rate of decline experienced by many towns over a number of years and prevent it from worsening. Once decline sets in there is often an associated rise in anti-social behaviour, crime and poverty. The cost to communities as well as the public purse increases. Failure of town centres to meet the economic, social and environmental needs of the communities they

serve often disproportionately affects older people and those on lower incomes, who have less opportunity to access services elsewhere.

Our aim with regeneration is to address inequalities experienced in town centres by investing in places that are currently under-performing, both economically and in terms of wellbeing, in order to raise their performance. In doing so, we aim to improve overall levels of prosperity and wellbeing in Wales as a whole.

Regeneration investment, through Transforming Towns, aligns with the following Welsh Government well-being objectives to:

- *Make our cities, towns, and villages even better places in which to live and work;* by providing funding for businesses including, public, private and third sectors, to improve the vibrancy of our towns and cities and improve the availability of services and community facilities; contributing to civic pride. Accessibility of services in easy to reach town centre locations reduces inequality;
- *Build an economy based on the principles of fair work, sustainability and the industries and services of the future;* Transforming Towns is focused on capital schemes, and these are often linked to skills and job creation. By having vibrant and sustainable town centres we can create an environment that supports businesses and creates jobs. The Town Centre First policy seeks to ensure that, as well as public services, new business development and high-skill jobs are increasingly concentrated in town and city centres. The focus on a wider offer of activities and uses in town centres, including flexible business space, leisure and local services, which will bring entrepreneurs and create jobs opportunities into town centre;
- *Embed our response to the climate and nature emergency in everything we do:* Regeneration will respond through the creation or improvement of green public spaces to enhance beauty and biodiversity, address drainage and improve air quality. Projects will have a positive impact on the physical environment in which they are located and will be very designed, planned and constructed to the highest environmental credentials (e.g. BREEAM, EPC A ratings etc.) with design standards being reviewed by the Design Commission for Wales in appropriate cases. Funding will be prioritised for projects that redevelop and build low carbon properties.

Our investment in Regeneration will help support the delivery of the following Programme for Government commitments:

- ***Enable our town centres to become more agile economically by helping businesses to work co-operatively, increase their digital offer and support local supply chains, including local delivery services.***
Through our Programme for Government, we are committed to making our cities, towns and villages even better places in which to live and work. Businesses within our towns, particularly within the retail and hospitality sectors, are facing the critical challenges of the impact of Brexit, the Coronavirus pandemic and supply chain shortage. As a result, towns have been, and indeed still are, facing significant and often unforeseen challenges resulting in decreased footfall. It is uncertain how many of the changes to habits will be permanent or if some of them are temporary and, post pandemic, increased confidence may lead to an increase in footfall. However, for people to be able to return to them, the

businesses and services in towns need to survive. Safeguarding these businesses and services and supporting them to adapt is necessary to ensure the long-term sustainability of our towns.

We will encourage and support the use of digital technology by town centre businesses through an extension of our Transforming Towns – SMART Towns programme. This includes utilising data to help businesses better understand their customer base and trends which will support businesses in their future planning and marketing activities. In addition, we will support businesses to cooperate, for example, through the development of more Business Improvement Districts in Wales. This will provide businesses with a physical presence in town centres, a competitive edge over online only operators and a stronger voice in local developments.

- ***Develop masterplans for towns and high streets.***

Our strategic regeneration investments are targeted at improving the fabric of town centres, creating the environment for them to diversify as places of living, learning, leisure and work. This diversification is fundamental to the sustainability of our towns. The Town Centre First policy of Future Wales will directly influence the location of public services, retail and commercial development, and require them to be in town centres. Local authorities, directed by this policy, are preparing long-term land use plans to deliver these uses into town centres. Good quality mixed-tenure housing in town centres will support the vitality and viability of existing and new services and allows residents to access them by using sustainable transport infrastructure. Planning the co-location of this housing with leisure, learning and work facilities will support strong eco-systems of residents, services and businesses and contribute to the sustainability of town centres for future generations. Through this commitment, we will support Placemaking Plans to help develop sustainable places. The plans will be considered through the wider spatial context of the Local Development Plan and the emerging regional Strategic Development Plan and respond to the principles of Planning Policy Wales. The plans will be flexible and involve the community and other stakeholders from the outset with specialist advice being provided by the Design Commission for Wales

- ***Empower communities to have a greater stake in local regeneration.***

Funding through our Transforming Towns programme was previously allocated regionally and delivered by our local authority partners. Despite the success of this approach, we are also committed to working closely with more localised groups. Collaboration, engagement and support between the Welsh Government, local authorities and the people that rely on and use towns across Wales is more likely to develop town plans which have a legitimate base and a better chance of coming to fruition. It will enable individual towns to benefit from better outcomes through our Transforming Towns programme by identifying the mix of support that best suits their specific characteristics, local strengths, culture and heritage. Through this commitment, we will assist local groups to become involved in deciding what happens in their towns as well as developing learning and engagement between places.

- ***Create more community green space in town centres.***

To help address the climate and nature emergency our Programme for Government includes our commitment to expand arrangements to create or enhance green and blue spaces. Our published Building Better Places document

focuses on key areas of Planning Policy Wales, including the importance of green spaces, encouraging the creation of new spaces, and improving people's access to green space.

The introduction of green infrastructure and improved public realm in town centres is central to successful place making and is therefore a fundamental part of our Transforming Towns programme. Green space and public realm is valued by the public and is therefore not only an essential part of the environmental regeneration of towns, but also their social regeneration. Garden squares, small parks, tree lined pedestrian routes and landscaped areas will not only respond to the climate and nature emergency but all contribute to civic pride.

- ***Repurpose public space for outdoor events, markets, street vendors, pop up parks and 'parklets'.***

Given the challenges faced by our town centres as a result of Covid restrictions, delivery partners have sought to support business activity and vibrancy. The continuation of this support is a priority in making our towns and cities more attractive places to live, work and spend leisure time. Through this commitment we will support a range of smaller cost, more flexible interventions empowering local authorities, community organisations and other partners to come together in regional partnerships to decide upon the most appropriate mix of schemes and how they are deployed effectively in town centres.

Outdoor events, such as festivals and markets are key in attracting footfall and visitors to town centres and providing a more diverse and social offer to the local community. Markets and pop up vendors often sell local produce, reducing the impact of the supply chain on the environment and providing good quality produce locally which reduces the need to travel. It also allows small local businesses to thrive and offers low risk opportunities to vendors, putting money back into the local economy where many vendors grow, raise and produce their products.

Green infrastructure into town centres is considered to be central to successful place making and a fundamental part of projects supported under our Transforming Towns programme, following the successful delivery of the £9 million Green Infrastructure Pilot Fund in 2020-21. A range of Green Infrastructure interventions have already been supported and been well received, including pocket parks in Penarth and Newport town centres and a pop up parklet at Cardiff Castle.

- ***Support the development of a register of empty buildings and help small businesses move into vacant shops.***

Empty properties are a scar on town centres, surrounding neighbourhoods, and a constant source of concern to the people who live in these communities. They soak up resources both in local and central Government, and are often expensive to remedy. We understand that empty properties attract antisocial behaviour, are often dangerous, and if untreated, can directly contribute to the decline of an area. They also create a perception of decline in the minds of local people and businesses which undermines confidence in the area. However, empty properties are obviously an underused community asset.

There are many reasons why properties are empty, one challenge is to acquire the data to ensure we are tackling those properties that are persistently empty

and not those only temporarily (for example, in a good state of repair and on the market). The establishment of a register of empty buildings and supporting businesses into them is one of a number of measures and interventions we are taking to tackle the issue of empty properties.

National Construction Company - Revenue allocation of £1m in 2023-24, baselined into future years.

£1m has been allocated recurrently as part of the Plaid Cymru Co-Operation Agreement to “**establish Unnos, a national construction company, to support councils and social landlords to improve the supply of social and affordable housing**”. There is now broad agreement on the immediate work to be taken forward and the programme of work is being developed.

At present officials have sought to balance progress and actions that can be delivered within the Co-operation agreement period and associated budget, but also aim to continue to define the medium- and longer-term functions for Unnos and the consequential actions that are required to mobilise these activities during Years 1 and 2 of the Unnos Business Plan. Work will also be progressed to finalise the appropriate company structure for Unnos.

Social Housing Grant - Capital allocation for Social Housing Grant of £330m in 2023-24, and £325m in 2024-25.

Welsh Government has made a Programme for Government commitment to “**build 20,000 new low carbon social homes for rent**” to tackle both a housing shortage and the nation's greenhouse gas emissions, and a commitment to fundamentally reform homelessness services to focus on prevention and rapid rehousing.

This will allow individuals and households to access high quality affordable to rent and run homes in Wales. Social homes set the benchmark for quality; we expect high standards of space, quality, energy efficiency and place making from the Welsh social housing sector.

We have implemented the Standard Viability Model (SVM) to enable a focus on value for money. However, given the current economic pressures, each site within the programme has a much higher financial gap due to rising costs and so grant levels are expected to increase significantly, at least in the short term.

Social Housing Grant:

- Delivers high-quality, warm secure and energy-efficient homes for people who need them most, helping reduce fuel poverty.
- Supports the foundational economy, construction industry and supply chain in Wales, delivering training and employment opportunities, including jobs and apprenticeships
- Supports the transformational shift of homelessness services to a rapid rehousing approach, where those who experience homelessness are quickly supported back into suitable permanent homes.
- Supports older people and those with additional care requirements to avoid dependence on residential or long term care, reducing the call on the NHS.

- Delivers good quality social housing which has a significant impact on people and communities, helping to achieve our long-term goal of ending homelessness, improving physical and mental health, ensuring those with complex needs receive the support they need.

Community-led Housing – revenue allocation of £220,000 in 2023-4 and £220,000 in 2024-25

In order to meet the Programme for Government commitment to ‘support cooperative housing, community-led initiatives, and community land trusts’, revenue funding will be provided to Cwmpas’s ‘Communities Creating Homes’ programme, to support the community-led housing sector to grow. Revenue funding is also provided for a Community Housing Enabler post in the Dwyfor Second Home pilot area. This programme directly contributes to the 20,000 new social homes target.

Rural Housing Enablers – revenue allocation of £141,555 in 2023-24 and £143,409 in 2024-25

Revenue funding will be provided to Rural Housing Enablers in six areas across Wales to work with communities to identify local housing need and to facilitate the provision of housing in rural areas. This programme directly contributes to the 20,000 new social homes target.

Much of the work of Land Division and the associated funding aligns to the impacts of Social Housing Grant and the 20,000 low carbon social homes for rent target. All of the schemes being delivered from the Land Division portfolio are intended to deliver homes of which 50% will be affordable. A number of the schemes will also include for example a new primary school, public open space and community facilities. The schemes are intended to set a new benchmark for energy efficiency and design and will be based around achieving Zero Carbon and improved space standards. It is also intended to promote modern methods of construction, in particular off-site manufacture. The developments will also aim to facilitate self-build and where appropriate to support community led developments.

As an example, the development at Cosmeston will contribute circa 250 homes to this specific target but also deliver a new primary school, which again aligns with the Well-being objectives contained in the Programme for Government which seeks to invest more than £1.5bn in the next phase of 21st Century Schools and develop net-zero carbon schools and open up school facilities for local communities. The proposals for Cosmeston include facilities that will be available to the local community and provide a hub for local activities and has been designed to have place making at its core, reducing inequality and supporting well-being objectives.

The additional capital will enable the Land Division to meet the ministerial ambitions where Land Division is tasked to increase the provision of affordable/social housing across Wales and to deliver "Exemplar Sites" within its land portfolio. It will also enable the full potential of the land portfolio to be realised over the next 5 years in terms of delivering good quality affordable housing. The pipeline of sites has the potential to deliver circa 2,600 housing units over the next 5 years

Rapid Response Adaption Programme – Capital allocation of £19.500m in 2023-24, and 2024-25.

Adaptations are an effective way to improve the health and wellbeing of older people, and disabled adults and children. They can prevent falls, reduce hospital admissions and facilitate discharges, reduce reliance on care, avoid the need to move into residential care and significantly improve quality of life and wellbeing for individuals, their families and carers.

The Rapid Response Adaptation Programme supports a range of activity:

- We will maintain our capital funding for local authorities under the **Enable** programme so they can provide medium-sized adaptations, such as stair lifts and downstairs level entry wet rooms, without applying a means test, as would be required for a Disabled Facilities Grant.
- We will continue to support **Care & Repair** (C&R) agencies so they can deliver small adaptations rapidly to facilitate timely NHS hospital discharges and prevent unnecessary admissions. This relieves costs on social care by reducing pressures on domiciliary and residential care
- Our **Physical Adaptations Grant** enables traditional housing associations to provide adaptations for tenants in social housing and reduces pressures on local authority capital budgets for Disabled Facilities Grants.

This investment in housing delivers significant benefits to NHS and care services, and contributes to the equalities and tackling poverty agendas. By facilitating independent living, the programme has a particularly positive impact on older and disabled people.

In the context of the Well-being of Future Generations Act, providing adaptations to enable people to continue to live independently is a long term preventative intervention and it involves disabled people in making choices about their lives. The capital is also an investment in local jobs as the contractors and supply chains are predominantly local ones.

Need continues to rise in real terms, both as a consequence of Covid-19 and “long Covid” and as the proportion of the older population rises more quickly than healthy life expectancy.

We are seeking a stronger role for Regional Partnership Boards (RPBs) in overseeing adaptations delivery in their regions. Consideration of adaptations forms an essential part of planning for the care and support needs of the population and as such as should be considered by RPBs as part of their remit.

The Physical Adaptations Grant scheme is an allocation-based grant since April 2022, operating within a fixed budget. The PAG budget of represents about 17% of the total spend on adaptations (including local authority Disabled Facilities Grants) on 5.5% of the housing stock.

I remain concerned about low levels of adaptations provision in the private rented sector. Funding alone is not sufficient. We will also need to improve private sector landlords’ understanding of the importance of adaptations.

Housing with Care Fund – Capital allocation of £60.5m in 2023-24, and £60.5m in 2024-25.

Our investments in the Housing with Care Fund will support delivery of the Programme for Government commitments to **“Support innovative housing development to meet care needs”** and to **“fund regional residential services for children with complex needs ensuring their needs are met as close to home as possible and in Wales wherever practicable.”**

This funding programme provides housing and accommodation to meet care needs i.e. extra care and other accommodation for older people and people with dementia; supported living for adults with physical and learning disabilities and/or Autistic Spectrum Disorder (ASD) and mental health problems; close to home accommodation for children with complex needs; and intermediate care settings.

Increasing the scale and pace of investment in specialist housing and accommodation will help to meet the needs of an ageing and more disabled population, as well as improving the lives of children and young people with complex needs and adults with learning disabilities.

Our main aim will be to increase the existing stock of housing with care. The majority of these units are likely to be Extra Care housing for older people, alongside smaller scale developments to provide supported living accommodation for adults with a learning disability. These are tenanted social housing units which will count towards the **20,000 low carbon social housing for rent** target.

We will prioritise investment in small scale residential accommodation for children with higher needs in order to keep children and young people closer to home and avoid out of county/out of country placements. We will invest in a range of short and medium term accommodation in the community, such as step up/step down, rehabilitation accommodation and transitional accommodation for young people leaving care and those with and mental health and emotional well-being needs.

Homebuy - Capital allocation of £2.5m in 2023-24, and £4m in 2024-25.

Our Homebuy scheme is designed to support shared equity home ownership and is available on existing homes. Homebuy primarily supports people who would like to purchase an existing home, within their community, but do not have the full financial resources to be able to do so, thus supporting people from lower socio-economic backgrounds. The scheme is a tried and tested scheme which has been offered by Welsh Government, on a small scale, for many years and is popular in rural areas, where new build homes are not readily available.

Building on previous investments of £9.7m into 178 Homebuys during the last term of Government, this draft budget commits to investing £7.5m in a further 50 Homebuys over the next 3 years, subject to market conditions. The investment will initially facilitate availability of the scheme in the proposed second homes pilot area, with the scheme becoming more widely available in other areas of Wales. Work has been undertaken with Gwynedd Council, and its delivery agent, Grwp Cynefin, to tailor the scheme to better meet local needs within the pilot area.

The Programme for Government sets out clearly our commitment to address the issue of affordability in areas where there are high instances of second homes and develop a

Welsh Language Communities Housing Plan of which Homebuy forms a part and is the only offer around homes for purchase. We are taking a three-pronged approach to address the challenges facing communities with high levels of second homes in Wales, Homebuy will form part of the package to address issues of affordability through targeting and tailoring existing housing programmes. We will invest £7.5m in circa 50 Home Buys over the next 3 years, depending on housing market conditions.

The scheme offers support of 30-50% of the purchase price of a home across Wales, with support of 10 – 50% of the purchase price being trialled in the pilot area, which is repaid on the sale of the home. It is open to all and managed by local authorities and Registered Social Landlords (RSLs) who can place additional requirements on applicants such as the need for a local connection. Thus, the scheme is seen as key to supporting the work on mitigating the issues of affordability in some communities often exacerbated by high volumes of second homes.

Major Repairs Allowance and Dowry Gap Funding - Capital allocation £108m in 2023-24, and £108m in 2024-25.

An independent evaluation of WHQS (June 2021) states that WHQS has significantly enhanced the quality of Welsh Social Homes since 2002. Ceasing support would mean standards of housing for some of Wales most vulnerable homes would decline and Ministers would be exposed to reputational risk such as that recently featured in England, where the spotlight is focused on homes unfit for habitation.

£108m per annum is spent via Welsh Housing Quality Standard (WHQS) to support social landlords to provide good quality warm social homes, to some of Wales' most vulnerable households. This is 35% of WHQS works to achieve and maintain the standard, the sector put in 65%. Any reduction in funding means landlords would spend more to maintain existing homes to the WHQS standard, compromising their ability to deliver new homes and building safety measures.

The new WHQS standard which is due to go live in 2023, following formal consultation, is a statutory requirement for all social landlords in Wales and it is anticipated that this will incorporate an increased energy efficiency standard and decarbonisation standard.

WHQS2023 will focus on decarbonisation of social housing whilst WG's Optimised Retrofit programme will facilitate testing and learning to inform long term wider retrofit of all homes, across all tenures in Wales. On-going WHQS 2 investment from 2023 together with Optimised Retrofit Programme funding will continue to boost local prosperity through SME growth, and supply chain development.

Dowry contractual arrangements to Large Scale Voluntary Transfers are extant for 30 years in total, with most stock transfer RSLs having 15-20 years remaining on their agreement with WG. Breaching the agreement would risk immediate Judicial Review.

Residential Decarbonisation Revenue allocation of £2.173m in 2023-24, a further £0.5m in 2024-25. Capital allocation £92m in 2023-24, and £92m in 2024-25.

The 1.4m homes in Wales are responsible for 27% of all energy consumed in Wales and 15% of all our demand-side Green House Gas (GHG) emissions. The retrofitting of

these homes is a primary preventative measure as it seeks to improve the energy efficiency of homes to reduce their carbon emissions to help Welsh Ministers to meet legally binding carbon targets, as well as PFG commitment to decarbonise residential homes through retrofitting. Total cost of decarbonising the housing stock based on Welsh School of Architecture (WSA) estimates is circa £15bn, of which more than £10bn is for the social housing stock and for homes in fuel poverty.

Revenue funding will be utilised help support the establishment of a Housing Net Zero Performance hub to provide independent support for the Welsh housing sector. The hub will be run as a 'For Good' business model and:

- bring together expertise in research and development in the fast moving field of decarb;
- provide technical know-how;
- retrofit advice and expertise specific to housing;
- allow access to suitable qualified individuals and SMEs certified to carry out surveys and decarb activity; and,
- act as a learning vehicle to generate data on the schemes supported, in order to share with other organisations. This will help the housing sector across all tenures know what works, and just as importantly - what doesn't.

Revenue funding will be used to help support the development of the decarbonisation agenda for housing and the delivery of the ORP programme. Revenue funding will also be utilised to cover the additional staff costs required to deliver the capital investment arising from the retrofitting homes. Without this funding the PfG deliverables will be not be achieved. Spending significant capital investment needs appropriate skills and oversight to ensure funding activity is in line with highest standards of corporate governance and risk management. It is key that significant capital investment delivers value from the public purse.

In line with the PfG commitment to “**Decarbonise more homes through retrofit, delivering quality jobs, training and innovation using local supply chains**”, revenue funding will accelerate landlords' access to independent support in time for the launch of the new Welsh Housing Quality Standards decarb standard in 2023, thus rapidly increasing the pace of decarbonising the housing sector and retrofitting more homes.

Capital funding will predominantly be used to support the social housing sector, through the Optimised Retrofit Programme, which will facilitate test and learn to inform long term wider retrofit of all homes, across all tenures in Wales including the development of a Building Renovation Passport and then undertaking the measures required to enable the decarbonisation of homes across Wales. Our ambition is to ensure that all social housing landlords participate in this scheme over the next three years so that they can integrate the decarbonisation agenda within their planned maintenance programmes.

The ORP programme will offer gap funding to landlords to help facilitate the decarbonisation of the housing stock. Any reduction in funding contribution is likely to mean delays in steps being taken to tackle the decarbonisation agenda – thereby impacting the timeline for legally binding climate change targets and the PfG commitment to decarbonise more home through retrofitting

The continued grant funding will mean the tools, strategies and foundational economy benefits started in the current ORP programme will continue to be developed and sustained at a level needed to build the opportunities to deliver against the Cabinet's

green economic recovery commitments. Furthermore, without this continuity and growth the business sector, landlords and private owners will face significant difficulty in meeting decarb targets.

Investment in WHQS and optimised retrofit across Wales' housing must be seen against the backdrop of significant benefits to well-being, cost savings in services and local economic growth. Investment in over a million homes this decade has the potential to generate large economic returns as well as reducing our emissions and levels of fuel poverty.

The retrofitting of these homes is a primary preventative measure as it seeks to improve the energy efficiency of homes to reduce their carbon emissions to help Welsh Ministers to meet legally binding carbon targets. Our strategy and investment will prioritise social housing, demonstrating best practice, developing supply chains and skills that will stimulate the market and inform strategy for owner occupied home retrofit programmes. It requires social landlords, their tenants, SMEs, funding bodies and other key stakeholders to work together to achieve mutually beneficial outcomes.

Our investment in Major Repairs and Residential Decarbonisation will support delivery of the Programme for Government commitment to ***“Continue to improve existing homes, helping us tackle fuel poverty, create much needed jobs, training opportunities, and supply chains”***. Investment in Welsh Housing Quality Standards and optimised retrofit across Wales' housing must be seen against the backdrop of significant benefits to well-being, cost savings in services and local economic growth. Investment in over a million homes this decade has the potential to generate large economic returns as well as reducing our emissions and levels of fuel poverty.

Market Housing: National Empty Homes Grant Scheme Capital allocation of £25m in 2023-24, and £25m in 2024-25.

This grant funding will bring up to 2,000 empty homes back into occupation. There are currently 22,140 long term empty properties in Wales (2022-23) This number has remained largely unchanged for the previous 5 years. Through this grant, we want to tackle the difficult empty properties that are persistently empty and not those only temporarily (for example, in a good state of repair and on the market) and therefore properties will need to be empty for a minimum of 12 months to be eligible for the scheme. This work will also contribute to recommendation 9 within the Equalities, Local Government and Communities Committee Report into Empty Properties to review the support it provides for schemes that offer financial assistance to owners of empty properties.

Funding will be available to cover the cost of remedial works to make a property habitable and, in line with our climate commitments, energy efficiency improvements will be a requirement as part of the works undertaken on the property. The funding will be conditional upon the applicant living in the property for a minimum of 5 years.

As empty homes is an area of shared responsibility between Welsh Government and local authorities, in order to participate in the scheme, local authorities will need to provide a financial contribution of 10% of their notional allocations each year.

Whilst this government is committed to social housing, the Minister for Climate Change has been clear that there is a continued need in Wales for market housing, it is crucial to the creation of mixed tenure housing sites in order to achieve truly sustainable communities.

Empty homes are a blight and nuisance on our communities. Not only do they attract anti-social behaviour, pose environmental health problems and contribute to a general decline in their neighbourhoods, but they are also a wasted resource. This is particularly frustrating when housing is in short supply.

Annex A

CLIMATE CHANGE					
RESOURCE BUDGET					
Action	BEL No.	BEL Description	2022-23 Final Budget	2023-24 Draft Budget	2024-25 Indicative Draft Budget
	Total Housing & Regen		237,508	249,648	256,148
Homelessness Prevention	1120	Homelessness	31,147	46,147	51,147
	Total Homelessness Prevention		31,147	46,147	51,147
Independent Living	1100	Housing Policy	6,471	6,471	6,471
	1083	Housing Support Grant	166,763	166,763	166,763
	Total Housing Policy		173,234	173,234	173,234
Achieve Quality Housing	1065	Residential Decarbonisation & Quality	773	2,173	2,673
	Total Achieve Quality Housing		773	2,173	2,673
Building Safety	2255	Building Safety	8,545	6,000	6,500
	Total Building Safety		8,545	6,000	6,500
Increase the Supply and Choice of Affordable Housing	0984	Housing Finance Grant	13,100	13,100	13,100
	Total Increase the Supply and Choice of Affordable Housing		13,100	13,100	13,100
Housing Revenue Funding	1181	Housing Programme Revenue Funding	1,073	173	173

	Total Housing Revenue Funding		1,073	173	173
Land Division	6410	Land Release Fund	2,120	2,150	2,250
	Total Land Division		2,120	2,150	2,250
Regeneration	4151	Regeneration	2,116	1,271	1,671
	4162	Cardiff Harbour Authority	5,400	5,400	5,400
	Total Regeneration		7,516	6,671	7,071

EXTRACT FROM CLIMATE CHANGE MAIN EXPENDITURE GROUP				
CAPITAL BUDGET				
MEG	BEL	2022-23 Final Budget £000's	Changes £000's	New Plans Draft Budget 2023-24 £000's
Climate Change	Rapid Response Adaptation Programme	19,500	0	19,500
	Private Rented Sector (PRS)	500	1,000	1500
	Total Independent Living Action	20,000	1,000	21,000
	Total Housing Policy SPA	20,000	1,000	21,000
	Building Safety	75,000	60,000	135,000
	Total Building Safety Action	75,000	60,000	135,000
	Major Repairs Allowance & Dowry Gap Funding	108,000	0	108,000
	Residential Decarbonisation & Quality	72,000	20,000	92,000
	Total Achieve Quality Housing Action	180,000	20,000	200,000
	Total Housing Safety, Regulations & Standards SPA	255,000	80,000	335,000
	Social Housing Grant	310,000	20,000	330,000
	Land for Housing	0	0	0
	Total Increase the Supply & Choice of Affordable Housing Action	310,000	20,000	330,000

Market Housing	10000	15000	25000
Home Buy	2000	500	2500
Total Increase the Supply & Choice of Market Housing Action	12000	15500	27500
Integrated Care Fund	60,500	0	60,500
Total Integrated Care Fund Action	60,500	0	60,500
Regeneration	20,000	20,000	40,000
Total Regeneration	20,000	20,000	40,000
Total Homes & Places SPA	402,500	55,500	458,000
Land Release fund	20,000	0	20,000
Total Land Division Action	20,000	0	20,000
Total Land Division SPA	20,000	0	20,000
EXTRACT FROM CLIMATE CHANGE MEG	697,500	136,500	834,000
TOTAL CAPITAL BUDGET			

**Budget figures in 22-23 exclude Financial Transaction Capital budgets for comparative purposes*

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**Local Government
and Housing Committee**

Elin Jones MS
Y Llywydd
Chair, Business Committee

8 December 2022

Annwyl Elin,

Legislative consent memoranda

You will be aware that the Local Government and Housing Committee is currently considering legislative consent memoranda (LCMs) in relation to two Bills: the Social Housing (Regulation) Bill and the Levelling-up and Regeneration Bill. We have already considered three other LCMs, as well as a number of supplementary LCMs, during the Sixth Senedd. Whereas our predecessor committee considered a total of six LCMs during the entirety of the Fifth Senedd. As a result, the Committee agreed that I should write to you to raise our concerns at the increased use of UK Bills and the legislative consent convention to legislate in devolved areas, rather than via Senedd legislation. I have previously raised the Committee's concerns to the Legislation, Justice and Constitution Committee and the Welsh Government.

Primary legislation brought forward by Welsh Government allows for full scrutiny by the Senedd.

As Members of the Senedd, it is our responsibility to ensure that all primary legislation relating to devolved areas is thoroughly scrutinised and tested with stakeholders to ensure it meet the needs of the people of Wales. We strongly believe that the short amount of time allocated to the legislative consent process is insufficient to enable us to fully understand the impact of provisions on the lives of people in Wales. We are concerned that legislating in this way could disadvantage people in Wales as they have fewer opportunities to feed their views to those making the legislation and we do not have sufficient time to consult Welsh stakeholders on the provisions.

I am copying this letter to the Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely

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John

John Griffiths MS

Chair, Local Government and Housing Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

John Griffiths MS
Chair of the Local Government and Housing Committee

11 January 2023

Legislative Consent Memoranda

Dear John,

Thank you for your letter of 9 December 2022 drawing the Business Committee's attention to the volume of Legislative Consent Memoranda (LCMs) that your Committee has received so far during the Sixth Senedd.

Business Committee considered the letter on 13 December and noted your concerns on the impact that the recent volume of LCMs has upon the work of committees in general.

The issue of the increased use of UK Bills and the legislative consent convention to legislate in devolved areas has been raised with us by other committees, as well as on the floor of the Senedd. I and other Members of the Business Committee agreed with the concerns expressed in your letter about the impact that the increased use of the LCM process during the Sixth Senedd to date is having on Senedd committees. We also agree that Senedd legislation, brought forward by Welsh Government, is preferable in several respects, not least because it allows for full scrutiny by the Senedd. We also note the short amount of time available for scrutiny of specific LCMs in recent times, and the impact that this also has on the amount of scrutiny that is possible.

At the same meeting that we considered your letter, we agreed to write to the Minister for Rural Affairs and North Wales, and Trefnydd to raise concerns about the extremely

restrictive deadline available for the scrutiny of a specific LCM and will use that letter to stress to the Government the importance of ensuring that LCMs are brought forward in such a way that affords committees with sufficient time for scrutiny prior to the Senedd being asked to decide whether it wishes to provide consent.

I will enclose a copy of this letter to the Legislation, Justice and Constitution Committee who have previously raised similar concerns.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Elin Jones', is positioned above the typed name.

The Rt Hon. Elin Jones MS

Y Llywydd and Chair of the Business Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Agenda Item 3.2

Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

John Griffiths, MS

Committee Chair

Local Government and Housing Committee

13 December 2022

Dear John

I am writing to provide you and the members of the Local Government and Housing Committee with an update on actions being taken forward by Welsh Government, following publication of the Equality, Local Government and Communities Committee's inquiry report on Empty Properties in October 2019.

The Covid-19 pandemic had an inevitable impact on our plans and those of others in this and other areas of work. As a result of restrictions and the redeployment of staff it necessitated us adapting and refocusing our programme and priorities.

I am pleased to say that we were able to adapt in order to maintain focus and deliver key initiatives to support our empty homes/properties agenda. The summary below and the attached annexe with a more detailed breakdown against each recommendation demonstrates that we have made good progress on a number of fronts.

I'm particularly pleased that the support – financial and practical – we are providing to bring empty properties back into use has been continued and developed in line with the Committee's recommendations. Similarly, I would highlight the work we have been doing around the empty property enforcement agenda.

Financial support to bring empty properties into use

Our existing schemes such as Houses into Homes Loans and Transforming Towns Loans continue to deliver. Between them, they have brought around 2,000 residential units into use from empty or derelict properties and sites. At least 330 of these are in town centres.

In order to further build momentum and building on the excellent work of the Valleys Task Force on empty properties, I have committed a budget of £50m over two years to bring up to 2,000 empty homes back into use in the market housing sector. I will have more to say on this exciting development in the new year.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Julie James AS/MS

Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

We continue to support the development of empty properties to provide housing in the social and affordable housing sector.

Local Authorities can use up to 20% of their Social Housing Grant allocation to fund the purchase of existing dwellings by their delivery partners, including empty properties. We have allocated £955m to the Social Housing Grant over three years.

We provided additional bespoke support, worth £11m in 2021-22, to local authorities whose communities are impacted by second home ownership and holiday lets to buy and renovate empty homes for social housing. Further funding of £13.5m was allocated to assist Carmarthenshire and Pembrokeshire local authorities with empty homes purchases and renovations.

We have also introduced the Transitional Accommodation Capital Programme and allocated £65m to social landlords. This includes £12.5m specifically to bring back 420 void properties into use by the end of this financial year (2022-23).

In January 2022, I launched Leasing Scheme Wales. Worth £30million over five years, the scheme will improve access to longer term affordable housing in the private rental sector. Currently empty properties account for over 60% of all properties within the scheme.

Practical support to bring empty properties into use

I recognise the pressures on local authorities in this and other areas of their remit and capacity within local authorities remains an issue. As part of our work with Plaid Cymu, establishing Unnos provides an opportunity to think creatively about how we can provide practical help. As part of this, I am considering funding Empty Homes Officers regionally across Wales to support local authority teams in bringing back empty homes to meaningful use.

I also want to empower communities to take action on their own behalf. In line with our Programme for Government commitment to “support cooperative housing, community-led initiatives, and community land trusts”, we are funding [Cwmpas](#) to provide support to those interested in co-operative or community-led housing. The recommendations of the Local Government and Housing Senedd committee review into Community Assets offer a further opportunity for potential actions to support this agenda.

Enforcement

We have trained around 850 officials and cabinet members/councillors across Wales on how to use enforcement legislation to tackle empty properties. We have also provided specific training on Compulsory Purchase Orders including provision of [guidance](#).

Julie James AS/MS

**Y Gweinidog Newid Hinsawdd
Minister for Climate Change**



**Llywodraeth Cymru
Welsh Government**

All local authorities have produced Empty Property Enforcement Action Plans which each identify at least 10 empty properties for priority action. Our industry expert is providing bespoke advice and hands-on support to local authorities on these properties and others. We are seeing the benefits of these interventions across a range of properties.

To further support local authorities, we have established a £15.2m fund to remove the financial risk of taking enforcement action. This means that, where enforcement action is appropriate, financial concerns should no longer be a reason for not taking that action.

As the Committee is aware from its inquiry, Empty Properties are a multi-faceted problem for which there is no one, single solution. The wide range of actions we have taken and are taking is testament to that. Those actions are making positive contributions, but I recognise that there is further work to do. The announcement I will make in January about a new empty homes grant fund demonstrates that this work continues to be a high priority. The establishment of Unnos offers a further opportunity to consider additional measures to provide enhanced focus and support for this work.

As noted above, my update response to the individual recommendations in the Report is attached in Annex A.

Yours sincerely

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

Julie James AS/MS

**Y Gweinidog Newid Hinsawdd
Minister for Climate Change**

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Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Annex A

Equality, Local Government and Communities Committee Inquiry recommendations – Empty Properties

Minister for Climate Change update letter to the Chair of the Local Government and Housing Committee – December 2022

Recommendation 1.

We recommend that the Welsh Government work with local authorities to develop a national action plan for tackling empty properties that sets priorities and targets to be taken forward, taking account of recommendations in this report. This should include specific objectives and targets for implementation. The action plan should be published by October 2020.

The Covid-19 pandemic necessitated a change of approach, with resource focussed on delivering initiatives and measures which positively impacted the numbers of empty properties. Targeting our finite resources on supporting the delivery of local plans and activity.

Not having a national plan does not equate to not taking action at a national level. As indicated in the letter above and the rest of this response/annexe, we have been and continue to introduce coordinated national initiatives and actions that support local plans to deliver.

We are investing large sums of money into schemes which contribute to reducing numbers of empty properties and providing practical support to local authorities and others to bring empty properties back into use. We're providing further focus on this key issue through relevant Programme for Government commitments and our plans for the development of Unnos as part of the Cooperation Agreement.

We have worked with local authorities to develop action plans for tackling empty properties in their areas. We have provided advice and guidance on the production of these plans. All local authorities have drawn up Empty Property Enforcement Action Plans which have identified over 250 properties in Wales for priority action. We are supporting local authorities to drive those plans forward by providing:

- Bespoke advice and hands-on support on individual properties through our industry expert; and
- Access to a £15.2m fighting fund to de-risk the potential financial impact on local authorities of taking enforcement action.

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We will continue to provide this support and look to enhance it within the arrangements for Unnos as they are developed.

Recommendation 2.

We recommend that the Welsh Government, in its work with local authorities and other partners, should emphasise the importance of community-based approaches to ensure this aspect is prioritised and plans for dealing with empty properties properly reflect the views of communities.

Housing

This work is being taken forward as part of our Programme for Government commitment to “Support cooperative housing, community-led initiatives, and community land trusts”.

Community-led housing has the potential to play a larger role in the provision of housing in Wales. One of the best ways to increase provision is to provide support to those interested in co-operative or community-led housing. Our funding through [Cwmpas](#) is designed to deliver this support. We have increased funding to £180,000 per year for the next three years (2022-25) to support community-led housing groups in Wales.

Encouraging local authorities and other partners to support community-led housing in their areas is one of the key deliverables of the Cwmpas support programme; Communities Creating Homes. Work is ongoing to develop a menu of opportunities to encourage RSL engagement with the community-led housing sector. Cwmpas also intends to arrange a series of briefing sessions with RSLs to dispel myths and encourage further engagement. This work was impacted by COVID-19 however Cwmpas have reported that they are making progress towards this and are engaging with Community Housing Cymru. Cwmpas is working closely with Gwynedd and other partners involved in the Second Homes pilot in Dwyfor, in order to promote community involvement.

Work is also ongoing to allow community-led housing groups access to the Empty Homes Grant – see Recommendation 9.

Communities

We recognise the importance of community assets – green spaces as well as buildings – to the communities they serve. They are the focus for community activity and a vital, local access point for much needed services.

We are providing financial support to help communities take ownership of assets, including empty properties, where this is appropriate. The Community Asset Loan Fund, operated on our behalf by WCVA, provides long term loans to incorporated community groups seeking to purchase community assets.

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Our Community Facilities Programme provides capital grants to help community groups to purchase or improve well used and much needed community assets.

A formal response has been submitted regarding the recommendations of the Local Government and Housing Senedd committee review into Community Assets. Any actions arising from the review will seek to ensure that the community perspective is fully reflected in future policy and guidance on community assets.

Town Centre Regeneration

Audit Wales and Foundational Economy Research Ltd Reports ([Regenerating Town Centres in Wales](#) and [Small Towns, Big Issues](#)) and the subsequent work of the Ministerial Town Centre Delivery Group to consider the issues highlighted have emphasised the importance of community engagement. Transforming Towns guidance and applications for strategic projects and placemaking funding require clear evidence of community engagement.

Further, Transforming Towns funding will only be provided for towns where there is an appropriate Placemaking Plan in place. Placemaking Plans must follow the six principles of the [Placemaking Charter](#) one of which is:

“People and Community: The local community is involved in the development of proposals. The needs, aspirations, health and well-being of all people are considered at the outset. Proposals are shaped to help to meet these needs as well as creating, integrating, protecting and/or enhancing a sense of community and to promote equality.”

Placemaking plans should therefore be led locally to facilitate the involvement of all local actors. It starts with communities and people building on their needs, wants and aspiration, using assets and building local confidence and action, but should also seek opportunities from the private and third sectors to attract inward investment and secure a sustainable future for the town.

Local authorities are vital to this, using their scale and services to deliver, bringing together communities, social enterprises, businesses, charities, and other key local organisations to work together. I recognise the resources pressures faced by local authorities and have allocated a £3m revenue budget over three-years to bolster the capacity of local authorities in the production of placemaking plans and provide them with access to specialists and experts to support delivery.



Recommendation 3.

We recommend that the Welsh Government works with local authorities to understand the impact that having a specific officer with responsibility for empty properties can make. It should work with them to enable this specific role or function to be available to each authority across Wales. The Welsh Government should consider providing resources to support its implementation if necessary. Consideration should be given to whether a dedicated officer could be shared by more than one authority, if appropriate to the scale of the issue locally.

Since February 2020 Welsh Government has provided a bespoke industry expert resource to support LAs and guide their staff through enforcement procedures so that they will learn these skills for future use. This support has included providing training to over 850 LA officers and providing specific bespoke advice on over 150 properties.

An evaluation of this work is due to take place in 2022-23, involving local authorities (which will also look at progress with implementing local authorities' Empty Property Enforcement Action Plans) and the outcome of that evaluation will inform future approaches.

As part of the Welsh Government response to the reports on town centres by Audit Wales and Foundational Economy Research Ltd Reports ([Regenerating Town Centres in Wales](#) and [Small Towns, Big Issues](#)), we are actively exploring how we can provide national support and expertise at a national level.

As part of our discussions with Plaid Cymru to explore the role of Unnos, we are actively considering proposals to employ Empty Homes Officers regionally across Wales. These officers would have the specific remit of supporting bringing empty homes back into meaningful use and be able to provide practical assistance to local authority teams.

Welsh Government has increased the ability of local authorities to charge a premium on empty homes. Local authorities can use/ring-fence premiums to strengthen their enforcement teams/work.

There are examples of good practice in terms of prioritising work on empty homes/properties. Caerphilly local authority identified that dedicated staff were required in order to move forward with their enforcement agenda. Funding of £275,000 was set aside to create an empty homes team on a fixed term basis for 2 years to deliver the work programme associated with Welsh Government's empty property enforcement agenda.

Since establishing the team, the Council has been able to be proactive in relation to empty homes, submitting its action plan to Welsh Government and making good progress in delivering the stated actions. The team has already made a significant impact on the situation in Caerphilly Borough. Visits have been made to the properties

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to risk assess them leading to a better understanding of issues with empty homes. The team are actively progressing three enforced sales cases and have been successful in

assisting with the processing of a high number of Valleys Task Force Empty Homes grants. The team has produced an Empty Property Pack and developed an Empty Homes Strategy which has been published for consultation.

Recommendation 4.

We recommend that the Welsh Government works with the WLGA to update Public Accountability Measure/013 to measure the success of bringing back into use properties that have been empty for 12 months rather than the current 6 months.

Following representations from Welsh Government, Data Cymru included this proposal in their 2020-21 consultation on national performance measures for local government in Wales.

However, since then Public Accountability Measures (PAMs), as a set of national performance measures, no longer exist (which means LAs are no longer collecting PAM/013). The decision was taken on the back of the introduction of the new Local Government and Elections Bill, which requires local authorities to monitor their performance via a corporate, organisational self-assessment, rather than an assessment of individual services (although understanding how services are performing is an important part of the picture).

While the approach they take to self-assessment is for the local authorities to determine, there is recognition that having access to comparable data to inform the self-assessment is useful. For this reason, Data Cymru are working with local authority colleagues to establish a corporate performance dataset. The dataset will be a resource for Welsh councils. The aim is to identify, source and share data to help councils understand, at a strategic level, how they are performing and how this performance compares to other councils. There will be a broader range of data (framed around a series of themes) than in previous performance frameworks to allow users to interrogate and better understand their performance. For instance, as well as more traditional outcome related data (measures), Data Cymru will be looking to include context data, resource data and other quality measures.

Housing is one of the themes. To date Data Cymru have focused on identifying and bringing together the data that already exists, but the next steps are to look at the gaps and how they might be 'filled' (again with the local authorities). One of the gaps is around empty homes, but Data Cymru have no specific plans yet about what/how that might be taken forward.

In the meantime, therefore, my officials are in discussion with Data Cymru and the WLGA with a view to undertaking a bespoke data collection exercise. The intention

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would be to collect from local authorities the information that used to be collected for PAM/013 and to do so using a 12 month threshold (as recommended by the Committee) as well as a 6 month one as was previously the case. This will require the

identification of properties which have been empty based on thresholds of 6 months and 12 months.

The ability to charge a premium on empty homes is already set at the 12 month mark rather than 6 months.

Recommendation 5.

We recommend that the Welsh Government works with the WLGA and the Valuation Office Agency to develop a method of gathering data on empty properties which is not solely reliant on the council tax valuation list in order to include derelict and non-residential properties in PAM/013.

As noted in Recommendation 4 above, PAMs, as a set of national performance measures, no longer exist.

We are therefore taking forward this recommendation through the Welsh Government's Programme for Government commitment: "Support the development of a register of empty buildings and help small businesses move into vacant shops".

There is much existing good practice on which we can build. For example, Business Wales has established a Property Database for commercial land and property, available for sale and rent throughout Wales: [Property Database | Business Wales \(gov.wales\)](#). The database enables searches to be made of property by local authority area and by category e.g. retail and hospitality. There are also examples of good practice in this regard in local authorities such as Bridgend: [Bridgend Town Centre Property database](#). Bridgend C.B. Council has also commissioned an Empty Commercial Properties Survey which will include the collation of data and establishing baseline data sets, street surveys and photographs, and the development of an action plan.

We will continue to explore options within our wider Transforming Towns programme to encourage/facilitate other local authorities to adopt best practice. We will liaise with local authorities, Business Improvement Districts and others to establish and roll out the most effective means of collecting/collating information on town centre empty commercial properties.

We are working with the Valuation Office to understand their data set and attain values.

Recommendation 6.

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We recommend that the Welsh Government, Welsh Local Government Association and local authorities explore and identify the most effective way of establishing a regional or national source of legal expertise for empty property teams to access, and include a date for the implementation of this in the action plan on empty properties we have recommended.

Since February 2020, Welsh Government has provided a bespoke industry expert resource to support LAs and guide their staff through enforcement procedures so that they will learn these skills for future use. The industry expert has already provided advice/support on over 150 properties.

Informal/anecdotal feedback from local authorities has been universally positive, but we will be evaluating the effectiveness of this arrangement in order to inform the approach for the future. This evaluation will feed into wider considerations of how best to continue to provide support at a national level in the future.

We are exploring options within our wider Transforming Towns programme on how we can provide support and expertise at a national level. This will include consideration of whether the functions associated with the industry expert's work fit best within this national support framework or within the plans we are developing for Unnos.

Recommendation 7.

We recommend that the Welsh Government works with the WLGA to undertake a review of the current statutory enforcement powers available to local authorities to tackle empty properties and assess how these could be used more effectively, consolidated, simplified or extended. The review should include an assessment of the proposal to introduce a Compulsory Sales Order process in Scotland, and whether such an approach would be suitable in Wales. The scope of the review should also include how the Welsh Government can indemnify the costs of enforcement action taken by local authorities.

In terms of indemnifying the cost of enforcement action, we have established a Transforming Towns Empty Property Enforcement Fund to de-risk enforcement action for local authorities. This **£15.2m** fund means that local authorities can take enforcement action without fear of losing out financially. Originally this funding was only available for town centre properties but, following representations by local authorities, I have decided to extend the scope to include empty residential properties wherever they may be.

The Welsh Government remains committed to removing barriers to the use of enforcement powers and improving confidence and understanding of the relevant processes. One such example is the compulsory purchase process.

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In response to calls for more support to be provided to public authorities, in March 2021 we published a [Compulsory Purchase Order \(CPO\) Manual](#). The CPO Manual was developed in partnership with expert specialist services from Clarke Willmott LLP.

The CPO Manual supplements national planning policy on use of compulsory purchase powers contained in [Planning Policy Wales \(Edition 11, 2021\)](#), [Future Wales: The National Plan 2040](#) and the high-level guidance contained in [Circular 003/2019: Compulsory Purchase in Wales and 'The Criche Down Rules \(Wales Version 2020\)'](#)

In March 2022 we held a dissemination event for stakeholders to learn more about the contents of the CPO Manual together with how it can be used in practice to take forward a CPO.

We also intend to introduce streamlined CPO inquiry rules and written representations procedures.

More widely we continue to look for opportunities to make existing legislation more effective. One means of doing this is by increasing the level of fines applicable for non-compliance.

Increasing the level of fine associated with the non-compliance of a section 215 notice under the Town and Country Planning Act 1990 is currently being considered as part of the Law Commission for England and Wales' final report into [Planning Law in Wales](#) and wider work to inform and deliver a Planning Consolidation Bill, which has been announced by the Government for delivery as part of its [programme to improve the accessibility of Welsh law](#) during this Senedd term.

Similarly, we are considering the most appropriate mechanism to make amendments to the fine associated with the relevant sections of the Building Act 1984.

A formal response has been submitted regarding the recommendations of the Local Government & Housing Senedd committee review and report on [Community Assets](#). This response includes specific responses to the recommendations (10 & 15) which focus on potential legislative changes.

Wider consideration of legislative change that would facilitate enforcement will be informed by:

- the evaluation of the work of the industry expert;
- feedback from local authorities and the WLGA;
- a review of local authorities' success in implementing their Empty Property Enforcement Action Plans.

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Despite being first recommended in 2014, the introduction of a Compulsory Sales Order (CSO) process has still not yet gone ahead in Scotland. Amongst the issues and challenges is the need to make sure that any proposal is compatible with the European Convention on Human Rights.

Recommendation 8.

We recommend that the Welsh Government presses ahead with its proposed training for local authority officers and members on the enforcement options available to assist them in tackling empty properties, and updates the Assembly on progress in delivering the sessions by Easter 2020.

The pandemic had a major effect on the schedule for delivering the enforcement training. Nevertheless, training has now been offered to and undertaken by cabinet members and relevant officers in all local authorities. In total over 850 individuals have received the training. The final training session was held on 15 February 2022 but the vast majority of local authorities had completed their training by spring/summer 2021. The feedback from the sessions was overwhelmingly positive and we will look to assess its impact as part of the evaluation of the package of support provided through our industry expert.

Our industry expert continues to provide support and guidance to progress individual properties thereby developing the expertise of local authority colleagues.

Recommendation 9.

We recommend that the Welsh Government and WLGA regularly reviews the support it provides for schemes that offer financial assistance to owners of empty properties. This should assess the effectiveness of existing schemes, with a view to developing flexible funding solutions that are sensitive to local needs in the future.

In its report, the Committee noted (para 137, page 50) that there could be merit in rolling the Valleys Task Force Empty Homes Grant pilot out across Wales. In reviewing the success of the pilot, and similar schemes in Gwynedd and Ynys Môn, I have decided to apply that approach nationally. As such I will shortly be launching an All Wales Empty Homes Grant Scheme for which we have committed up to £50m over the next two years to bring up to 2,000 empty homes back into use. The scheme will be delivered through local authorities and we have liaised closely with them in developing it. We have engaged individually with local authorities and also via a working group with representatives from 12 of the 22 authorities.

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Work is also ongoing to explore how allow community-led housing groups could access the Grant.

Beyond the Empty Homes Grant there is a range of other relevant funding options for tackling empty properties which we keep under regular review:

Leasing Scheme Wales was launched in January 2022, it is a key Programme for Government commitment, worth £30million over five years. The scheme will improve

access to longer term affordable housing in the private rental sector, delivering security for tenants and confidence for landlords. Empty properties can be brought onto the

LSW according to the same terms and conditions as any other property. Empty properties will be eligible for up to £25K grant to bring the property up to the agreed standard and/or to increase the EPC rating to a C.

Currently, fifteen local authorities have signed up to offering the scheme. Indicative targets for year one reflect 74 properties and local authorities are on track to delivery this. Currently empty properties account for over 60% of all properties within the scheme.

The project board has representation from the WLGA and local authorities work closely with Welsh Government to improve the scheme through an advisory group.

Our Property Loans ('Houses into Homes' and 'Home Improvement Loans') continue to support landlords and owners to bring empty properties into use. In total, more than 1,600 residential units have been created and a further 1,300 occupied properties have been improved. The scheme is regularly reviewed in conjunction with local authorities via six-monthly monitoring and consideration at Loans Networks meetings.

Transforming Towns Loans (formerly known as Town Centre Loans) are aimed at bringing empty properties in town centres back into use. The scheme has delivered/is delivering 100 projects worth £100m across Wales, bringing over 500 residential (330) and commercial (174) units into use in town centres from previously empty or underused properties and sites. We will make a further £25m of loan funding available over the next three years. The scheme is regularly reviewed in conjunction with local authorities via six-monthly monitoring and consideration at Loans Networks meetings.

The Transforming Towns Placemaking Grant, introduced in 2021-22 is a flexible grant scheme which provides a broad and flexible package of support aimed at revitalising town centres throughout Wales. Amongst the eligible interventions are the creation of Residential Units in Town Centres and Commercial Property Improvements to enhance building frontages and upgrade **vacant** commercial floor space to bring it back into beneficial business use. The grant is available to commercial building occupiers and owners within town centres. As an example, the Lion Yard project in Brecon received

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support of £115,000 to redevelop a property to provide ground floor retail units and 2 residential flats.

Recommendation 10.

We recommend that the Welsh Government works with the housing association sector to better understand the projects it has in place to return empty properties to use as affordable housing. The findings should be shared as examples of good practice with other social landlords. The Welsh Government should also consider

the potential for similar schemes to be rolled out across Wales and, where necessary, allocate resources to enable this to happen.

Housing

The Transitional Accommodation Capital Programme (TACP) has been introduced to increase accommodation capacity in response to the significant numbers of people experiencing homelessness, living in temporary accommodation in Wales and the need to increase the supply of suitable and good quality transitional accommodation as part of the Welsh response to the Ukraine crisis.

£65m has been allocated to social landlords under this programme, which includes

- £12.5m to bring back 420 void properties into use by the end of this financial year;
- £12.5m for 200 modular homes; and
- £40m for 396 properties which includes a mixture of demolition and newbuild, remodelling and conversion schemes which we expect to be completed over the next 12-18 months.

Social landlords are also able to submit applications up to the end of this financial year for property purchases from the open market.

Although the prime purpose of the Social Housing Grant (SHG), worth £955m over three years, is to fund the development of new social housing, local authorities can use up to 20% of their allocation to fund the purchase of existing dwellings by their delivery partners, including empty properties. My officials have ensured that this is a standing item for discussion at SHG Programme Delivery Plan review meetings at regional and individual LA level. This will enable them to continue to keep abreast of existing or emerging good practice and share this as appropriate.

Land/property – provision of direct support to local authorities

In 2021-2, we awarded £11m from the Land and Buildings Development Fund to local authorities whose communities are impacted by second home ownership and holiday lets to buy and renovate empty homes for social housing. Additionally, £8.5m was awarded to Pembrokeshire for the purchase and refurbishment of 46 empty ex Ministry

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of Defence homes, and Carmarthenshire was awarded £5m for the purchase of homes for social rent to accelerate its social home provision for families in need.

Town Centre Regeneration

We will continue to support town centre housing as part of our Transforming Towns programme. Our Transforming Towns Loans (formerly known as Town Centre Loans) can be and have been used by RSLs to provide housing from empty properties. As an example, in the Vale of Glamorgan, a £1m loan was provided to Newydd Housing Association to redevelop a vacant site to create nine affordable flats (six two-bedroom

and three one-bedroom). In Powys a loan of £270k was provided for the RSL to convert the former Newtown Magistrates Court into 7 affordable domestic units.

Recommendation 11.

We recommend that the Welsh Government clarifies the legal position around local authorities sharing information relating to empty properties and provide guidance. This should include viable alternatives if local authorities are restricted in what they can share due to the General Data Protection Regulations.

HM Land Registry is responsible for maintaining records of registered properties and information on ownership is publicly available from them. Some 85% of properties in England and Wales are registered.

Existing powers under section 85 of the Local Government Act 2003 allow property details (address, owners name, and contact information) obtained from council tax to be shared within the local authority to:

- identify vacant dwellings;
- take steps to bring vacant dwellings back into use.

There is no similar explicit provision in relation to commercial properties. Neither is there any explicit provision disallowing local authorities from sharing information on empty commercial properties internally.

Data Protection is a non-devolved area and, as such, Welsh Government has no jurisdiction over local authorities in this field. In the absence of definitive advice on this matter from the Information Commissioner, it remains a matter for each individual local authority to judge what is permissible under the relevant legislation. We are aware that some local authorities are actively looking into this issue. In order to try to progress matters more widely and to explore if a consensus can be reached, my officials have tabled this for discussion at a forthcoming meeting of the Local Authority Data

Protection Officers group. Meetings are attended by all local authorities and the Information Commissioner's Office.

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In terms of local authorities sharing information on empty properties externally, in the context of Freedom of Information requests specifically, the First Tier Tribunal has ruled that information could not be released if the owner was an individual but could be released if the owner was a Limited Company, an RSL an LA or a Charity. One of the key factors appears to be concern about empty properties being targeted by squatters or criminals. Relevant cases include:

- London Borough of Bexley Vs Information Commissioner (IC) - [London Borough of Bexley v Information Commissioner](#) (EA/2006/0060 & 0066). Copy of decision [APPEAL NO: EA/2006/0060 & 0066 \(tribunals.gov.uk\)](#)
- London Borough of Camden Vs Mr Yiannis Voyias(IC) Case No. EA/2011/0007 - [Voyias v IC & London Borough of Camden \(Freedom of Information Act 2000\) | \[2011\] UKFTT EA 2011 0007 \(GRC\) 2011 | First-tier Tribunal \(General Regulatory Chamber\) | Judgment | Law | CaseMine](#)

Recommendation 12.

We recommend that the Welsh Government explores the possibility of ring-fencing revenue collected by local authorities through the council tax premium on empty homes, to be used specifically for housing purposes. The Welsh Government should report back to the Assembly on its findings.

Rejected - It is a key feature of the legislative framework for local government finance that all council tax income, together with the funding provided through the annual local government settlement, forms part of the unhypothecated resources available to authorities. Local authorities are responsible for setting their own revenue budgets, and in turn council tax levels, and for deciding how these resources are used to meet local needs and priorities. They have consistently reinforced their wish to have the maximum flexibility in the use of these resources. However, authorities have been encouraged to use the additional income they receive from council tax premiums to address local housing supply issues.

Recommendation 13.

We recommend that the Welsh Government and WLGA undertake an exercise to assess whether people are taking action to avoid paying the council tax premium, including by changing a property to self-catering accommodation or by claiming that a family member has moved into an empty property to receive a single person discount. Should the exercise demonstrate a significant increase in such practices, further steps should be taken to prevent the avoidance of council tax premiums.

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No evidence has been provided to support the assumptions that people are taking action to avoid paying the council tax premium. The Valuation Office Agency conduct a rolling programme to check that self-catering properties on the non-domestic rating list meet the criteria in place at the time of assessment. Local authorities are responsible for maintaining records of empty properties and have inspectors to carry out the appropriate checks.

Nine authorities currently apply a premium to both long-term empty properties and second homes. A further three charge a premium for long-term empty properties in

their area. It is estimated that premiums have enabled relevant councils to collect over £90 million in additional council tax to help fund essential services in the local area.

As part of the three-pronged approach to address issues of affordability and the impact of second homes and holiday lets on some communities we consulted on local authorities' powers to apply council tax premiums and the criteria for defining self-catering accommodation as non-domestic property. As a result the maximum level at which local authorities can set council tax premiums on second homes and long-term empty properties has been increased to 300%, effective from 1 April 2023.

The Welsh Government have also increased the minimum number of days a self-catering property is required to be made available to let, from 140 to 252, and actually let, from 70 to 182, within any 12-month period from financial years 1 April 2023 onwards. This will ensure that a property will only be classed as non-domestic if they are used for business purposes for the majority of the year. If they are let on a less frequent basis, they will be liable for council tax.

Our Service Level Agreement with the Valuation Office Agency includes a requirement to monitor and report to the Welsh Government on movements between the NDR and council tax lists.



Rebecca Evans MS, Minister for Finance and Local Government

cc. Mark Drakeford MS, First Minister

23 December 2022

Dear Minister,

We are writing to you regarding the Draft Budget documents you published on 13th December. On page 33 of your [Draft Budget narrative document](#), you reference key statistics about the impact of low pay and the cost-of-living crisis on frontline homelessness and housing support staff:

“A report published by Cymorth Cymru in September 2022 highlights the impact of the cost of living crisis on frontline homelessness and housing support workers in Wales. It shows 44% of people are struggling to pay bills, 11% are struggling to pay rent and 7% have started using food banks.”

Despite this evidence, the Draft Budget does not include anything to alleviate the financial pressures facing these key workers, many of whom are paid below the Real Living Wage due to the lack of any meaningful pay increase for a decade. You have talked about your commitment to paying key workers the Real Living Wage, and have made funding available in the Draft Budget to enable health and social care staff to receive this. However, the cash-flat settlement for the Housing Support Grant means this will just not be possible for staff in critical homelessness and housing support services, which are also commissioned by local authorities.

Your Draft Budget narrative document also references the Well-being of Future Generations (Wales) Act, yet the decision not to increase the Housing Support Grant (HSG) is not in line with the Act's focus on prevention. Research has demonstrated that HSG services play a huge role in preventing people from needing homelessness, health and care services and prevent people from interacting with the criminal justice system, delivering a net saving of £1.40 for every £1 invested by the Welsh Government. The lack of additional funding for the HSG also ignores, rather than balances, both short-term and long-term needs, such as the significant numbers of people in temporary accommodation who need support now, as well as in the future to move into and retain permanent homes in the long term.

We represent nearly 90 organisations providing homelessness and housing support services, and their reaction to the budget has been one of anger and devastation. They know how hard life has become for their frontline staff and how difficult it is to recruit and retain staff under these conditions. They believed that the evidence referenced in your Draft Budget narrative document and your commitment to Fair Work would result in the desperately needed increase to the Housing Support Grant. Especially after two and half years of working in very risky conditions during the pandemic and supporting the significant numbers of people currently experiencing or at risk of homelessness.

Local authority commissioners of these services told us this week that the absence of any increase to the HSG means they will need to choose between cutting service capacity in order to afford a wage rise for frontline staff, or retaining service capacity and continuing to lose staff. This isn't a choice at all, particularly with the huge number of people at risk of homelessness, in temporary accommodation and in need of support. Service providers have talked about being unable to afford to deliver contracts or having to reduce the number of people they can support at a time when homelessness and housing support services are more important than ever.

We are incredibly concerned about the impact of this and would like to understand what kind of impact assessment has been undertaken in advance of determining that the HSG would receive no increase.

We realise that the decisions you are having to make are anything but easy, but we urge you to reconsider increasing the Housing Support Grant in your final budget.

Yours sincerely,



Katie Dalton
Director
Cymorth Cymru



Stuart Ropke
Chief Executive
Community Housing Cymru

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Agenda Item 9

By virtue of paragraph(s) vi of Standing Order 17.42

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