

## **Agenda – Local Government and Housing Committee**

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Meeting Venue:

**Committee Room 5**

Meeting date: 8 March 2023

Meeting time: 08.45

For further information contact:

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Committee Clerk

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### **Pre-meeting (08.45 – 09.00)**

#### **1 Introductions, apologies, substitutions and declarations of interest**

#### **2 The Right to Adequate Housing – evidence session 1**

(09.00 – 10.30)

(Pages 1 – 29)

Matthew Dicks, Director, CIH Cymru

Ruth Power, Chief Executive Officer, Shelter Cymru

Alicja Zalesinska, Chief Executive, Tai Pawb

### **Break (10.30 – 10.45)**

#### **3 The Right to Adequate Housing – evidence session 2**

(10.45 – 11.45)

(Pages 30 – 59)

Lawrence Newland, Director, Alma Economics

Maria Liapi, Senior Economist, Alma Economics

#### **4 Papers to note**

(Page 60)

##### **4.1 Letter from the Minister for Finance and Local Government in relation to Corporate Joint Committees**

(Pages 61 – 63)



- 4.2 Letter from the Chair of the Children, Young People and Education Committee in relation to housing issues facing birth parents and care leavers**  
(Pages 64 – 66)
- 4.3 Response from the Welsh Government to the report on the Welsh Government Draft Budget 2023–24**  
(Pages 67 – 97)
- 5 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting**
- 6 Consideration of the evidence received under items 2 and 3**  
(11.45 – 12.00)
- 7 Consideration of the draft report on Housing Ukrainian refugees**  
(12.00 – 12.30) (Pages 98 – 108)

Document is Restricted

*Consultation Response to a Short Inquiry on*

## **THE RIGHT TO ADEQUATE HOUSING IN WALES**

Local Government and Housing Committee | March 2023

**Submitted jointly by 'Back the Bill' partners Tai Pawb, CIH Cymru and Shelter Cymru**



*This response is submitted jointly by the ‘**Back the Bill – the right to a good home**’ coalition partners, namely Tai Pawb, CIH Cymru and Shelter Cymru. ‘We’ and ‘our’ refers to the partner organisations.*

This response has the support of the following organisations:

Diverse Cymru

Pobl Housing Group

Blaenau Gwent County Borough Council

We warmly welcome the committee’s interest in a right to adequate housing in Wales through launching this short inquiry. We have used this opportunity to provide a background on the campaign’s journey to date, Our submission takes account of and will refer in large measure to the three substantial reports we have commissioned to date:

**The Right to Adequate Housing: feasibility study, June 2019**

- [Executive summary](#)
- [Full report](#)

**The Right to Adequate Housing: evidence base, December 2021**

- [Executive summary \(English\)](#)
- [Executive summary \(Cymraeg\)](#)
- [Full report \(English\)](#)
- [Full report \(Cymraeg\)](#)

**The Right to Adequate Housing: cost-benefit analysis, July 2022**

- [Full report \(English\)](#)
- [Full report \(Cymraeg\)](#)

## RIGHT TO ADEQUATE HOUSING – AT A GLANCE

- Senedd Cymru has the competency to incorporate a right to adequate housing in Welsh law, as per the International Covenant on Economic, Social and Cultural Rights (ICESCR)
- There are different models for incorporating the covenant; a joint model of both direct and indirect incorporation would create the strongest basis for accountability and transform the human rights treaty into domestic law. Individuals are also able to seek justice
- Under the concept of 'progressive realisation', the full right is realised over time where central funding and concerted action drives additional (suitable) housing supply and ending of homelessness
- The legislation via the proposed Draft Bill would create a legally binding commitment for Welsh Government to use 'maximum available resource'. It is for Ministers to justify what that level of resource is – the more resource, the greater and better the supply and the quicker the right can be fully realised
- International examples of a right adequate housing in domestic law demonstrate both opportunities and lessons. Wales can lead the way in its approach to housing as a human right
- Evidence shows that poor quality housing, or a lack of access to housing at all, has significant impacts on individuals as well as the public purse, particularly in health, education and general life chances
- A right to adequate housing represents a significant 'invest to save' opportunity – our cost-benefit analysis finds that Welsh Government would save £11.5bn across a range of public policy areas
- The co-operation agreement between Welsh Labour and Plaid Cymru commits to publishing a White Paper on a right to adequate housing and fair rents
- A right to adequate housing recognises the myriad issues resulting from the housing crisis, helping to tackle key issues such as homelessness, affordability, suitability of accommodation and security of tenure
- Incorporating a right to adequate housing in Welsh law would represent a generational shift in the importance we place on housing as a policy area but, importantly, as a key driver of health and well-being
- **We argue fundamentally that everyone in Wales deserves the right to a home that is safe and secure, that is suitable for their needs and that they can afford.**

## BACKGROUND

A human rights-based approach to public policy has long been discussed and advocated in Wales. To better support the concept incorporation of the Right to Adequate Housing, as set out in ICESCR (International Covenant on Economic, Social and Cultural Rights) ("the Covenant"), into Welsh law, Tai Pawb, CIH Cymru and Shelter Cymru became 'Back the Bill' partners in early 2019.

The campaign began officially some 18 months following the tragedy at Grenfell Tower in London. In our view, that tragedy has come to represent how we have failed people in most need in our society – those in need of that most basic of human requirements: a safe place to call home.

Reflecting specifically on the tragedy at Grenfell, Geraldine Van Bueren QC, Professor of International Human Rights Law in Queen Mary, University of London and Visiting Fellow, Kellogg College, Oxford, said:

*“If there had been a right to adequate housing in the United Kingdom, the government and the local authority would have had a legal duty to consider seriously, and in a timely manner, the safety concerns raised by the Grenfell Tower residents, before the conditions became life-threatening” -*

Moreover, during the COVID-19 pandemic - whereby the fundamental message from governments the globe over was ‘stay at home’ - a further spotlight was shone on our understanding of the concept of a home. It made an assumption that people had/have suitable and sustainable accommodation, the financial means to stay at home or even a home at all – the reality in too many cases is/was very different.

Leilani Farha, former UN Special Rapporteur on adequate housing, wrote in The Guardian in April 2020:

*“It has taken a deadly global pandemic to shake governments to the core and trigger an understanding that having a safe home might be central to human survival.”*

This bleak portrait of the housing crisis is the basis for the fundamental conversation that we need to have as a nation. At the core of any solution to the housing crisis must be nationwide commitment to the fundamental principle that every one of us has a human right, underpinned by law, to access adequate and sustainable housing. Central to a positive transformation of the housing landscape in Wales must be that concept of a ‘home’ for everyone that is safe and secure, is suitable for their needs and that they can afford – ultimately helping to end homelessness altogether and ensuring that the housing system is fit for purpose. Further, a rights-based approach will change the paradigm through which housing is viewed as a key driver (and determinant) of better health, well-being, education, economic activity and general life chances, ultimately ensuring it attracts greater policy attention and investment.

## **Housing and inequality in Wales**

Based on research by Shelter Cymru, one in three people in Wales lives in unsafe or unaffordable housing.<sup>1</sup> The pandemic highlighted these inequalities in the housing sector as lockdowns led to people in Wales spending prolonged amounts of time at home. During this period, some citizens spent time in houses of good quality with plenty of living space, others lived in overcrowded, poor-quality housing conditions, while other individuals experienced homelessness.

Based on a survey by Shelter Cymru (2020), during lockdown 32% of households lived in houses with hazards, including damp, mould and electrical hazards, as well as leaking roofs or windows. Rising housing costs, the reduced size of the social rented sector and the growth of private renting have contributed to increasing housing inequalities (UK Collaborative Centre for Housing Evidence, 2021). In September 2021, it was estimated that there were around 130 rough sleepers in Wales, while around 7,000 were in temporary accommodation.<sup>2</sup> (This doesn’t take account of ‘hidden homelessness’ for example where individuals are not recognised by the existing system as being in need of accommodation).

The pandemic highlighted the existing inequalities for some population groups in accessing adequate housing. One of those groups are Black, Asian and Minority Ethnic people who are disproportionately likely to live in overcrowded houses and have a higher risk of

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<sup>1</sup> ITV, 2021. “‘Shocking’ new figures demonstrate scale of housing crisis in Wales amidst calls for immediate Welsh Government action”. Available at: <https://www.itv.com/news/wales/2021-05-26/shocking-new-figures-demonstrate-scale-of-housing-crisis-in-wales-amidst-calls-for-immediate-welsh-government-action>

<sup>2</sup> StatsWales, September 2021. “Homelessness accommodation provision and rough sleeping”. Available at: <https://gov.wales/homelessnessaccommodation-provision-and-rough-sleeping-september-2021>

homelessness. Refugees, migrants and asylum seekers also face housing inequalities including difficulties accessing adequate housing due to racism, discrimination, inequality or structural factors. Individuals from the LGBTQ+ community are four times more likely to be in homelessness compared to their peers. Another population group facing housing inequality are disabled people who need to live in accessible houses that support their safety and independence in daily living. Evidence suggests that 26% of people in Wales have some form of impairment and more than 10% have a mobility impairment. The numbers of older people with physical impairments is estimated to rise by 50% between 2015 and 2035 (Auditor General for Wales 2018) but they are faced with Hidden Housing Crisis (EHRC, 2019) – shortage of accessible housing and inadequate adaptation and allocation system. Housing and homelessness are also gendered issues impacted by the persistent gender income gap, gender differences in caring responsibilities and women’s experiences of domestic violence and other forms of harassment, abuse and exploitation, including ‘sex for rent’ (WEN Wales, 2021).

### **The cost of inadequate housing in Wales**

Poor housing conditions and homelessness can have adverse effects on individuals’ physical and mental health, increasing use of the NHS, worsening self-reported health and reducing life expectancy. In a 2019 report, Public Health Wales estimated that poor housing costs the health service in Wales £95m per year. Housing Support services in Wales generate an estimated gross saving of £300.4m. When taking into consideration the annual spend of the HSG in Wales, this equates to an estimated net saving of £176.7m (Fury, Montes, Taylor, 2020).

Living in inadequate or unaffordable housing is associated with poor educational outcomes for children. Households with access to affordable housing have more available income that can be used for nutrition, further helping children to perform better at school.

There is evidence that improving housing adequacy is associated with higher levels of productivity and economic activity. A lack of affordable and adequate housing is associated with increased contacts with the criminal justice system. Inadequate homes tend to not be energy efficient, resulting in greater emissions of greenhouse gases and low levels of thermal comfort. Nicol et al. (2019) explored a case study example<sup>3</sup> focusing on the costs and benefits of improving a Welsh dwelling with an energy efficiency score of 21. Home improvements would include loft insulation, installation of double glazing and improvement of the heating system, which would result in increasing the energy efficiency score of the building to 57. Additionally, the CO2 emissions of the dwelling and the annual fuel cost would decrease by 53% and 49%, respectively.

### **PUBLIC OPINION & STAKEHOLDER ENGAGEMENT**

A 2020 You Gov poll on behalf of the Chartered Institute of Housing (CIH) Cymru<sup>4</sup> of around 1,000 individuals in Wales found that 77% of people were in favour of the introduction of a legal right to housing and 83% supported that the government should be responsible for ensuring everyone has access to a decent home.

On publication of our Draft Bill at the same time as the poll, [key signatories](#) – from across the housing community, elected representatives and commissioners, academics and charity and third sector leaders – backed the call to introduce a right to adequate housing. To date, we have more than 60 signatories representing a variety of organisations.

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<sup>3</sup> <https://phw.nhs.wales/news/the-cost-of-poor-housing-in-wales/the-full-cost-of-poor-housing-in-wales/>

<sup>4</sup> <https://www.cih.org/news/three-quarters-support-legal-right-to-housing-in-wales>



Our reports and the Draft Bill are available on Tai Pawb's [website](#) where supporters can also sign up to 'back the Bill'.

Partners have held discussions with a range of stakeholders including Welsh Government, NHS Confederation Wales, Community Housing Cymru, Welsh Local Government Association, individual housing providers and local authorities and a number of housing and equalities-based organisations.

We intend to continue stakeholder engagement, notwithstanding the Green and White Paper consultations.

## **JOURNEY TO DATE**

In June 2019, Back the Bill partners, together with [Dr Simon Hoffman](#) of Swansea University, published a report entitled "[The Right to Adequate Housing in Wales: Feasibility Study](#)", which outlined why and how the right could be fully incorporated into Welsh law based on ICESCR. This study outlines a roadmap with various options.

## **Human rights, incorporation and enforcement**

Human rights protect individuals and social groups from unjustifiable interference from the state and guarantees everyone a basic level of entitlement in vital areas of public service provision – including housing. The United Kingdom (UK) is party to seven United Nations (UN) human rights treaties. These include the Covenant on Economic, Social and Cultural Rights (CESCR) which guarantees rights to social conditions such as employment and decent working conditions, health and social care, social insurance, education, and an adequate standard of living. The CESCR also guarantees the right to adequate housing.

A number of UN-established treaty monitoring bodies, which monitor international compliance with human rights treaties, made recommendations to incorporate human rights treaties in national laws. Incorporation can be direct, indirect or sectoral (referred to below).

## **Why and how Wales should incorporate into law**

The UN Committee on Economic Social and Cultural Rights, responsible for monitoring the right to housing internationally, commented on the '*persistent critical situation*' of housing in the UK and consistently recommended incorporation of international social rights including housing. Wales, as other devolved nations, is experiencing high levels of homelessness, an increase in rough sleeping, a shortage of affordable housing, severe lack of suitably adapted and accessible accommodation for disabled people, lack of security of tenure and issues with substandard accommodation.

UK government welfare policy, which is non-devolved, will have a direct impact on how people experience the right to adequate housing in Wales. However, housing is a devolved matter and Welsh Government has a crucial role to ensure (as far as possible) that the right to adequate housing is respected, protected and fulfilled in Wales. Welsh Government has already taken action that is consistent with the right to adequate housing, for example, through increased homelessness prevention duties, duties to provide Gypsy and Traveller accommodation and promotion of Housing First approaches to tackle homelessness. Our report demonstrates that this is not sufficient however to meet the standards required by the right to adequate housing.

The loss of rights guaranteed by the Charter of Fundamental Rights of the European Union following Brexit has given new impetus to calls for further incorporation of human rights in Wales. Social rights are the human rights that relate most closely to the competences of the

Senedd and the Welsh Government, with potential to provide a guiding framework for the conduct of policy and legislation in devolved areas. Importantly, although Senedd Cymru doesn't have competency to enter international human rights treaties (this is done at a UK level), it *DOES* have the power to observe and implement them, including the ICESCR and the right to adequate housing. It is an option available to Ministers to introduce legislation for enactment by the Senedd Cymru for the purpose of giving effect to (observing and implementing) human rights treaties to which the UK is already a State party, to include the ICESCR or the right to adequate housing as a distinct right.

When considering how best to implement human rights in Wales, the feasibility study considers three options of incorporation – indirect via due regard duty (Option A), direct via compliance duty (Option B) or the adoption of a dual approach. Option A and B both offer distinct advantages but also challenges. Combining both into a dual approach would offer both advantages – a strong proactive framework for policy making and strong enforcement if the right to housing is breached.

Model A can promote a proactive approach to the right to adequate housing in policy development (including legislation). Where this is insufficient to ensure right-compliant implementation of housing policy Model B could be deployed to provide redress for individuals or groups adversely affected. It's also important to recognise that any future legislation on the right to housing wouldn't sit in isolation from other policy platforms. Indeed, it would serve to enhance and widen existing provisions under, for example, the Human Rights Act 1998 and legislation such as the Rights of Children and Young Persons (Wales) Measure, Equality Act 2010, Social Services and Well-being Act and the Well-being of Future Generations Act.

Internationally, there is evidence as to the impact of incorporation of social and housing rights, although it is difficult to source evidence of direct impact. This is because the extent to which the right is realised depends on numerous factors, including the resources available to government, social attitudes, historical disadvantage, political prioritisation etc. International and Wales-based evidence quoted by this report however, concludes that incorporation is accompanied by significant benefits. These include: opportunities for strategic and structural litigation to ensure better compliance with rights, as well as increase in the status of rights and subsequent recognition of rights in policy and legislation. In Finland, where housing is a human right guaranteed in constitution, homelessness is defined and perceived as a violation of a fundamental right. This led to the development of highly successful 'housing first' model (and significant reduction in homelessness).

To further support the principle of incorporating the right to housing into Welsh law, our feasibility study also analyses the potential positive impact that incorporating the right to adequate housing could have on some of the key housing issues of the day. Apart from greater consideration of housing at a cross-policy level, incorporation could help us tackle issues such as homelessness, increasing the security of tenure, increasing the provision of accessible housing, enabling young people to access affordable housing and ensuring tenants' voices are heard.

### **Progressive realisation**

The right to adequate housing is an international human right. It is set out in Article 11(1) of the ICESCR which reads as follows: *'The States Parties to the present Covenant recognise the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this*

*right, recognizing to this effect the essential importance of international co-operation based on free consent.*

The right to housing is accompanied by a general obligation to respect, protect and fulfil the right. The right to housing may be *fulfilled progressively, over time*. This means that the government is required to *make progress towards the fullest possible realisation of the right through the application of maximum available resources*. This is called *progressive realisation*. [Progressive realisation](#) means that governments have a specific and continuing obligation “to move as expeditiously and effectively as possible” towards the full and wider realization of the right.

ICESCR also immediately prohibits discrimination and requires the provision of at least a minimum core level of enjoyment of the right to housing, avoiding homelessness, destitution and degrading treatment via provision of shelter

## **DRAFT BILL**

Working closely with Dr Simon Hoffman – as the author of our original feasibility report – in December 2020 we published a Draft Bill ([English](#) / [Cymraeg](#)) as a method of demonstrating what could be achieved in legislation. *It is important to recognise that the Bill is in draft and we are continually seeking views of stakeholders.*

In its current form, the Draft Bill for the right to adequate housing would create a legislative framework to help address some of the key issues of the day:

*Homelessness*: ensuring we build on some of the measures taken during the COVID-19 crisis, including maximising investment in social housing and support

*Security of tenure*: strengthening the position of Welsh Government in its rights-based approach, better balancing the rights of tenants to live in security with those of private landlords

*Accessible housing*: ensuring proper consideration of disabled people’s rights in a housing context, giving them a voice to have those rights recognised and, if needed, enforced

*Black, Asian and minority ethnic people, young people and other minority or disadvantaged groups’ access to affordable housing*: where local authorities would need to consider the needs of particularly disadvantaged groups in the development of local strategies and the supply of affordable homes

*Resource*: will push housing up the policy priority list and in turn ensure increased focus of resource and investment, tackling the chronic under-supply of housing as well as support services

In Part 3, the Draft Bill allows for redress – as referenced above – by indirect and direct incorporation: a strong, proactive framework for policy making and strong enforcement if the right to housing is breached.

## **EVIDENCE BASE - LESSONS AND OPPORTUNITIES**

In 2021, we commissioned Alma Economics to independently undertake two phases of research. In December of that year, we published a [report](#) which laid out an international evidence base on incorporation of the right to adequate housing.

This fundamental human right is incorporated in legislation in countries such as South Africa and Canada and in the constitutions of other countries such as Finland. More recently,

Scotland has been taking steps toward introducing this right in national legislation to ensure its progressive realisation and enforcement. Scotland is currently in the process of drafting a Bill which will, amongst others, provide for the right to housing.

### **International examples of incorporation**

Our report referred specifically to:

*South Africa*, where the right is justiciable but there is little investment in housing supply.

*Canada*, where there is a focus on governance and where legislation has created three accountability bodies. However, despite progressive realisation, the right is not yet justiciable – although citizens can access other mechanisms to ensure their right. The system in Canada is unique and relatively ‘new’, therefore effectiveness to date is difficult to judge.

*Finland*, where significant progress is being made. The right to housing, alongside other economic, social and cultural rights, is part of the Finnish Constitution. Economic, social and cultural rights are enacted through laws, which are assessed beforehand by the Constitutional Law Committee of Parliament before they are passed and are considered justiciable by the courts. Finland has also adopted the Housing First model, an international exemplar that focusses on ensuring homeless people have access to housing and is based on the theory that any other issues would be addressed once housing is obtained. This has been implemented in Finland in the form of national programmes and those programmes have been effective in reducing long-term homelessness.

Reference is also made to *Scotland*, which has a statutorily enforceable entitlement to housing and is taking steps toward introducing an enforceable right to adequate housing in its legislation, through direct incorporation of the Covenant. Scotland’s success in reducing homelessness depends on government investment and social housing supply. The Scottish case highlights that, to fulfil a housing related right, it is essential to combine a legally enforceable right with broad political commitment to ensure that this right is fulfilled under difficult budgetary conditions?.

### **Lessons for Wales**

The evidence from the above report highlighted that political commitment to provide quality housing through policy-making (particularly to encourage supply) can help towards the progressive realisation of the right to adequate housing. International case studies provide valuable lessons for implementing the right to adequate housing in Wales, particularly relating to: (i) progressive realisation; (ii) governance, and (iii) housing supply.

- i. Progressive realisation.* Moving to fulfilling a universal right to adequate housing is an aim that cannot be realised immediately given available resources. This is true for Wales now and was true also for all case studies at the point when those countries introduced forms of the right to adequate housing. “Progressive realisation” is the idea that governments should make continual progress toward the full realisation of a human right, taking deliberate steps both immediately and in future. This is the feasible path for countries introducing the right to adequate housing. Finland leads the way in providing a roadmap for progressive realisation. Since the right to adequate housing was introduced in their constitution 21 years ago, there has been a continual but gradual improvement with significant increases in housing supply and putting Finland on track to end homelessness by 2027.

- ii. *Governance.* Mechanisms are key to progressive realisation of the right to adequate housing and there are lessons to learn on governance from various jurisdictions: • In Finland, economic, social and cultural rights are enacted through laws, which are assessed beforehand by the Constitutional Law Committee of Parliament before they are passed and are considered justiciable by the courts. This includes policy changes affecting the right to adequate housing. • In Canada, alongside the introduction of the right to adequate housing, three accountability bodies were introduced to monitor, promote and protect the right. The Canadian model is unique; however, it is recent, and we could not identify evidence on its effectiveness. • The absence of suitable governance mechanisms is key to the lower rates of progress made in France and Spain. A structure in which new law-making does not cause reductions in the right to adequate housing is key to ensuring progressive realisation.
- iii. *Housing supply.* Increasing housing supply and improving the adequacy of the existing stock are key to progressive realisation. This is the key driver in the difference between the highly successful outcomes that Finland has achieved over time relative to countries such as South Africa, which have similar levels of legal ambition coupled with lower levels of resources to increase the stock of adequate housing, primarily due to South Africa being a less economically developed country. To achieve these improvements in housing supply and the adequacy of the existing stock, new investment is required. This could come from the private and the public sector.

### **The opportunity for Wales**

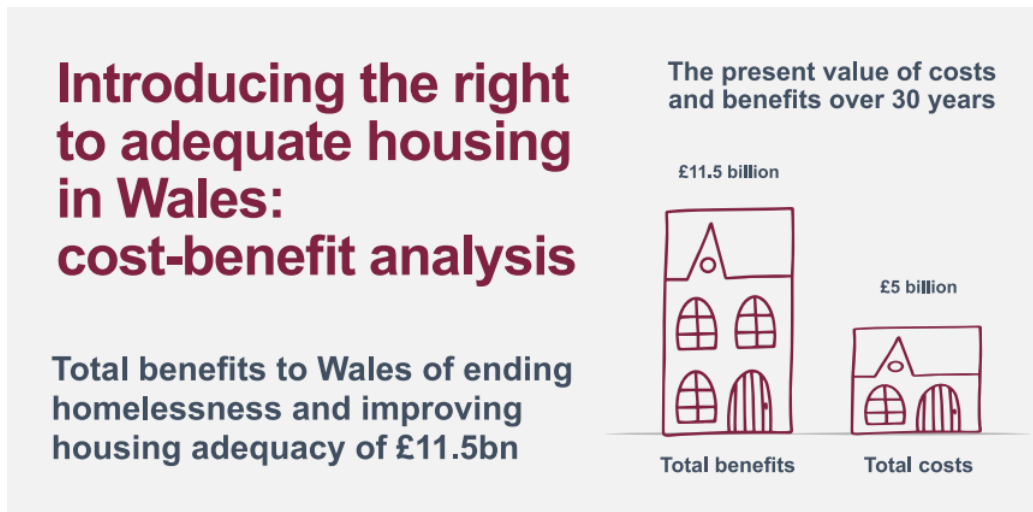
The right to adequate housing is fundamental in the International Covenant on Economic, Social and Cultural Rights. With progressive realisation over time, introducing this right in Wales would lead to continual progress toward addressing housing inequality in Wales and ending the costs to households and public services that come from living in inadequate housing. Whilst most of the case study countries have gone further than Wales at this point in terms of the ambition of their law-making and announced intentions for further law-making, there are weaknesses in all the case studies. This provides an opportunity for Wales to use lessons learnt to become an international exemplar in establishing and realising the right to adequate housing. *The Draft Bill proposed by the Back the Bill campaign would create a stronger justiciable right than has been established in any of the case study countries with clear governance for driving progressive realisation*, including the introduction of housing impact assessments for new law and policy-making with direct or indirect impact on housing (including budgetary allocations) and regular progress reports to be brought to the Senedd.

### **COST-BENEFITS**

We commissioned Alma Economics to independently undertake a second phase of research, namely a cost-benefit analysis of introducing a right to adequate housing in Wales. We [published](#) the research on its conclusion in July 2022. This section of the consultation refers largely to Alma Economics' findings from its executive summary (at the beginning of its report). The greater detail follows on in the same report.

### **Key findings**

Alma Economics identified benefits to the public purse worth £11.5bn against overall costs of £5bn over a 30-year period. It is projected that those benefits could start to outweigh costs after just six years.



For every £1 spent on the right to adequate housing, the paper highlights £2.30 in benefits (and each of the categories referenced below are explored in greater detail in the report). It will:

- save **£5.5bn** in improved well-being;
- save **£2bn** from local council budgets;
- save **£1bn** for the NHS; (likely an under-estimate and in addition to savings derived from existing Welsh Government housing-based policies)
- save **£1bn** for the criminal justice system; and
- generate **£1bn** in additional economic activity;

One of the main assumptions is that the right to adequate housing (RTAH) is progressively realised over a 10-year period, meaning that new policies are introduced over 10 years to support people to access adequate housing. However, in practice, the progressive realisation of the RTAH might take more or less time to achieve. This means that the costs and benefits of introducing the RTAH will materialise at a slower or faster rate, but the ratio of benefits to costs would not be expected to change substantially (and is inflation adjusted).

Although the RTAH is progressively realised over and fully implemented in 10 years, the impact of the costs and benefits of introducing the RTAH stretch over 30 years. The model estimates costs as well as tangible and intangible benefits compared to a 'business as usual' scenario, that is, a scenario in which the RTAH is never introduced. On the other hand, if Wales was hypothetically and fully on the path toward universal adequate housing under current policies, introducing the RTAH would not generate any additional costs or benefits, instead it would only reinforce the commitment to achieving adequate housing for everyone in the country.

### **One scenario for taking forward a right to adequate housing in Wales**

The RTAH is not a set of all the fully specified actions and policies required to move toward universal adequate housing, but is instead a high-level legal commitment to moving in this direction. For the report we commissioned, the analysis focuses on a *specific scenario* for

progressive realisation of the RTAH. *This path represents one out of many potential paths* and is used to demonstrate the costs and benefits of introducing the RTAH in Wales, however this right is to be implemented. Throughout the report, the authors discuss where specific assumptions feeding into the analysis could be changed without materially changing the conclusions of the report.

Based on latest evidence, under current policies, *Wales has been on a path toward achieving significant improvements in housing adequacy*. Announced policies, such as decarbonisation policies and potential changes in Welsh Housing Quality Standards, will improve habitability by improving thermal comfort of properties, reducing energy bills, increasing the physical security of buildings and reducing the prevalence of damp. However, there is still more to do, particularly on policies relating to other aspects of universal adequate housing, such as homelessness policies, and some areas of adequacy, such as adapting the housing stock for an ageing population and meeting specific needs. In our model, we assume that this 'room for improvement' will be addressed by introducing the RTAH, resulting in ending homelessness and adapting every house to residents' needs.

The scenario we developed points to the overall benefits that the RTAH will bring considering all costs and benefits to "society", including both the public and private sectors. However, it does not pre-empt the Welsh Government's policy choices on how to achieve these benefits. The costs and benefits we estimated would broadly generalise to apply to a range of scenarios for how the RTAH might be realised.

### **Costs of introducing the right to adequate housing in Wales**

The model includes costs relating to homebuilding, securing suitable accommodation for homeless households, such as through deposit payments or rent arrears payments, as well as rents paid. The model also assume that all households exiting homelessness will continue receiving housing support to maintain their accommodation. Alma Economics also take into account the costs of adapting houses to residents' needs. All figures in the modelling, including all estimates of benefits which are discussed in the following subsection, were inflation-adjusted and represent constant 2025 (real) values. If inflation is higher or lower than expected, real prices remain unaffected.

### **Benefits of introducing the right to adequate housing in Wales**

The key findings suggest that the specific scenario modelled for progressive realisation of the RTAH in Welsh law would generate socio-economic benefits that *significantly outweigh the costs*. Incurring costs of £5 billion for the RTAH to be progressively realised over ten years is expected to generate £11.5 billion in economic and social benefits over a 30-year period. The discounted net present value (i.e., discounted total benefits minus discounted total costs) is equal to £6.5 billion, and the Benefit-Cost Ratio (BCR) is equal to 2.3, meaning that each £1 of spending to provide adequate housing in Wales would generate around £2.30 in benefits. This is additional to significant benefits already included in the business-as-usual scenario of only pursuing policies that have already been announced. Under the business-as-usual scenario, assuming that all people in Wales will live in a house of EPC rating A by 2050, we estimate that decarbonisation policies will generate health and wellbeing benefits of over £30 billion. The benefits of the introduction of the RTAH will be additional to the benefits generated by policies to tackle the climate emergency, in particular supporting and boosting the decarbonisation agenda.

Figure 1 below shows the present value of costs and benefits generated over a 30-year period following the introduction of the RTAH in Year 1. Most costs relating to homebuilding and housing adaptations are generated over Year 1 to Year 10. Homebuilding continues

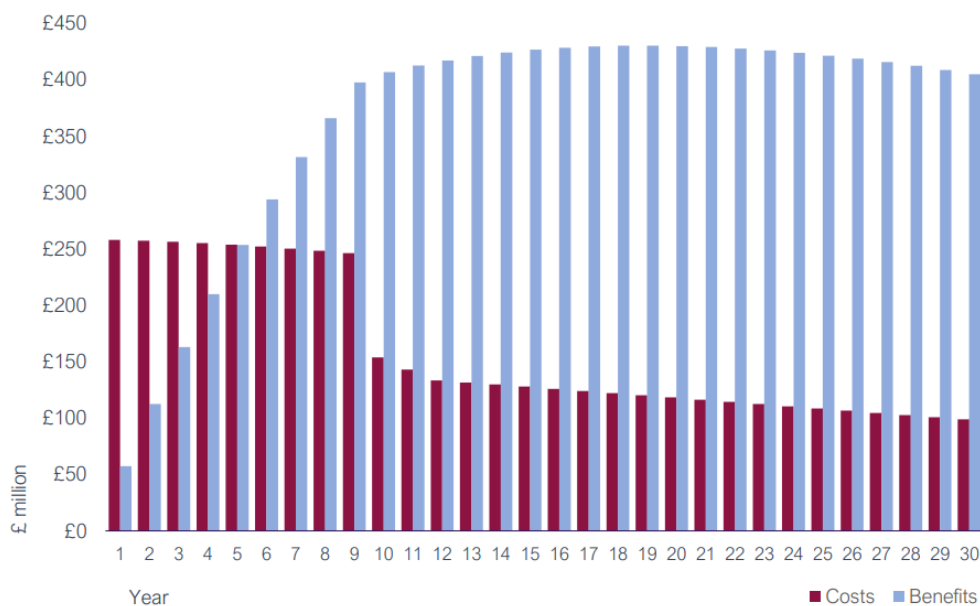
from Year 10 until Year 30, as we assume that after Year 10 there are 500 newly homeless households per year which are supported to rapidly exit homelessness by being provided with newly built houses (this is in addition to the 20,000 homes to which Welsh Government has already committed in this Senedd term). Other costs relating to the provision of housing support to households exiting homelessness, rents and costs of securing suitable accommodation continue until Year 30. Benefits, including savings to the public and private sector as well as wellbeing gains, start materialising from Year 1, during which a proportion of homeless households exit homelessness and housing stock begins to be adapted at a faster rate than under current policies. In year 6 and beyond, benefits start outweighing the costs. This means that before Year 10, the year in which the RTAH will be fully realised, the introduction of the RTAH will generate more benefits than costs. The sum of the present value of costs and benefits depicted in the figure below is equal to £5 billion and £11.5 billion, respectively.

The scenario for progressive realisation of the RTAH in Wales is also expected to generate some offsetting fiscal benefits. Based on findings from Phase 1, ending homelessness and making housing adaptations can generate around £1 billion in cost savings for NHS Wales over a 30-year period due to reduced use of drug and alcohol treatment and reduced need for mental health services, as well as benefits due to a reduction in accidents in the home. The introduction of the RTAH in Wales will support current plans toward a Healthier Wales and contribute to putting NHS Wales onto a sustainable path. Supporting homeless households to move out of unemployment could generate additional economic output of around £900 million over 30 years. Regarding cost savings to the criminal justice system, the report estimates that around £1.3 billion could be saved. Additionally, access to adequate housing can lead to reduced crime, thus fewer victims of crime and enhanced community safety (Alma Economics, 2021). Due to a lack of quantitative evidence, the study also qualitatively discusses the expected positive impacts of housing adequacy on educational outcomes, using the evidence base described in our Phase 1 report.

The model also includes benefits for local authorities due to reduced use of homelessness services, which are estimated to be around £2 billion. The report also considers the improved wellbeing of households due to moving from homelessness into secure housing as well as due to reduced housing hazards as a result of housing adaptations (£5.5 billion). The model also includes the rental value of newly built houses, which is estimated to be around £1 billion.



Figure 1. Present value of costs and benefits of the RTAH over 30 years



On health and well-being, for example, the report projects that the improved quality and suitability of homes would lead to less hospital admissions; equally, with a gradual increase in the number of suitable homes available, there would be less reliance on council and other homelessness support services, resulting in further savings to the public purse.

In their report, Alma Economics further highlight ways in which the proposed legislation would support important priorities for the Welsh Government and the people of Wales, such as decarbonising the housing stock across Wales by 2050 and providing homes suitable for an ageing population. Additionally, a right to adequate housing would drive action to tackle inequalities by reducing overcrowding and better supporting disabled people to access homes that meet their needs.

## ROAD TO IMPLEMENTATION

In November 2021, Welsh Labour and Plaid Cymru announced a three-year [co-operation agreement](#) across 46 areas of public policy. The agreement contains reference to a right to adequate housing:

***Property and Fair Rents** – Publish a White Paper to include proposals for a right to adequate housing, the role a system of fair rents (rent control) could have in making the private rental market affordable for local people on local incomes and new approaches to making homes affordable.*

Back the Bill partners [warmly welcomed](#) the commitment at the time it was published and have since worked constructively with Welsh Government and other organisations in preparing the ground by way of sharing evidence and expertise.

As at February 2023, a Green Paper is shortly due for publication, later to be followed by a White Paper. We look forward to engaging with Welsh Government and other interested parties on both.

## CONCLUSION

Wales, as the rest of the UK, is in the midst of one of the deepest and far-reaching housing crises that we have seen in modern times: a crisis which is having a profound impact on the very fabric of our society – from homelessness and temporary accommodation to poor quality and unsuitable housing conditions.

As a society, therefore, how much of a priority do we want to place on housing in order to ensure universal access to that most basic of human rights - a safe, secure and affordable place that we can call home. We believe that at the core of any solution to the housing crisis must be a national commitment to the fundamental principle that every one of us should have a human right, underpinned by law, to access adequate and sustainable housing. We need a vision and a legal framework that would help us shift the paradigm of the way housing is understood – namely as being central to the dignity of every person. A big part of that process should be, in our view, embedding into Welsh legislation, the Right to Adequate Housing as outlined in ICESCR (International Covenant on Economic, Social and Cultural Rights). We believe that the report makes for a compelling case for the incorporation of the Right to Adequate Housing into Welsh law, whilst also clearly setting out the route map for how we get there. (Former UN Special Rapporteur on adequate housing, Leilani Farha, clearly outlined this when she [spoke](#) at Tai Pawb's annual conference in 2021).

We believe that our feasibility study, evidence base and cost-benefit analysis make a compelling case for the incorporation of the Right to Adequate Housing as set out in ICESCR (International Covenant on Economic, Social and Cultural Rights) (“the Covenant”) into Welsh law, whilst also clearly setting out the route map for how we get there. This is a call to action for us all to fundamentally re-think the value we place on social and all housing, and the role that simple bricks and mortar must play in acting as a starting point for any form of community, economic and social regeneration.

Introducing a right to adequate housing in Wales doesn't just support housing policy, it amplifies it – from the recently implemented Renting Homes (Wales) Act to the planned legislation to end homelessness, or the decarbonisation agenda and retro-fitting standards agenda – underpinning them with a rights-based approach.

We argue that a legal right to housing is one of the biggest gifts we could give to future generations.

In the words of former Future Generations Commissioner, Sophie Howe:

*“Affordable, safe, connected, energy-efficient homes help keep people well, and a right to housing in law would help us meet the goals set by our unique Well-being of Future Generations Act, preventing homelessness, lowering the cost of running a home, taking action on the climate emergency and allowing us to plan better for looking after people in old age.”*

The evidence base we have collated and published is a clear demonstration of the power of positive change. Equally, we recognise that Wales is already on a positive journey in this area. However, we know that poor quality housing has negative impacts on the quality of an individual's health and life chances as well as a variety of other knock-on (costly) effects on areas of public policy.

The case studies show that introducing a legal right to adequate housing in legislation is a necessary condition to ensure a progressively realised and enforceable right to adequate housing - something Wales is yet to introduce. The Draft Bill we have proposed would create a stronger right than has been established in any of the case study countries, with a clear

drive for realising the full right over time. This would include the introduction of housing impact assessments, for example, and regular progress reports before the Senedd.

The moral argument of a right to adequate housing, in our view, is won – and now, complete with the cost-benefit analysis, we believe an ‘invest to save’ model can transform the Wales of the future.

We recognise that a right to adequate housing cannot happen overnight. Rather, using both the concept of progressive realisation and the basis of our Draft Bill to inform the Cooperation Agreement’s commitment to a White Paper on a right to adequate housing, we can shape a uniquely ‘Welsh way’ forward; ensuring, over time, that everyone in Wales can have the right to a good home.

Surely, everyone in Wales deserves a home that is safe and secure, that is suitable to their needs and one that they can afford.

*If not now, then when? And if not us, who?*

-

### **Supplementary supporting statement from Pobl Housing Group:**

*We are very supportive of the principle of incorporating a right to housing into Welsh law. If the right to adequate housing is adopted into law and truly influences all parts of the housing system we have the opportunity in Wales to deliver real and lasting change and deal with some of the most difficult challenges of our time including homelessness.*

*At the heart of the housing crisis in Wales is the lack of supply – it is so important to understand how the system (including planning policy, housing standards, legislation and guidance) that shapes how homes are funded and built really delivers for the people of Wales. The delivery of new homes is very complex and increasingly more bureaucratic and expensive. This complexity is well intended but does mean that we consistently fall short in-house building targets. Until we solve and unpick these very difficult issues we will not be able to realise our ambitions of ensuring adequate housing for all.*

*It is really important that the right to adequate housing being incorporated into Welsh law provides an opportunity to understand how our housing system works and considers how we can reduce complexity and bureaucracy in a way that protects standards but delivers more homes.*

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### **ABOUT THE PARTNER ORGANISATIONS**

**Tai Pawb** works to advance equality and social justice in housing in Wales. We imagine a Wales where everyone has the right to a good home | [www.taipawb.org](http://www.taipawb.org)

**CIH Cymru** supports housing professionals to create a future in which everyone has a place to call home. We’re the professional body for people who work in housing, the independent voice for housing and the home of professional standards | [www.cih.org](http://www.cih.org)

**Shelter Cymru** exists to defend the right to a safe home. We help thousands of people each year in Wales by offering free, independent advice | [www.sheltercymru.org](http://www.sheltercymru.org)

# The right to adequate housing in Wales: cost-benefit analysis

An independent research report by Alma Economics

Commissioned by Tai Pawb, the Chartered Institute of Housing Cymru and Shelter Cymru

September 2022



### About the authors



Alma Economics combines unparalleled analytical expertise with the ability to communicate complex ideas clearly.

[www.almaeconomics.com](http://www.almaeconomics.com)

### About the commissioning organisations



Tai Pawb works to advance equality and social justice in housing in Wales. We imagine a Wales where everyone has the right to a good home.

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CIH Cymru supports housing professionals to create a future in which everyone has a place to call home. We're the professional body for people who work in housing, the independent voice for housing and the home of professional standards.

[www.cih.org](http://www.cih.org)



Shelter Cymru exists to defend the right to a safe home. We help thousands of people each year in Wales by offering free, independent advice.

[www.sheltercymru.org.uk](http://www.sheltercymru.org.uk)

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# Executive summary

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## The right to adequate housing (RTAH)

The right to adequate housing (RTAH) is a fundamental human right derived from the right to an adequate standard of living, as defined in the International Covenant on Economic, Social and Cultural Rights. This human right is incorporated in legislation in countries such as South Africa and Canada and in the constitutions of others, such as Finland. Currently, Scotland is in the process of implementing the right to adequate housing. In November 2021, the Co-operation Agreement between the Welsh Government and Plaid Cymru committed the Welsh Government to publishing a White Paper on proposals for introducing the RTAH in Wales.<sup>1</sup>

The RTAH in Wales modelled in this report would incorporate the following obligations, which accompany all human rights: (i) respect: refraining from policies or legislation which might burden access to the right; (ii) protect: preventing third parties from violating the right; (iii) fulfil: ensuring the right is upheld through strategies and plans that aim to improve housing conditions or access to housing; (iv) progressive realisation: the government taking actions to uphold the right and assessing the extent to which the government has complied with its obligation; (v) non-discrimination: prohibiting discrimination on race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status; (vi) minimum core: the basic level of the right which should be secured to protect people's dignity. Focusing on progressive realisation, this element of the RTAH is key to recognising that universal adequate housing can only be achieved gradually over time. Introducing the RTAH commits the government to continued policy effort and progress toward the full realisation of the human right over time, taking deliberate steps both immediately and in the future.

The key components of the RTAH are:

- (i) legal security of tenure: ensuring legal protection against arbitrary eviction, harassment and other threats;
- (ii) availability of services, materials, facilities and infrastructure: facilities necessary for health, security, comfort and nutrition (e.g., access to safe drinking water, energy for cooking, heating and lighting);
- (iii) affordability: the housing costs are at such a level that does not compromise a household's ability to attain other basic life needs;
- (iv) habitability: guaranteeing adequate space and protection from cold, damp, heat, rain, wind or other threats to health, structural hazards and disease;
- (v) accessibility: considering the needs of disadvantaged groups;
- (vi) location: easy access to services (employment, healthcare, schools, childcare centres and other social facilities);
- (vii) cultural adequacy: enabling expression of cultural identity.<sup>2</sup>

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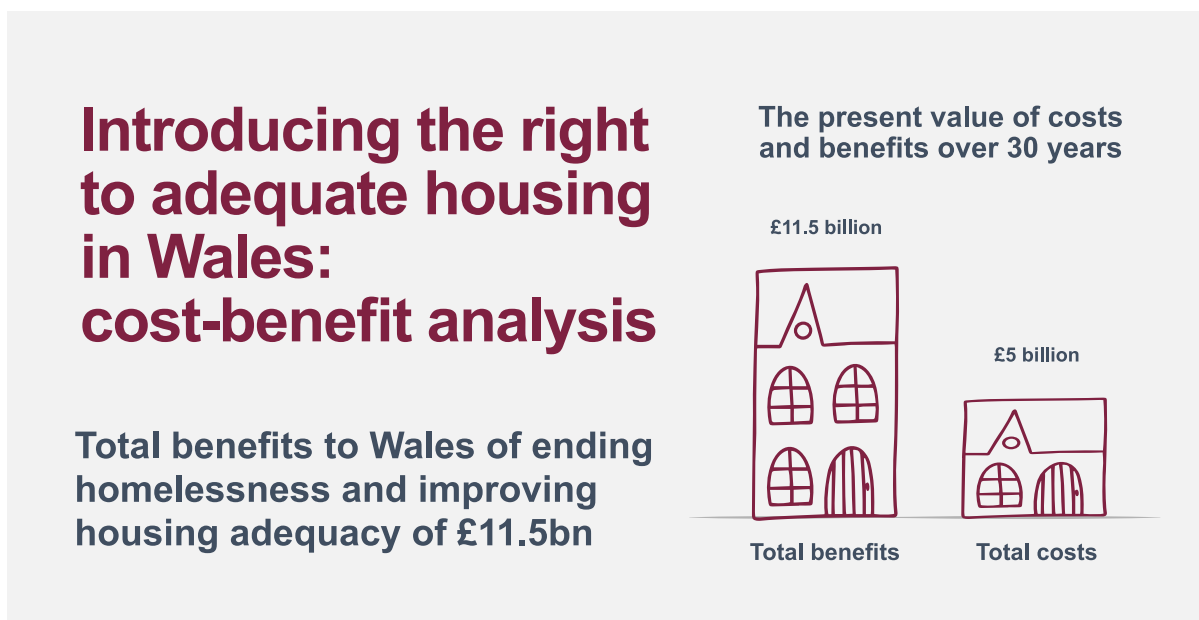
<sup>1</sup> The Co-operation Agreement, Welsh Government, 2021. Available at: <https://gov.wales/sites/default/files/publications/2021-11/cooperation-agreement-2021.pdf>

<sup>2</sup> Hoffman, 2019. "The Right To Adequate Housing In Wales: Feasibility Report". Tai Pawb, CIH Cymru, Shelter Cymru. Available at: <https://sheltercymru.org.uk/wp-content/uploads/2019/07/RightToHousing-Full-ENG.pdf>

## Cost-benefit analysis of the RTAH in Wales

Alma Economics was commissioned by Tai Pawb, the Chartered Institute of Housing (CIH) Cymru and Shelter Cymru as part of the Back the Bill campaign to explore the costs and benefits of progressively introducing the RTAH in Wales. This research is the second part of a two-phased project and builds on the findings from the first phase that focused on (i) evidence on the impact of safe, secure, affordable and adequate housing on key outcomes such as health, wellbeing, productivity and crime, and (ii) case studies of introducing similar rights to housing and policies in other countries, including cases in Finland, New Zealand, Scotland, Canada, France, Spain and South Africa.<sup>3</sup> The findings in the Phase 1 report concluded that, whilst most of the case study countries have already gone further than Wales in terms of their passed legislation and future law-making ambitions, there were areas for improvement in all the case studies. This provides an opportunity for Wales to use lessons learnt to become an international exemplar in establishing and realising the RTAH.

In this study, building on the available evidence and discussions with sector experts, we developed a cost-benefit analysis (CBA)<sup>4</sup> framework that links the costs of introducing the RTAH in Wales to the socio-economic benefits flowing from this intervention. Our approach is based on standard practice outlined in HM Treasury guidance on policy appraisal, which is the relevant CBA guidance followed by the Welsh Government.<sup>5</sup>



One of our main assumptions is that the RTAH is progressively realised over a 10-year period, meaning that new policies are introduced over 10 years to support people to access adequate housing. However, in practice, the progressive realisation of the RTAH might take more or less time to achieve.

<sup>3</sup> Alma Economics, 2021. "The right to adequate housing in Wales: the evidence base". Tai Pawb, CIH Cymru, Shelter Cymru. Available at: <https://sheltercymru.org.uk/wp-content/uploads/2022/01/Alma-Economics-Back-the-Bill-Phase-1-Full-Report.pdf>

<sup>4</sup> Also known as "impact assessment" or "regulatory impact assessment".

<sup>5</sup> HM Treasury. "The Green Book – Central Government Guidance on Appraisal and Evaluation". Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)



This means that the costs and benefits of introducing the RTAH will materialise at a slower or faster rate, but the ratio of benefits to costs would not be expected to change substantially.

Although the RTAH is progressively realised over and fully implemented in 10 years, the impact of the costs and benefits of introducing the RTAH stretch over 30 years. Our model estimates costs as well as tangible and intangible benefits compared to a ‘business as usual’ scenario, that is, a scenario in which the RTAH is never introduced. On the other hand, if Wales was hypothetically and fully on the path toward universal adequate housing under current policies, introducing the RTAH would not generate any additional costs or benefits, instead it would only reinforce the commitment to achieving adequate housing for everyone in the country.

## **One scenario of introducing the RTAH in Wales**

The RTAH is not a set of all the fully specified actions and policies required to move toward universal adequate housing, but is instead a high-level legal commitment to moving in this direction. As a tool, however, cost-benefit analysis requires more detail on the specific path that is taken. For this report, the analysis focuses on a specific scenario for progressive realisation of the RTAH. This path represents one out of many potential paths and is used to demonstrate the costs and benefits of introducing the RTAH in Wales, however this right is to be implemented. Throughout the report we discuss where specific assumptions feeding into the analysis could be changed without materially changing the conclusions of the report.

Based on latest evidence, under current policies, Wales has been on a path toward achieving significant improvements in housing adequacy. Announced policies, such as decarbonisation policies and potential changes in Welsh Housing Quality Standards, will improve habitability by improving thermal comfort of properties, reducing energy bills, increasing the physical security of buildings and reducing the prevalence of damp. However, there is still more to do, particularly on policies relating to other aspects of universal adequate housing, such as homelessness policies, and some areas of adequacy, such as adapting the housing stock for an ageing population and meeting specific needs. In our model, we assume that this ‘room for improvement’ will be addressed by introducing the RTAH, resulting in ending homelessness and adapting every house to residents’ needs.

The scenario we developed points to the overall benefits that the RTAH will bring considering all costs and benefits to “society”, including both the public and private sectors. However, it does not pre-empt the Welsh Government’s policy choices on how to achieve these benefits. The costs and benefits we estimated would broadly generalise to apply to a range of scenarios for how the RTAH might be realised.

## **Costs of introducing the RTAH in Wales**

Our model includes costs relating to homebuilding, securing suitable accommodation for homeless households, such as through deposit payments or rent arrears payments, as well as rents paid. We also assume that all households exiting homelessness will continue receiving housing support to maintain their accommodation. We also take into account the costs of adapting houses to residents’ needs. All figures in our modelling, including all estimates of benefits which are discussed in the following sub-section, were inflation-adjusted and represent constant 2025 (real) values. If inflation is higher or lower than expected, real prices remain unaffected.

## **Benefits of introducing the RTAH in Wales**

Our key findings suggest that the specific scenario modelled for progressive realisation of the RTAH in Welsh law would generate socio-economic benefits that significantly outweigh the costs. Incurring costs of £5 billion for the RTAH to be progressively realised over ten years is expected to generate £11.5

billion in economic and social benefits over a 30-year period. The discounted net present value (i.e., discounted total benefits minus discounted total costs) is equal to £6.5 billion, and the Benefit-Cost Ratio (BCR) is equal to 2.3, meaning that each £1 of spending to provide adequate housing in Wales would generate around £2.30 in benefits. This is additional to significant benefits already included in the business-as-usual scenario of only pursuing policies that have already been announced. Under the business-as-usual scenario, assuming that all people in Wales will live in a house of EPC rating A by 2050, we estimate that decarbonisation policies will generate health and wellbeing benefits of over £30 billion.<sup>6</sup> The benefits of the introduction of the RTAH will be additional to the benefits generated by decarbonisation policies.

Figure 1 below shows the present value of costs and benefits generated over a 30-year period following the introduction of the RTAH in Year 1. Most costs relating to homebuilding and housing adaptations are generated over Year 1 to Year 10. Homebuilding continues from Year 10 until Year 30, as we assume that after Year 10 there are 500 newly homeless households per year which are supported to rapidly exit homelessness by being provided with newly built houses. Other costs relating to the provision of housing support to households exiting homelessness, rents and costs of securing suitable accommodation continue until Year 30. Benefits, including savings to the public and private sector as well as wellbeing gains, start materialising from Year 1, during which a proportion of homeless households exit homelessness and housing stock begins to be adapted at a faster rate than under current policies. In year 6 and beyond, benefits start outweighing the costs. This means that before Year 10, the year in which the RTAH will be fully realised, the introduction of the RTAH will generate more benefits than costs. The sum of the present value of costs and benefits depicted in the figure below is equal to £5 billion and £11.5 billion, respectively.

The scenario for progressive realisation of the RTAH in Wales is also expected to generate some off-setting fiscal benefits. Based on findings from Phase 1, ending homelessness and making housing adaptations can generate around £1 billion in cost savings for NHS Wales over a 30-year period due to reduced use of drug and alcohol treatment and reduced need for mental health services, as well as benefits due to a reduction in accidents in the home (Alma Economics, 2021, 2019; Garrett and Roys, 2017; PWC, 2018). The introduction of the RTAH in Wales will support current plans toward a Healthier Wales<sup>7</sup> and contribute to putting NHS Wales onto a sustainable path. Supporting homeless households to move out of unemployment could generate additional economic output of around £900 million over 30 years (PWC, 2018). Regarding cost savings to the criminal justice system, we estimate that around £1.3 billion could be saved (Alma Economics, 2021, 2019; PWC, 2018). Additionally, access to adequate housing can lead to reduced crime, thus fewer victims of crime and enhanced community safety (Alma Economics, 2021). Due to a lack of quantitative evidence, we also qualitatively discuss the expected positive impacts of housing adequacy on educational outcomes, using the evidence base described in our Phase 1 report (Alma Economics, 2021).

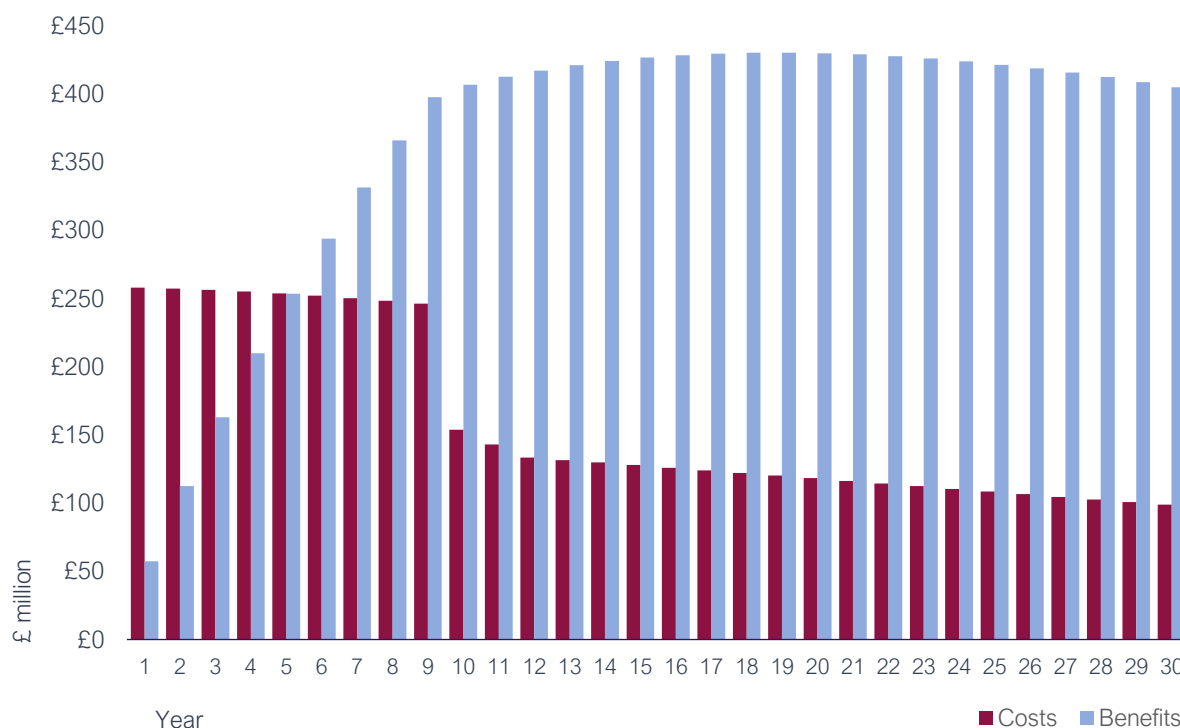
Our model also includes benefits for local authorities due to reduced use of homelessness services, which are estimated to be around £2 billion. We also consider the improved wellbeing of households due to moving from homelessness into secure housing as well as due to reduced housing hazards as a result of housing adaptations (£5.5 billion). The model also includes the rental value of newly built houses, which is estimated to be around £1 billion.

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<sup>6</sup> Note: this excludes any climate change benefits from reduced CO<sub>2</sub> emissions.

<sup>7</sup> Welsh Government. "A Healthier Wales: Our Plan for Health and Social Care". Available at: <https://gov.wales/sites/default/files/publications/2021-09/a-healthier-wales-our-plan-for-health-and-social-care.pdf>

**Figure 1. Present value of costs and benefits of the RTAH over 30 years**



### Benefits arising from non-monetised housing adequacy elements

Lastly, there are aspects of improving housing adequacy that were challenging to quantify, but should be considered on a qualitative basis.<sup>8</sup> For example, living in accommodation without the fear of being evicted could generate feelings of security, improved housing conditions<sup>9</sup> and, consequently, enhanced physical and mental health (Alma Economics, 2021). Increasing housing supply further than we have modelled could also increase affordability, acting as a counterforce to the upward trend in the cost of buying and renting a home in Wales, which pre-dates the current cost-of-living crisis. As discussed in the Phase 1 report by Alma Economics (2021), affordability can result in improved nutrition and healthcare, housing stability, which can further result in reducing stress and increasing self-esteem, life satisfaction and sense of security. Additionally, some Black, Asian and Minority Ethnic people who are disproportionately more likely to live in overcrowded houses, rent privately and experience worse housing conditions, will benefit from having access to affordable accommodation (Alma Economics, 2021; Welsh Government, 2021b).

Location of properties is another element of adequacy, that is, the right type of houses being in the right places, such that residents have easy access to support networks, amenities (e.g., transport) and services (e.g., employment, healthcare), while also being away from polluted or dangerous areas. To satisfy this element of adequacy, policies promoting the re-development of deprived neighbourhoods

<sup>8</sup> This is standard practice suggested in HM Treasury. “The Green Book – Central Government Guidance on Appraisal and Evaluation”. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)

<sup>9</sup> Shelter Cymru. “Policy briefing: Improving the stability of privately rented homes”. Available at: <https://sheltercymru.org.uk/wp-content/uploads/2018/02/End-s21-policy-briefing-Nov-17-FINAL-1.pdf>

could be introduced. Disadvantaged groups, such as Gypsy, Roma and Traveller communities, will also benefit highly from having access to right locations. For example, many Gypsy, Roma and Traveller communities often live in unsuitable locations, away from facilities or close to industrial properties (Price, 2021). When left with no choice, they encamp on public or sometimes private land, making them vulnerable to prosecution and involvement with the criminal justice system.<sup>10</sup> Another element of housing adequacy is the availability of services, materials, facilities and infrastructure. Introducing the RTAH in Wales will give everyone the right to access natural and common resources, safe drinking water, energy for cooking, heating and lighting, sanitation, washing facilities and food, which will help improve health, security, comfort and nutrition in Wales.<sup>11</sup>

Additionally, 'cultural adequacy', that is, houses being constructed in such a way that allows people to live according to their cultural identity and diversity, is expected to lower existing inequalities for some population groups in accessing adequate housing. In particular, these population groups include refugees, migrants and asylum seekers who face higher risks of homelessness and difficulties in accessing adequate housing due to discrimination, inequality or structural factors (Alma Economics, 2021; Tai Pawb, 2019; Welsh Government, 2021b). Other populations who would benefit due to introducing 'cultural adequacy' are Roma, Gypsies and Traveller Communities as these groups face difficulties in accessing adequate and culturally appropriate accommodation (UN Committee on Economic, Social and Cultural Rights).<sup>12</sup>

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<sup>10</sup> TGP Cymru, 2022. Letter to the Chair of the Local Government and Housing Committee. Available at: <https://business.senedd.wales/documents/s125182/Paper%201.pdf>

<sup>11</sup> OHCHR. "Fact Sheet No.21, The Human Right to Adequate Housing". Available at: <https://www.un.org/ruleoflaw/files/FactSheet21en.pdf>

<sup>12</sup> Committee on Economic, Social and Cultural Rights. "Concluding observations on the sixth periodic report of the United Kingdom of Great Britain and Northern Ireland". Available at: <http://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=4slQ6QSmlBEDzFEovLCuW3XRinAE8KCBFqOHNz%2FvuCC%2BTxEKAI18bzE0UfQhJkxxOSGuoMUxHGypYlJNFkwxnMR6GmqogLJF8BzscMe9zpGTXBkZ4pEaigi44xqjL>

# Introduction

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Introducing the Right to Adequate Housing (RTAH) in Wales sets the overall course for a policymaking direction toward achieving universal adequate housing. However, the introduction of the RTAH does not specify the policies and actions that should be taken by the public and private sector to achieve that goal. Therefore, there are unlimited paths that could be followed to move toward universal adequate housing.

In the current study, we focus on one scenario introducing the RTAH to enable a cost-benefit analysis to be performed. Our model estimates costs and benefits that the RTAH will bring without pre-empting the actions and policy choices on how to achieve universal adequate housing. The results of our analysis could be generalised to apply to a range of scenarios on how the RTAH would be introduced.

Following the findings from our Phase 1 research study which explored the evidence base on the RTAH, this study builds on this evidence and discusses the costs and benefits of the progressive realisation of the RTAH in Wales, suggesting continual progress toward the full realisation of the human right. As part of this exercise, we carried out interviews with sector experts to get a better understanding of the expected outcomes of current policies, assuming that the RTAH is not introduced. Cost-benefit analysis was used to identify the socio-economic costs and benefits of an illustrative RTAH scenario. Given that there are numerous pathways through which the RTAH could be realised, and considering that suggestions for an optimal policy mix to achieve universal adequate housing in Wales are out of scope for this current study, our focus is to shed light on the likely magnitudes of costs and benefits as well as on the evidence base around this.

This report summarises our approach to exploring the costs and benefits of one potential pathway toward achieving universal adequate housing. It includes the following chapters: (1) a scenario for progressive realisation, discussing our approach to developing a scenario under which the RTAH would be introduced in Wales, as well as the resulting policy changes implemented, and (2) results, discussing the costs and benefits under the scenario a progressive realisation of universal adequate housing in Wales.

# A scenario for progressive realisation

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- Based on the evidence in our Phase 1 research study, we developed a cost-benefit analysis (CBA) framework to estimate the socio-economic costs and benefits of the progressive realisation of the RTAH in Wales, suggesting continual progress toward the full realisation of the human right.
- Following standard practice outlined in HM Treasury guidance on policy appraisal, we quantified costs and benefits from the introduction of the RTAH compared to a 'business as usual' scenario in which it is assumed that the RTAH is not introduced in Welsh law. Under the 'business as usual scenario', we also assume that current policies will achieve significant improvements in habitability of the Welsh housing stock.
- Under our scenario, we assume that the current homelessness and housing adequacy (part of accessibility) policies are on a good path, but still have room for improvement. We assume that the RTAH will support these policies and will result in ending homelessness and contributing to significant improvements in housing accessibility. Our model quantifies these two elements that support housing adequacy.
- Other aspects of improving housing adequacy, such as legal security of tenure, affordability, location, availability of services, materials, facilities and infrastructure as well as cultural adequacy, were challenging to quantify but are considered on a qualitative basis. These housing adequacy elements will bring numerous benefits, and particularly, support the efforts to address existing inequalities for some population groups (e.g., Gypsy, Roma and Traveller communities, Black, Asian and Minority Ethnic people, refugees, migrants, asylum seekers) in accessing adequate housing.
- Our model estimates costs and benefits that the RTAH will bring without pre-empting the actions and policy choices regarding how to achieve universal adequate housing.

This chapter discusses a scenario under which the RTAH can be progressively realised in Wales. That said, it illustrates the costs and benefits of gradually realising this fundamental human right, assuming that the government would be taking steps both immediately and in the future. Based on Phase 1 evidence, helpful discussions with policymakers and an illustrative scenario, we discuss potential policy changes that could flow from the introduction of the RTAH into Welsh law, as well as the resulting costs and benefits building on policies already announced in Wales. We assume that decarbonisation policies and changes in the Welsh Housing Quality Standard (WHQS) are successfully introduced, but there is a need for policy to further address homelessness and improve on the adequacy of housing stock.

Based on our evidence review and discussions with a number of key stakeholders in the Welsh Government, we developed a scenario outlining the progressive realisation of the RTAH in Wales. We assume that the RTAH is introduced in Wales in Year 1 (2025 for illustrative purposes), and we explore the costs and benefits until Year 30 (2055). We also assume that the RTAH is progressively realised over a 10-year period, meaning that new policies are introduced over the years to support people to access adequate housing. After Year 10, everyone in Wales should have access to adequate accommodation. Our scenario aims to identify the benefits that the RTAH will bring to Welsh society, without identifying the pathway through which this impact will be achieved.

Our approach is based on standard practice outlined in HM Treasury guidance on policy appraisal, which is the relevant CBA guidance followed by the Welsh Government. Our team developed a CBA framework that links the costs of the progressive realisation of the RTAH in Wales to the socio-economic benefits flowing from the right's introduction into Welsh law. A core feature of the CBA methodology is that costs and benefits from introducing the RTAH in Wales are identified compared to a counterfactual or 'business as usual' scenario – that being a situation where the RTAH is not introduced, but where other announced policies go ahead as planned. The counterfactual is necessary to understanding the costs and benefits of the RTAH in Wales, otherwise the analysis could overstate the net benefits of the introduction of the right by claiming improved outcomes that would have happened anyway as a result of policies already in place (e.g., decarbonisation policies, rapid rehousing, housing adaptation policies). Hypothetically, if Wales was already fully on a path toward reaching universal adequate housing, introducing the RTAH in Welsh law would not generate any additional costs and benefits. Instead, it would act to reinforce other policies already announced.

Our model is based on the assumption that policies already announced, such as decarbonisation policies and changes to WHQS, are successfully implemented and will achieve significant improvements in the habitability of the Welsh housing stock – although there is more to do as they will not end all habitability-related problems. Under our scenario, we also assume that the current homelessness and housing adaptation related policies are continuing on a good course, but still have room for improvement. We assume that the RTAH will support these policies, result in ending homelessness and contribute to vast improvements in housing accessibility.

Thus, in our model, we quantify (i) the provision of universal housing to everyone in Wales, focusing on ending homelessness, and (ii) improvements to housing accessibility, another element of housing adequacy in Wales, focusing on housing adaptations in detail. Our model quantifies these elements which generate net benefits, providing an indication of the level of benefits that further improvement in housing adequacy could generate. We also assume that the current decarbonisation policies will achieve improvements in habitability of the Welsh housing stock. Furthermore, we qualitatively discuss the benefits of achieving those other elements of housing adequacy, including the legal security of tenure, affordability, location, availability of services, materials, facilities and infrastructure services, and cultural adequacy qualitatively.

## Universal housing

Policies already announced, such as the latest “Ending Homelessness in Wales: A high level action plan 2021-2026”, focus on homelessness prevention and rapid rehousing (Welsh Government, 2021b), putting Wales on a path to lower homelessness but without ending homelessness in Wales. However, introducing the RTAH would put Wales on a trajectory to end all forms of homelessness.

Based on current data on homelessness<sup>13</sup> and projections of homelessness over the following years (Bramley, 2021), we estimate the number of homeless households in Wales in 2025 to be around 10,000 households. To estimate the number of homeless households, Bramley (2021) considered different policy options, including Covid-19 emergency measures, potential increases in 'Housing First' policies, and more rapid rehousing policies (assuming that this also covers the additional 20,000 social low-carbon social homes for rent), as well as options for increasing social housing supply.

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<sup>13</sup> StatsWales, 2020-21. “Households for which assistance has been provided by outcome and household type”. Available at:

<https://statswales.gov.wales/Catalogue/Housing/Homelessness/householdsforwhichassistancehasbeenprovided-by-outcome-householdtype>

The introduction of the RTAH will drive additional policies and actions toward providing adequate housing to all 10,000 homeless households, including rough sleepers, sofa surfers and households in temporary accommodation (including shelters and refuges). If the number of homeless households is higher than what we assume in this scenario, then the total costs and total benefits of this policy will both increase. Although this will leave the Benefit-Cost Ratio (BCR) largely unchanged, a higher number of households exiting homelessness would potentially increase costs for the public sector.

There could be different scenarios for supporting and providing accommodation to end homelessness. For example, it could be the case that homeless households would be (re-)housed in existing or new social or private homes. Another scenario could assume that a number of second homes would be released and provided for tenure. In our case study, we follow a scenario under which we assume that one adequate home is provided to each homeless household over a 10-year period, meaning that homelessness in Wales would be ended after Year 10. During the 10-year period, we assume that 10% of the total houses required to accommodate all homeless households would be built every year. We also assume that 500 households would become homeless every year after Year 10, but that they would exit homelessness the same year as new social houses would be built and provided to them.

Furthermore, current Welsh Government plans involve building 20,000 new low-carbon social homes for rent by 2026. Our model assumes that an additional 20,000 new social houses will be built over the 30-year period, over and above the Welsh Government's original commitment. We followed this approach as it will not be restrictive in terms of forming final outputs and conclusions for the following reasons. First, the key outcome of the right to adequate housing, that is, ending homelessness, can be achieved whether additional houses are provided directly to homeless households or indirectly by freeing up other housing stock by re-housing households at risk of homelessness. Second, the cost of new homebuilding is a cost for society irrespective of whether it is covered by the public or private sector. For example, another scenario could be based on the assumption of increased private sector homebuilding accompanied by policies enabling the provision of those new houses to homeless households, such as the Leasing Scheme Wales.<sup>14</sup> There are some differences between LHA rents and social rents, so costs and benefits would be affected to some extent by using private sector solutions rather than social housing. However, the net impact on total benefits is zero because the cost of benefit claims is offset by the benefit received by landlords in the scenario we produced.

Additionally, we assume that the 20,000 additional homes in our model will be built over a 30-year period at a much slower pace than the current Welsh Government's target (20,000 new low-carbon social homes built by 2026). Suppose the level of home-building turns out to be higher<sup>15</sup> or lower in practice in that 30-year period. Then it is likely that the ratio of benefits to costs would be similar, so the exact extent of additional homebuilding is not crucial to establishing whether net benefits are positive or negative. We acknowledge that there might be a need for more social houses to be built faster to prevent homelessness, but the absolute number of new houses will not largely affect the ratio of benefits to costs.

We also consider other costs related to securing suitable accommodation for homeless households, such as deposit payments or rent arrears payments, as well as rents of social houses. We assume that all households exiting homelessness will receive housing support to maintain their accommodation.

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<sup>14</sup> Welsh Government. "Leasing Scheme Wales: guidance". Available at: <https://gov.wales/leasing-scheme-wales-guidance>

<sup>15</sup> The level of homebuilding might be higher due to Housing Waiting Lists and hidden homelessness. This has not been included in the modelling exercise.



Based on Phase 1 evidence, provision of adequate accommodation to homeless households will generate a range of socio-economic benefits, including benefits for local authorities due to reduced use of homelessness services. Additionally, the reduced use of services, including mental health services, drug and alcohol dependence treatment, as well as involvement with the criminal justice system, will also generate cost savings for the public purse (Alma Economics, 2021, 2019; PWC, 2018). Other benefits expected to be generated from the provision of universal housing include increased economic output resulting from moving into employment (PWC, 2018). In particular, homelessness is a barrier to working, so supporting people to exit homelessness will help them move into the labour market and increase their earnings. Additionally, we also consider the improved wellbeing of households due to moving from homelessness into secure housing (PWC, 2018). The model also includes the rental value of newly built houses. In practice, there will also be increased economic activity associated with higher levels of homebuilding. However, we do not include any such multiplier effects in our model as it is standard practice not to include them under HM Treasury guidance on policy appraisal and evaluation.<sup>16</sup>

## Adequate housing

Our modelling approach to adequate housing is developed similarly to universal housing. In our scenario, we assume that announced policies such as decarbonisation policies and potential changes in WHQS<sup>17</sup> will significantly improve habitability. Announced decarbonisation policies set a target for raising the existing Welsh housing stock to an EPC rating A by 2050, beginning by bringing 300,000 social and private houses in fuel poverty to an EPC rating A by 2030.<sup>18</sup>

These policies, despite primarily aiming to achieve decarbonisation goals, will also raise habitability levels, including by increasing thermal comfort, affordability (by reducing energy bills), and physical security of properties. There have also been proposals by the Welsh Government to change energy efficiency standards in WHQS to further target improvements in social housing quality as well as to meet its net-zero carbon targets by 2050 (UK Collaborative Centre for Housing Evidence, 2021). We assume that the RTAH would support these policies, which will play a key role in increasing habitability in Welsh housing stock. The RTAH would reinforce the commitment to achieving the targets set by the announced policies. In our case study, we assume that the additional effort required to improve habitability would be materially lower than in the absence of these policies announced already.

## One element of accessibility – housing adaptations

Policies such as the 2001 National Housing Strategy (National Assembly for Wales, 2001) and the Housing Adaptations Service Standards (Welsh Government, 2019) are committed to ensuring that all disabled and older people have access to specialist housing advice and that they can receive housing adaptations. Approximately 32,000 people in Wales are assisted every year by receiving adaptations

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<sup>16</sup> Based on the Green Book, “[...] changes to Gross Domestic Product (GDP), or Gross Value Added (GVA) or the use of Keynesian type multipliers arising from different options cannot provide useful information for choosing between options within a scheme and are therefore not part of the Green Book appraisal process.” HM Treasury Green Book is available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063330/Green\\_Book\\_2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063330/Green_Book_2022.pdf)

<sup>17</sup> Welsh Government, 2019. “Welsh housing quality standard”. Available at: <https://gov.wales/welsh-housing-quality-standard>

<sup>18</sup> Information available at: <https://www.insidehousing.co.uk/comment/comment/to-achieve-our-carbon-targets-we-need-a-more-sophisticated-approach-69354>

from around 70 organisations. However, our assessment is that current policies are unlikely to meet rising demand for housing adaptations and this is an aspect of housing adequacy modelled in detail. Disabled and older people might require housing adaptations to meet their specific needs such that they can live in their own homes independently. According to a 2021 report by the Welsh Government, most housing adaptations are carried out for people aged 75 and over (66%), while 17% are for people aged 65-74 years old (Lock et al., 2021). As the population continues to age, there will be an increase in the number of people who will experience mobility problems and difficulties in carrying out daily tasks (Auditor General for Wales, 2018). Thus, we can assume that there will be an increase in the demand for housing adaptations over the coming years. The demand for housing adaptations is expected to increase by over 50% between 2015 and 2035 (Auditor General for Wales, 2018).

Due to limited evidence on the number of households needing but not receiving housing adaptation(s) in Wales, we made assumptions informed by evidence from England. Although a smaller proportion of younger people also require housing adaptations, we focused on older people due to limited data. According to a 2017 report by the Centre for Ageing Better (CAB), 7% of all households with an adult aged 65 or over live in a house that requires adaptations (Garrett and Roys, 2017). To the extent, if the number of households requiring adaptations to their house is higher or lower, total costs and total benefits would change, however, the ratio of benefits to costs would unlikely change materially.

Based on population projections by Stats Wales,<sup>19</sup> we expect that around 700,000 will be 65 years and older in Wales by 2025, and assume that 7% of them – or 50,000 people – will need housing adaptations per year. In our model, we estimated the cost of housing adaptations relating to hazards, including falls on stairs, falls on the level, falls between levels, and fire and hot surfaces.

Adapting home environments to meet specific needs of older or disabled people, allowing them to remain in their own homes rather than moving to hospitals or care homes, can profoundly improve their lives (Zhou et al., 2019). Modifications can enable individuals to have a higher quality of life, with improved health outcomes and a greater sense of wellbeing (Heywood, 2004). The positive effects of home adaptations on people's lives are reflected in the Auditor General for Wales (2018) report, finding that three-quarters of people receiving a housing adaptation reported a positive experience.

Beyond supporting independent living for disabled and older people, the delivery of home modifications reduces demand for Health and Social Care services. The timely provision of housing adaptations can result in considerable cost savings. They help reduce the probability of long hospital stays or the need for more intensive housing options, such as care homes. Care and Repair Cymru,<sup>20</sup> which delivers minor adaptations up to £350, estimated that for every £1 spent on its Rapid Response Adaptations programme, £7.50 is saved in health and social care budgets.

## Habitability

As aforementioned, our scenario assumes that existing policies, including decarbonisation policies and potential changes in WHQS, will improve the thermal comfort of properties, energy bills costs, the physical security of buildings and the prevalence of damp. We assume that habitability is part of the counterfactual, or 'business as usual', scenario. The introduction of the RTAH in Wales will act to reinforce these policies already aiming to help achieve this element of housing adequacy.

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<sup>19</sup> Stats Wales, 2020. "Population projections by year and age". Available at: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Projections/National/2020-based/2020basedpopulationprojections-by-year-age>

<sup>20</sup> Care and Repair Cymru. "Healthy Homes, Healthy Lives: Making the Links Between Health and Housing". Available at: [https://chcymru.org.uk/cms-assets/legacy/Healthy\\_Homes\\_\\_Healthy\\_Lives\\_-\\_Good\\_Practice\\_Guide.pdf](https://chcymru.org.uk/cms-assets/legacy/Healthy_Homes__Healthy_Lives_-_Good_Practice_Guide.pdf)

## Other aspects of housing adequacy

The introduction of the RTAH will also contribute toward achieving and improving other aspects of adequacy, including the legal security of tenure, affordability, locality and cultural adequacy. It was challenging to quantify these aspects; however, they should still be considered on a qualitative basis.

### Legal security of tenure

One element of housing adequacy is the provision of the legal right to tenure security. According to the UN Special Rapporteur on the right to adequate housing, Mr Balakrishnan Rajagopal,<sup>21</sup> the lack of security of tenure leaves people, especially vulnerable populations such as those living at informal settlements, exposed to the risk of forced eviction, harassment and other threats.

The Renting Homes (Wales) Act,<sup>22</sup> which received Royal Assent in 2016 but is to be implemented in 2022, will improve security of tenure by specifying tenants' rights and responsibilities in written contracts, increasing the 'no fault'<sup>23</sup> notice period from two to six months and generally providing greater protection from eviction. There are even some calls to end 'no fault' evictions, which will increase private renters' security of tenure if such evictions are abolished.<sup>24</sup>

High security of tenure would also support efforts to improve housing quality. According to Shelter Cymru, tenants living in low-quality accommodation might not ask their landlords to improve their housing situation for fear of being evicted.<sup>25</sup> Thus, living in accommodation without the fear of being evicted could generate feelings of security, improved housing conditions, and, consequently, enhanced physical and mental health (Alma Economics, 2021).

### Affordability

Another aspect of adequate housing is increased affordability, defined as a household not spending more than 30% of its gross income on rent, including any other service charges, according to government guidance (Welsh Government, 2014). Increasing housing supply could counteract the upward trend in costs of buying and renting homes in Wales, which pre-dates the current cost-of-living crisis, and could improve affordability, especially for households in the bottom income quintiles.<sup>26</sup>

As discussed in the Phase 1 report by Alma Economics (2021), affordability can result in more available income which can be further used for nutrition and healthcare. Affordability can also lead to housing stability, which can reduce stress and increase self-esteem, wellbeing, life satisfaction and sense of security. Additionally, affordability can alleviate crowding, further reducing related stress and the spread of infectious diseases. Black, Asian and Minority Ethnic people, individuals disproportionately more likely to live in overcrowded houses, will benefit from having access to affordable accommodation (Alma Economics, 2021; Welsh Government, 2021a).

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<sup>21</sup> Special Rapporteur on the right to adequate housing." Security of tenure, cornerstone of the right to adequate housing". Available at: <https://www.ohchr.org/en/special-procedures/sr-housing/security-tenure-cornerstone-right-adequate-housing>

<sup>22</sup> Welsh Government. "Renting Homes Wales". Available at: <https://gov.wales/housing-law-changing-renting-homes>

<sup>23</sup> 'No fault' evictions mean that landlords evict tenants using 'no fault' grounds – usually the landlord wants to sell the house or rent to someone else.

<sup>24</sup> Shelter Cymru. "End 'no fault' evictions". Available at: <https://sheltercymru.org.uk/what-we-do/campaigns-old/end-no-fault-evictions/>

<sup>25</sup> Shelter Cymru. "Policy briefing: Improving the stability of privately rented homes". Available at: <https://sheltercymru.org.uk/wp-content/uploads/2018/02/End-s21-policy-briefing-Nov-17-FINAL-1.pdf>

<sup>26</sup> Our scenario does not assume impact on affordability from additional homes built as the additional supply of housing would be fully utilised (directly or indirectly) by households currently homeless. To achieve improvements in affordability, homebuilding would need to be increased to a level higher than in the modelled scenario.

## Location

Location of properties is another element of adequacy, that is, houses being in the right places such that residents having easy access to support networks, amenities (e.g., transport) and services (e.g., employment, healthcare), while also being away from polluted or dangerous areas. Thus, the RTAH could enforce the careful selection of new homebuilding locations.

Regarding existing homes, this aspect of adequacy could be achieved in two ways. The first approach involves identifying houses built at locations that ‘violate’ adequacy, demolishing them and rebuilding them at adequate locations. Another, more transformative approach for Wales involves developing and supporting neighbourhoods considered inadequate by growing economic activity and removing any source of pollution or other danger. One example of this approach could be encouraging the redevelopment of more deprived areas. Although modelling such an approach is beyond the scope of this research, the introduction of the RTAH in Wales could be supportive of policies that encourage economic development in areas of relative deprivation. An example can be found in the Manifesto for the Future by the Future Generations Commissioner for Wales (2020), which suggests the creation of “20-minute neighbourhoods”, that is, neighbourhoods where people live within a 20-minute cycling or walking distance from key amenities and services.

Disadvantaged population groups will also highly benefit from having access to right locations. For example, many Gypsy, Roma and Traveller communities live in unsuitable locations, away from facilities or close to industrial properties (Price, 2021). Earlier evidence suggested that almost three-quarters of individuals from Gypsy, Roma and Traveller communities live in brick and mortar accommodation, and many of them are on waiting lists for pitches on dedicated sites (Price, 2021; Welsh Government, 2015). The lack of pitches usually leaves Gypsy, Roma and Traveller communities with no other choice than to encamp on public or, sometimes, private land, making them vulnerable to prosecution and involvement with the criminal justice system.<sup>27</sup> This phenomenon could become more intense as the Police, Crime, Sentencing and Courts Bill<sup>28</sup> would extend police powers to evict Gypsy, Roma and Traveller communities from public or private occupied land.

## Availability of services, materials, facilities and infrastructure

One other element of housing adequacy is the availability of services, materials, facilities and infrastructure. Introducing the RTAH in Wales will give everyone the right to access natural and common resources, safe drinking water, energy for cooking, heating and lighting, sanitation, washing facilities and food. Achieving this element of housing adequacy will help improve health, security, comfort and nutrition for everyone in Wales.<sup>29</sup>

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<sup>27</sup> TGP Cymru, 2022. Letter to the Chair of the Local Government and Housing Committee. Available at: <https://business.senedd.wales/documents/s125182/Paper%201.pdf>

<sup>28</sup> Young Legal Aid Lawyers. “Fact sheet #4: The Police, Crime, Sentencing and Courts Bill”. Available at: [http://www.younglegalaidlawyers.org/sites/default/files/Fact%20sheet%20no.%204%20-%20The%20Police%2C%20Crime%2C%20Sentencing%20and%20Courts%20Bill\\_0.pdf](http://www.younglegalaidlawyers.org/sites/default/files/Fact%20sheet%20no.%204%20-%20The%20Police%2C%20Crime%2C%20Sentencing%20and%20Courts%20Bill_0.pdf)

<sup>29</sup> OHCHR. “Fact Sheet No.21, The Human Right to Adequate Housing”. Available at: <https://www.un.org/ruleoflaw/files/FactSheet21en.pdf>

## Cultural adequacy

Another aspect of adequacy is respecting and accounting for the expression of cultural identity. In particular, “the way housing is constructed, the building materials used, and the policies underlying these” should let people express their cultural identity freely.<sup>30</sup> Being able to express cultural identity will probably help develop a multicultural society and support the efforts to address existing inequalities for some population groups in accessing adequate housing.

Such population groups are refugees, migrants and asylum seekers who face difficulties in accessing adequate housing due to racism, discrimination, inequality or structural factors (Tai Pawb, 2019; Welsh Government, 2021a). Additionally, other population groups who would benefit due to introducing ‘cultural adequacy are Gypsy, Roma and Traveller Communities as these groups face difficulties in accessing adequate and culturally appropriate accommodation (UN Committee on Economic, Social and Cultural Rights).<sup>31</sup>

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<sup>30</sup> OHCHR. “Fact Sheet No.21, The Human Right to Adequate Housing”. Available at: <https://www.un.org/ruleoflaw/files/FactSheet21en.pdf>

<sup>31</sup> Committee on Economic, Social and Cultural Rights. “Concluding observations on the sixth periodic report of the United Kingdom of Great Britain and Northern Ireland”. Available at: <http://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=4slQ6QSmIBEDzFEovLCuW3XRinAE8KCBFqOHNz%2FvuCC%2BTxEKAI18bzE0UfQhJkxxOSGuoMUxHGypYLjNFkwxnMR6GmqogLJF8BzscMe9zpGfTXBkZ4pEaigi44xqjL>

# Results

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- The introduction of the RTAH in Wales is estimated to generate socio-economic benefits that outweigh the costs. Investing £5 billion in ending homelessness and improving housing adequacy can generate £11.5 billion in economic and social benefits over a 30-year period. In other words, spending £1 to provide adequate housing in Wales will generate £2.30 in benefits to beneficiaries and society.
- NHS Wales can save around £1 billion over a 30-year period due to the introduction of the RTAH. The introduction of the RTAH in Wales will support current plans toward a healthier Wales and contribute to putting NHS Wales onto a sustainable path.
- The economic outputs produced due to previously homeless individuals moving into employment are estimated to be around £900 million over a 30-year period.
- The savings produced due to reduced contact of homeless households with the criminal justice system are estimated to be around £1.3 billion over a 30-year period. Additionally, access to adequate housing can lead to reduced crime, thus fewer victims of crime and enhanced community safety (Alma Economics, 2021).
- The improved wellbeing of households due to moving from homelessness to secure housing as well as due to reduced housing hazards as a result of housing adaptations is estimated to be around £5.5 billion over a 30-year period.
- Having access to adequate housing can have positive impacts on educational outcomes, which could further lead to increased lifetime earnings for children. Due to limited quantitative evidence on the impact of access to adequate housing on educational outcomes, these benefits have not been quantified.
- These findings are based on the scenario we have fully modelled, which is one of the countless scenarios that could follow introducing the RTAH in Wales. Under other scenarios where the number of households affected due to the introduction of the RTAH is different than the number assumed in our scenario, total costs and benefits will change, but the ratio of benefits to costs is unlikely to substantially change.

## Impact of introducing the RTAH in Wales

Our model estimates the total costs and benefits for beneficiaries and society as a result of introducing the RTAH in Wales. Homelessness and housing adaptations (as part of accessibility) are quantified and monetised in our CBA framework; habitability is considered part of the counterfactual ('business as usual' scenario); legal security of tenure, availability of services, materials, facilities and infrastructure, affordability, location and cultural adequacy are not considered in the costs and benefits estimated in this chapter, but are discussed qualitatively in the previous chapter.

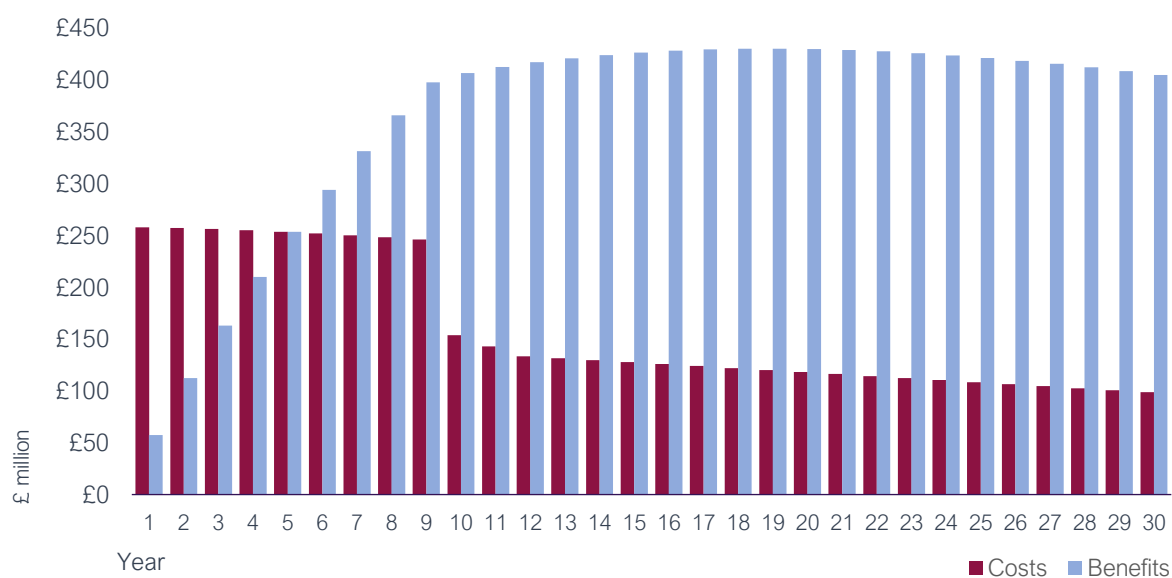
Based on our model, we found that the introduction of the RTAH into Welsh law can generate socio-economic benefits that outweigh the costs. The socio-economic benefits include welfare gains (from improved wellbeing due to moving from rough sleeping or temporary accommodation into secure housing, as well as improved wellbeing due to reduced housing hazards as a result of housing adaptations) and fiscal benefits (such as savings in the health and social care system as well as in the

criminal justice system). Investing £5 billion to ensure that everyone in Wales has access to adequate housing can generate £11.5 billion in economic and social benefits over a 30-year period. The discounted net present value (i.e., discounted total benefits minus discounted total costs) is equal to £6.5 billion, and the Benefit-Cost Ratio (BCR) is equal to 2.3, meaning that spending £1 to provide adequate housing in Wales will generate £2.30 in benefits to beneficiaries and society.<sup>32</sup>

This builds on significant benefits already included in the business-as-usual scenario of only pursuing policies that have already been announced, where we assume that all people in Wales will live in a house of EPC rating A by 2050. Under this scenario, which already includes very significant increases in housing adequacy, we estimate that decarbonisation policies will generate health and wellbeing benefits of over £30 billion. This reduces the additional policy effort required to move toward a universal adequate housing scenario because Wales already has policies in place that will lead to significant increases in adequacy even in the absence of introducing the RTAH.<sup>33</sup> Thus, the benefits of the RTAH would be additional to the benefits generated by the decarbonisation policies.

The figure below shows the present value of costs and benefits generated over a 30-year period following the introduction of the RTAH in Year 1. Most costs relating to homebuilding and housing adaptations are generated between Year 1 and Year 10. Homebuilding continues from Year 11 until Year 30, as we assume that after Year 10 there are 500 new annual flows of homeless households supported to exit homelessness by being provided with newly built houses. Other costs relating to the provision of housing support to households exiting homelessness, rents and costs of securing suitable accommodation continue until Year 30. Benefits, including savings to the public and private sector, as well as welfare gains, start materialising from Year 1, during which homeless households exit homeless and older people get housing accommodations. In Year 6 and beyond, benefits start outweighing costs. This means that before Year 10, the year in which the RTAH will be fully realised, the introduction of the RTAH will generate more benefits than costs. The sum of the present value of costs and benefits depicted in the figure below is equal to £5 billion and £11.5 billion, respectively.

**Figure 1. Present value of costs and benefits of the RTAH over 30 years**



<sup>32</sup> All figures in the modelling were inflation-adjusted and represent constant 2025 prices. If inflation is higher or lower than expected, then real prices remain unaffected.

<sup>33</sup> Note: this excludes any climate change benefits from reduced CO<sub>2</sub> emissions.

**Table 1. Present value of costs and benefits for beneficiaries and society**

<b>The Right to Adequate Housing</b>	
Present value of total costs	£5 billion
Present value of total benefits	£11.5 billion
Net present value	£6.5 billion
<b>Benefit-Cost Ratio (BCR)</b>	<b>2.3</b>

In the following sections, we discuss some categories of the socio-economic benefits that could be generated due to the introduction of the RTAH in Wales. Below, we discuss the cost savings to the health and social care system (over £1 billion) and the criminal justice system (over £1 billion), as well as the increased economic output (nearly £1 billion), which are included in our CBA model. Our model also includes benefits to local authorities due to reduced use of homelessness services, which are estimated to be around £2 billion. We also consider the improved wellbeing of households due to moving from homelessness into secure housing and due to reduced housing hazards as a result of housing adaptations (£5.5 billion). The model also includes the rental value of newly built houses, (around £1 billion). We also discuss qualitatively the positive impact of the RTAH on educational outcomes – we did not include this type of benefit in our model due to a lack of quantitative evidence.

## Health and social care

Introducing the RTAH in Wales, which will improve housing conditions for every resident in the country, could have a positive impact on individuals' physical and mental health, as well as on their wellbeing. Based on evidence reviewed by Alma Economics (2021), housing improvements can also positively affect children's development and health. Making housing accessible can also have positive impacts on health and social outcomes, including increased self-efficacy in activities of daily living, reduced likelihood of falls and injuries, improved quality of life and enhanced psychological effects.

Our CBA results suggest that ending homelessness in Wales and making housing adaptations for the Welsh older population can generate cost savings to NHS Wales due to reduced use of drug and alcohol treatment, reduced contact and use of mental health services, as well as benefits due to reductions in tenants' falls and other hazards. In particular, we found that NHS Wales can save at least £1 billion over a 30-year period due to introducing the RTAH. This is probably a cautious estimate as the model does not account for all potential longer-term benefits for health and wellbeing generated from the introduction of the RTAH. However, our CBA estimates suggest that introducing the RTAH in Wales will support current plans toward a healthier Wales<sup>34</sup> and contribute to putting NHS Wales onto a sustainable path.

## Economic output

Provision of adequate housing can have positive effects on the economic productivity of people in Wales. Inaccessible housing could deprive tenants of job opportunities and work productivity. Access to affordable and settled homes can also generate positive employment-related outcomes by increasing

<sup>34</sup> Welsh Government. "A Healthier Wales: Our Plan for Health and Social Care". Available at: <https://gov.wales/sites/default/files/publications/2021-09/a-healthier-wales-our-plan-for-health-and-social-care.pdf>



individuals' productivity and reducing absenteeism. Additionally, supporting people to move out of homelessness could result in unemployed homeless individuals entering the workforce and increasing economic output. Based on PWC (2018), 25% of homeless individuals that exit homelessness are not employed but will move into employment. We estimate the economic output produced by previously homeless individuals moving into employment to be around £900 million over a 30-year period.

## **Crime and justice system**

According to the evidence reviewed by Alma Economics (2021), having access to adequate housing can lead to reduced involvement with the criminal justice system. Improved housing conditions can result in improved educational outcomes, which seem to be correlated with reduced criminal activity. Consequently, reduction in crime will contribute to fewer victims of crime, as well as to safer communities.

Other evidence suggests that homelessness is highly correlated with offending behaviour, as criminal activity can be both a cause and result of homelessness. Therefore, ending homelessness could generate savings in the criminal justice system. In our model, we estimate the savings produced as a result of reduced contact of homeless households with the criminal justice system to be around £1.3 billion over a 30-year period.

## **Education**

As already discussed in the evidence base in our Phase 1 report, living in adequate housing can positively affect educational outcomes (Alma Economics, 2021). For example, having access to affordable housing could mean that more available income can be used for nutrition, further helping children to perform better at school. Affordability can also provide access to neighbourhoods of opportunity, resulting in positive results on education. Additionally, living in better housing conditions can reduce the risk of health issues and, along with a settled home, can reduce absenteeism from school. Better educational outcomes could also lead to increased lifetime earnings for children, which can lead to public benefits through increased taxes and reduced demand for supported social programmes, such as housing benefits. Due to limited quantitative evidence on the impact of access to adequate housing on educational outcomes, we did not quantify these benefits.

# Conclusion

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Alma Economics was commissioned by Tai Pawb, the Chartered Institute of Housing (CIH) Cymru and Shelter Cymru to explore the costs and benefits of progressively introducing the RTAH in Wales over a 10-year period. Based on the Phase 1 evidence base and discussions with sector experts, we developed a CBA framework linking the costs of introducing the RTAH in Wales to the socio-economic benefits arising from this intervention. Following standard practice outlined in HM Treasury guidance on policy appraisal and evaluation, we quantified costs and benefits from the introduction of the RTAH compared to a 'business as usual' scenario, a counterfactual assuming that the RTAH is never introduced into Welsh law.

The RTAH is not a set of all the fully specified actions and policies required to move toward universal adequate housing, but is instead a high-level legal commitment to moving in this direction. As a tool, however, cost-benefit analysis requires more detail on the specific path that is taken. For this report, the analysis focuses on a specific scenario for progressive realisation of the RTAH. In this scenario, announced policies such as decarbonisation policies and potential changes in Welsh Housing Quality Standards (WHQS) will improve housing adequacy by improving the thermal comfort of properties, reducing energy bills, increasing the physical security of buildings and reducing the prevalence of damp. At the same time, we assume that the introduction of the RTAH will support homelessness and housing adaptations-related policies, which are on a good path, but still have room to improve.

Due to limited quantitative evidence, we were not able to quantify all elements of housing adequacy, including legal security of tenure, affordability, location and cultural adequacy. Additionally, limited evidence did not allow us to quantify all potential benefits generated from the introduction of the RTAH in Wales, such as the positive impact of the RTAH on education outcomes, discussed qualitatively in the chapter titled *Results*.

Based on our high-level CBA, we found that the introduction of the RTAH into Welsh law can generate socio-economic benefits that outweigh the costs. Investing £5 billion in ensuring that everyone in Wales has access to adequate housing can generate £11.5 billion in economic and social benefits over a 30-year period. In other words, spending £1 to provide adequate housing in Wales will generate £2.30 in benefits to beneficiaries and society. These findings are based on the scenario we have fully modelled, which is one of the countless scenarios that could follow introducing the RTAH in Wales. Under other scenarios where the number of households affected due to the introduction of the RTAH is different than the number assumed in our scenario, total costs and benefits will change, but the ratio of benefits to costs is unlikely to substantially change.

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# Appendix

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## Cost-benefit analysis approach

This CBA framework is developed to link the costs of introducing the RTAH in Wales to the socio-economic benefits flowing from this intervention. Costs and benefits are identified and compared to a counterfactual (“business as usual”) scenario under which the RTAH is never introduced into Welsh law.

The framework captures the costs of achieving universal adequate housing in Wales, as well as tangible and intangible benefits flowing from the 10-year progressive realisation of the RTAH. The timeline of our model is 30 years. Tangible benefits (e.g., fiscal benefits to public sector agencies such as NHS Wales and local authorities) are quantified and monetised based on avoided costs. Intangible benefits (e.g., welfare gains from improved health and wellbeing) are monetised using evidence from the literature on people’s preferences and willingness to pay for such outcomes, putting a £ figure on changes in individual’s quality of life or wellbeing.

Future costs and benefits in real terms are discounted to identify their present value by considering the time value of money (based on the assumption that people prefer to receive benefits now rather than in the future). Following best practice outlined in HM Treasury guidance on policy appraisal and evaluation, we assume that the social discount rate is 3.5%.<sup>35</sup> Our framework provides the present value of costs and benefits over 30 years to identify the Net Present Value (NPV), and the Benefit-Cost Ratio (BCR) of introducing the RTAH into Welsh law.

## A pathway to progressive realisation

We assume that the RTAH is introduced in Year 1 (that is, 2025) and that costs and benefits are materialised until Year 30 (that is, 2055). We assume that the right is progressively realised, and by Year 10, everyone in Wales should have access to adequate housing.

## Universal housing

Based on current data on homelessness<sup>36</sup> and projections of homelessness by Bramley (2021), we estimate that in Year 1, the number of homeless households in Wales will be around 10,000. We illustrate one potential pathway of the progressive realisation of the right in Wales, for which we assume that one adequate house would be provided to each homeless household over a 10-year period, meaning that in Year 10, homelessness would end. During the 10-year period, we assume that 10% of the total houses required to accommodate all homeless households would be built every year. After Year 11, we assume that 500 households would become homeless every year after Year 10, but that they would exit homelessness the same year as new social houses would be built and provided to them.

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<sup>35</sup> HM Treasury. “The Green Book – Central Government Guidance on Appraisal and Evaluation”. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)

<sup>36</sup> StatsWales, 2020-21. “Households for which assistance has been provided by outcome and household type”. Available at: <https://statswales.gov.wales/Catalogue/Housing/Homelessness/householdsforwhichassistancehasbeenprovided-by-outcome-householdtype>

## Costs

**Costs of building new houses:** We assume that new social houses will be built to meet housing demand. We assume that the average cost of building a new house in Wales (including land value, construction costs, etc.) will be equal to an average house price minus an adjustment for profits.<sup>37</sup> Based on evidence from 2022 collect by the Principality Building Society,<sup>38</sup> the average house price in Wales is £233,361, meaning that the average cost of building a new house in Wales in 2022 is around £200,000 (reflecting an adjustment for profits). In 2025, this cost would be around £215,000. Using this estimate, we calculated the cost of constructing houses in Wales to meet housing demand for this population group.<sup>39</sup>

**Costs of securing suitable accommodation (rent, deposit payments, rent arrears payments):** We estimated the costs of securing accommodation per homeless household (such as rents, deposit payments, rent arrears payments) based on estimates generated by the Welsh Government (2020).

**Rents:** Based on estimates from the Welsh Government, we calculated the rents of newly built houses.<sup>40</sup> Since the average weekly rent of social housing is £97, the average annual rent is around £4,500.

**Housing support costs:** We assume that all households exiting homelessness would receive housing support; as soon as one household exits homelessness, they would start receiving housing support over the 30-year period we examine. Based on a report by Cardiff Metropolitan University, and according to the Welsh Government Spend Plan 2019/20, around £20 million would be provided to support around 10,000 households to prevent homelessness (Fury et al., 2020). Based on this evidence, support provided to prevent homelessness is around £2,000 per household.

## Benefits

**Rental value of new housing stock:** In addition to considering the costs of building new housing stock, we needed to estimate the rental value as part of the benefits generated by introducing the RTAH. The rental value is equal to the present value of the total rents of houses over their lifetime.

**Avoided costs to local authorities through reduced use of homelessness services:** We estimated the avoided costs generated due to reduced use of homelessness services by households who access accommodation under the RTAH. We used estimates generated by a 2019 Crisis report on the annual savings from reduced homelessness services per household that avoid homelessness (Alma Economics, 2019). Following the approach in the Crisis report, we assume that the households exiting homelessness would not need relief services or temporary accommodation. Thus, the avoided costs to local authorities includes costs of temporary accommodation and related relief services. However, as explained in the section titled *Housing support costs*, we consider that households exiting homelessness would continue receiving support to prevent homelessness.

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<sup>37</sup> Assumed to be around 15% based on a review of selected homebuilders' financial accounts.

<sup>38</sup> Principality Building Society, 2022 Q2. "Wales House Price Index". Available at: <https://www.principality.co.uk/mortgages/house-price-index>

<sup>39</sup> We assume that the houses built will be of average size. According to an analysis of 2016 property prices by ONS, the average house sold in England and Wales had a size of 104 square meters. More information at: <https://www.thelondoneconomic.com/property/how-big-are-our-homes-in-england-and-wales-88347/>

<sup>40</sup> Welsh Government, 2021. "Social landlord housing stock and rents: as at 31 March 2021". Available at: <https://gov.wales/social-landlord-housing-stock-and-rents-31-march-2021>

**Other avoided costs to the public purse:** We estimated wider savings generated due to reduced homelessness. We assume that each household prevented from homelessness would have reduced need for mental health services, drug and alcohol dependence treatment, and contact with the criminal justice system. Based on a 2018 Crisis report, we assume the following savings per homeless individual due to reduced use of the aforementioned services (PWC, 2018):

- mental health services (£512 for contacting mental health services and £1,049 from using NHS Wales services for mental health),
- drug and alcohol dependence treatment (£322 per individual per year), and
- contacts with the criminal justice system (£2,439).

As these estimates are per homeless individual, we then calculated the savings per homeless household using evidence on the average household size in Wales.<sup>41,42</sup>

**Increased economic output:** Another benefit considered in the CBA framework is increased economic output as a result of people moving into employment. We assume that homelessness is a barrier to working, so supporting people to exit homelessness will help them move into the labour market and increase their earnings. Based on PWC (2018), 25% of homeless individuals will enter employment, increasing their earnings by around £14,000 per year.<sup>43</sup>

**Increased wellbeing:** Another benefit monetised in the CBA is the improved wellbeing of households that move from homelessness into secure housing. According to the PWC (2018) report, we assume that the value of improved wellbeing due to moving from homelessness to secure housing is around £18,000 per household per year.<sup>44</sup> This estimate is the average value of improved wellbeing (physical and mental) due to moving from rough sleeping or temporary accommodation into secure housing.

## Housing adaptations

Due to limited data on the number of people who require accessible housing, we focus on people aged 65 and older who need housing adaptations. We assume that 7% of all households with an adult aged 65 or over live in a house that requires housing adaptations (Garrett and Roys, 2017). We also consider the ageing population in the country, and estimated that around 700,000 people will be 65 years and older in Wales by 2025.<sup>45</sup> We assume that 7%, or 50,000 of them, will need housing adaptations per year.

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<sup>41</sup> We assume that the average homeless household size in Wales is equal to 2.2, which is the average household size in Wales based on Welsh Government mid-2020 household estimates, available at: <https://gov.wales/household-estimates-mid-2020-html>

<sup>42</sup> These estimates have been adjusted to 2025 values.

<sup>43</sup> We assume that 25% of homeless households have at least one adult that will move into employment.

<sup>44</sup> This is based on the estimates of increased wellbeing due to moving from rough sleeping or temporary accommodation into secure housing. We assume that the average size of rough sleeping households is one and that the average size of households in temporary accommodation is equal to 2.2 (which is the average household size based on Welsh Government mid-2020 household estimates, available at: <https://gov.wales/household-estimates-mid-2020-html>)

<sup>45</sup> Stats Wales, 2020. "Population projections by year and age". Available at: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Projections/National/2020-based/2020basedpopulationprojections-by-year-age>

## Cost of housing adaptations

According to the 2021 Welsh Government report, the average cost of a housing adaptation is equal to £1,050 per house. Assuming that all households require five housing adaptations relating to hazards, including falls on stairs, falls on the level, falls between the levels, fire and hot surfaces, the costs of housing adaptations is equal to £5,250 per household.

## Benefits of housing adaptations

Following Garrett and Roys (2017), we estimated the benefits to NHS Wales and society resulting from reduced hazards after housing adaptations. We estimated the benefits to NHS Wales and society by multiplying the probability of having an incident due to one of the five hazards mentioned above, the likelihood of having an extreme, severe, serious or other outcome, and a weighting of the potential benefits to NHS Wales and society associated with repairing and mitigating the five hazards.

## Benefits under current policies affecting housing adequacy

Based on the Welsh Housing Conditions Survey (WHCS) 2017-18, 99% of dwellings are of EPC rating B and below (StatsWales, 2019a). Using data on the number of dwellings in Wales in 2019, we estimated that around 1.5 million houses would be expected to be upgraded over the period until 2050 (StatsWales, 2019b). Assuming that one household lives at one house, and based on the assumption that the average household size is 2.2 people per household,<sup>46</sup> we estimated that the majority of households in Wales will benefit from this.

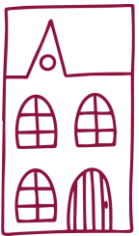
To produce a preliminary estimate of the benefits of increasing the energy efficiency of houses to an EPC rating A by 2050, we used evidence from studies that explored the impact of housing renovations. In particular, Milner et al. (2015) explored the health impact of housing renovations that aimed at improving indoor air quality. Using data from England and Wales, the authors found that home energy efficiency interventions that reduce exposure to air pollution would have a positive impact on mortality and morbidity from asthma, coronary heart disease and lung cancer. These interventions would result in increased Quality Adjusted Life Years (QALYs) by 0.24 per person over 90 years. Similarly, another study explored the health effects of home energy efficiency interventions in England, such as fabric and ventilation retrofits to meet building regulations (Hamilton et al., 2015). The authors found that these energy efficiency retrofits would result in an average increase of 0.22 QALYs per person over 50 years of age due to improved indoor air quality and temperature. In order to estimate the value of these benefits, we used the suggested value of £60,000 per QALY.<sup>47</sup>

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<sup>46</sup> Welsh Government, 2020. "Household estimates: mid-2020". Available at: <https://gov.wales/household-estimates-mid-2020-html>

<sup>47</sup> HM Treasury. "The Green Book – Central Government Guidance on Appraisal and Evaluation". Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)





**The right to adequate housing in Wales:  
cost-benefit analysis**

# Agenda Item 4

Local Government and Housing Committee

8 March 2023 – papers to note cover sheet

<b>Paper no.</b>	<b>Issue</b>	<b>From</b>	<b>Action point</b>
Paper 3	Corporate Joint Committees	Minister for Finance and Local Government	To note
Paper 4	Services for care experienced children: exploring radical reform	Children, Young People and Education Committee	To note
Paper 5	Welsh Government draft budget 2023-24	Welsh Government	To note

Rebecca Evans AS/MS  
Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government



Llywodraeth Cymru  
Welsh Government

John Griffiths MS  
Chair, Local Government and Housing Committee

27 February 2023

Dear John,

Further to my letter on 15<sup>th</sup> November 2022 in relation to the consideration the Local Government and Housing Committee have given to the establishment of Corporate Joint Committees (“CJCs”), you will wish to note I have today issued the attached Written Statement.

It updates the Senedd that the Secretary State for Wales has laid the Local Government and Elections (Wales) Act 2021 (Corporate Joint Committees) (Consequential Amendments) Order 2023 before Parliament. The Order will amend UK legislation to provide for various technical changes to UK legislation necessary to support CJCs, including in relation to their taxation status and borrowing powers.

These changes will address key operational issues for CJCs which I know were raised with your committee. As I set out in my statement, subject to Parliamentary approval these changes will be made by the end of the current financial year and will enable regional colleagues to plan with confidence for the next financial year.

I will of course continue to engage closely with each CJC to explore how the Welsh Government can continue to support their ongoing implementation.

Yours sincerely,

A handwritten signature in black ink that reads 'Rebecca Evans.' The signature is written in a cursive, flowing style.

**Rebecca Evans AS/MS**  
Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government

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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.



Llywodraeth Cymru  
Welsh Government

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## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

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<b>TITLE</b>	<b>Amendments to UK Government legislation to support Corporate Joint Committees</b>
<b>DATE</b>	<b>27 February 2023</b>
<b>BY</b>	<b>Rebecca Evans MS, Minister for Finance and Local Government</b>

The Local Government and Elections (Wales) Act 2021 provides for the establishment of Corporate Joint Committees (CJCs). These enable and support the delivery of important, specific local government functions at a regional scale where it makes sense to do so.

A small number of outstanding technical issues emerged during implementation of these CJCs, including their taxation status.

When issues arising from Senedd legislation require amendments to UK wide legislation beyond the Senedd's legislative competence, an Order under section 150 'Power to make consequential provision' of the Government of Wales Act 2006 can be developed in partnership with the Westminster Government.

The Secretary State for Wales has laid the Local Government and Elections (Wales) Act 2021 (Corporate Joint Committees) (Consequential Amendments) Order 2023 before the UK Parliament. This Order, if approved, will provide for technical amendments to the following UK legislation to add CJCs to their definitions of local authorities or to the list of bodies encompassed by provision:

- Corporation Tax Act 2010 and Income Tax Act 2007 - which means a CJC will not be liable to pay corporation tax, tax in respect of its income, or chargeable gains tax, in the same way as any local authority in the United Kingdom is not liable to pay these taxes.
- National Loans Act 1968 – which extends HM Treasury's power to provide loans to CJCs out of the National Loans Fund in the same way that it can provide loans to local authorities.

- Local Government Act 1972 – which means that a CJC is able to pay money owed to a deceased member of staff without requiring a grant of probate or letters of administration, in the same way as a local authority can.
- Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999 – which will support the smooth transition and continuity of employment between CJCs and principal councils.
- Local Government Pension Scheme Regulations 2013 – which ensures the four CJCs become scheme members and their employees are automatically admitted to the Local Government Pension Schemes.

Subject to Parliamentary approval of this Order, these changes will be made by the end of the current financial year.

An Order to admit the four Corporate Joint Committees into the VAT refund scheme came into force on 9th February. CJCs can now receive a refund of the eligible VAT they incur in the same way as local authorities can.

These changes resolve key remaining operational issues for CJCs and will enable regional colleagues to plan with confidence for the next financial year. This will support partners to deliver their regional ambitions, develop successful regional economies, and encourage local growth via the CJCs.

—  
**Children, Young People  
and Education Committee**

John Griffiths MS  
Chair of the Local Government and Housing  
Committee

28 February 2023

**Housing issues facing birth parents and care leavers**

Dear John,

As you may know, we are currently carrying out an inquiry into services for care experienced children. Our inquiry has been driven by the voices of children and young people. We are determined that their views and experiences will shape our final report and its recommendations.

During the autumn we carried out informal engagement visits throughout Wales to talk to birth parents (parents who have had/are in the process of having a child removed from their care) - many of whom are themselves care experienced - and to care leavers about their experiences and views of the care system. On 26 January we held a stakeholder event with birth parents to complement our engagement visits to give as many young parents the opportunity to feed into our work as possible.

Many of the things that the young people told us were deeply distressing and concerning. I would like to raise one of their concerns with you specifically: there is a major, national shortage of high quality, small (one/two bedroom) houses and flats for birth parents and care leavers. We have heard that this shortage is driving up the rates of children in care in Wales. As you will know, local authorities – including their housing departments - have responsibilities as corporate parents of care experienced children. We are concerned that local authorities may be struggling to meet their corporate parenting obligations in relation to the provision of accommodation for children once they leave the care system.

I have highlighted some of the specific challenges birth parents and care leavers, and staff who work with them, have raised with us below.

Birth parents

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The lack of safe, quality, long-term accommodation can count against birth parents in court proceedings. A court will consider whether a birth parent has suitable, long-term accommodation for them and their child when it makes decisions about whether the child should stay with their parent(s). It will also consider whether the birth parent is in close proximity to any support network. If a birth parent cannot secure suitable long-term accommodation near their family and friends, or, worse, cannot secure suitable long-term accommodation at all, this will directly contribute to the likelihood of a child being removed from their parents' care.

These challenges are compounded for some birth parents who are mandated to attend parenting assessment centres (sometimes referred to as mother and baby units). The purpose of parenting assessment centres is to establish a birth parent's fitness to be a parent. A typical assessment period is around 12 weeks. Unfortunately, many birth parents are not able to keep their accommodation for that time, and therefore face leaving the assessment centre without safe, quality and long-term accommodation for them and their child to return to. Again, we have been told that this can count against them in court proceedings.

#### Care leavers

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Many care experienced young people struggle to find suitable accommodation to move into once they leave the care system or once they leave transitional, supported accommodation. We heard that there are strict limits on referrals for social housing on behalf of care leavers from third sector organisations, and that care leavers themselves have no priority over other applicants if they apply for social housing independently.

Delays in finding appropriate accommodation for care leavers strains transitional accommodation services, which will try to continue to provide accommodation for a young person until there is somewhere safe for them to move into. This blocks beds for other young people leaving the care system and in need of that transitional, supported accommodation before they feel confident living independently.

More importantly, it can be incredibly distressing and traumatic for the young people. Many care leavers are vulnerable young people, having experienced abuse as a child alongside the instability of frequent changes of foster placements, social workers, and schools. The challenges they face in securing accommodation can leave many vulnerable to exploitation, homelessness, substance misuse and crime.

It is worth stressing that, for birth parents who have themselves been in care (which we believe is a high proportion of all birth parents), the housing shortage also affects them as care leavers, as noted above.

We will be publishing summary findings of both our engagement work and our stakeholder events shortly, which will set out these concerns in more detail.

However, for various reasons, such as the limitations of our Committee's remit, we will not be able to give this critically important issue the time and attention it deserves as part of this inquiry.

I very much hope that you find this information useful and that you are able to consider it as part of any current or future work you undertake into housing for vulnerable people. If you have any questions about our work please contact our clerks directly, who would be happy to provide additional briefing material on our findings to date.

Yours sincerely,



Jayne Bryant MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.





Julie James AS/MS  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

Rebecca Evans AS/MS  
Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government

Jane Hutt AS/MS  
Y Gweinidog Cyfiawnder Cymdeithasol  
Minister for Social Justice

Vaughan Gething AS/MS  
Gweinidog yr Economi  
Minister for Economy

John Griffiths MS  
Chair of the Local Government and Housing Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
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3 March 2023

Dear John,

Thank you for the Committee's report on the Scrutiny of the Welsh Government's Draft Budget 2023-24 outlining 24 recommendations for the Welsh Government.

We would like to thank members of the Committee for their report. Please find enclosed the Welsh Government response to these recommendations in advance of the vote on the Final Budget on 7 March.

Yours sincerely,

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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 AM**  
Y Gweinidog Newid  
Hinsawdd  
Minister for Climate Change



**Rebecca Evans AM**  
Y Gweinidog Cyllid a  
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**Jane Hutt AM**  
Y Gweinidog Cyfiawnder  
Cymdeithasol  
Minister for Social Justice



**Vaughan Gething AS/MS**  
Gweinidog yr Economi  
Minister for Economy

## **Written response by the Welsh Government to the report of the Local Government and Housing Committee on the 2023-24 Draft Budget**

### **Recommendation 1.**

The Welsh Government should outline how it is working with local government in preparation for continued pressures on local authorities in future financial years.

#### **Response:** Accept

Formal engagement on finance matters between local and Welsh Government will continue to take place through the Finance sub group (FSG), a standing sub group of the statutory Partnership Council. This will include consideration of financial pressures throughout the year and during the run up to the determination of the Welsh budget. Specific discussions on Local Authority services can also take place between relevant ministers and WLGA through these groups in addition to bilateral portfolio engagement.

## **Recommendation 2.**

We recommend that the Welsh Government makes representations to the UK Treasury for a rolling three year settlement to provide public services with greater certainty.

### **Response:** Accept

We agree it would be preferential to have as long a settlement as possible from the UK Government, to help provide increased certainty for both the Welsh Government and its delivery partners and to aid long term planning. We will continue to press the UK Government for greater financial certainty where appropriate, through the available channels, including through the Finance: Interministerial Standing Committee (F:ISC) and bilateral meetings with the Chief Secretary to the Treasury.

There are a range of financial issues we intend to raise with the UK Government however and a number of these could impact the Welsh Government's upcoming settlement in the UK Government's Spring Budget so require urgent attention. Our priority will be to focus our negotiations with the UK Government on those critical financial issues rather than this specific suggestion in the short term, but we will consider this for future discussions.

### **Recommendation 3.**

The Welsh Government should provide further detail to demonstrate how the allocations in the draft budget have been prioritised to meet its commitment to the preventative spend agenda.

#### **Response:** Accept

Alongside the Draft Budget as in previous years, an extensive summary of all Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG has since been published, providing a more detailed account.

This sits alongside the suite of documents that are published as part of the Draft Budget, including the Strategic Integrated Impact Assessment document (SIIA).

As demonstrated, funding continues to be allocated in line with where evidence shows it can make the greatest difference. Recognising preventative spending is a complex area, the updated Budget Improvement Plan published alongside the Draft Budget on December 13<sup>th</sup> also continues to outline planned action to improve how preventative spending is captured and considered as part of the budget process.

#### **Recommendation 4.**

The Welsh Government should ensure there is sufficient capital funding within the settlement for local authorities to adequately maintain the highway and roads network.

#### **Response:** Accept in Principle

While the Government recognises the impact of road maintenance on council budgets and on communities, the capital funding provided through the Local Government Settlement is unhypothecated. Authorities may choose how to use this funding alongside their other resources to maintain and develop their local roads and active travel infrastructure. Authorities will also be considering the balance they wish to take between revenue funded maintenance and larger scale capital refurbishment. In the next 2 years we are investing through the £400m for Local Government general capital and supported borrowing, to underpin the crucial role local authorities play in delivering infrastructure which not only enables local service delivery, but contributes to our infrastructure ambitions across Wales.

More broadly, the position on capital funding for the Welsh Government was set out as part of this budget. The settlement we received from the UK Government was disappointing and is not sufficient to meet our ambitions to invest in Wales' future, with our overall capital budget 8.1% lower in real terms than the current year.

Following the review of our capital budgets, general capital funding for local government for 2023-24 will remain as indicated in the final 2022-23 budget at £180 million, an increase of £30m over the current year. This will continue for 2024-25.

## Recommendation 5.

The Welsh Government should continue to work with the UK Government to understand future increases to capital funding and should make the case for increases to be linked to the rate of inflation.

**Response:** Accept in Principle

The changes to the Welsh Government's capital budget are determined by changes to comparable budgets in England, via the Barnett formula. These changes can lead to reductions in cash and real terms but can also be greater than a simple inflationary uplift at times. Linking increases to inflation may therefore not always be in Wales' best interests.

The Minister for Finance and Local Government regularly makes the case for increases in capital funding. We have an ambitious strategy for capital infrastructure set out in the Wales Infrastructure Investment Strategy (WIIS), which is our ten-year vision for the outcomes which investment in infrastructure should enable. The Infrastructure Finance Plan sits alongside the WIIS, and is a 3-year action plan, setting out over £8bn of capital funding allocated to projects which most effectively deliver the outcomes outlined in the strategy; it is crucial to delivering our aspirations for Net Zero. We accept however, that current inflation levels inevitably mean portfolio ministers will need to manage their budget allocations and respond to pressures through the acceleration and deceleration of projects and programmes according to budget availability.

Therefore, whilst we acknowledge inflation should not be the only driver for increasing capital allocations, we will continue to call on the UK Government to recognise the growing impact of inflation on both capital and resource budgets at this time. We will also continue to press them to provide us greater fiscal flexibilities which we need to make the best use of our resources in difficult times.

## Recommendation 6.

**The Welsh Government should undertake a review of its campaign to increase awareness of benefits available for residents to access, including the Council Tax Reduction Scheme, to assess its effectiveness in reaching eligible residents.**

**Response:** Accept in principle

The Welsh Government is committed to ensuring that people in Wales claim every pound they are entitled to and we have a well-established stakeholder group to drive forward this work. The Minister for Social Justice leads on welfare reform and cross-cutting measures to promote prosperity and tackle poverty, including the awareness of the wider benefits system.

Our benefits take-up campaign is delivering results and awareness of financial support is increasing in Wales. Evaluations of these campaigns are undertaken on a regular basis and are targeted at audiences whom we know are eligible but are sometimes less likely to apply for a range of different benefits.

Our national integrated communications campaign, *Here to Help with the cost of living*, encourages people who are concerned about their ability to pay for bills or who want to check what financial support they are eligible for, to contact Advicelink Cymru free. The service includes the Council Tax Reduction Scheme (CTRS) which provides a direct reduction to council tax bills rather than operating as a benefit.

The call to action to contact Advicelink is an integral part of the campaign. This is demonstrated by the survey carried out as part of the campaign in March 2022 which showed that more than half of the people surveyed would be unsure where they could go to speak to someone about what they are entitled to. Previous evaluations have demonstrated that over 8,000 people have responded to the campaign's call to action to contact Advicelink Cymru and have been helped to claim over £2.7m of additional income.

Our third national campaign is now underway to help raise awareness of, and to help people to access, the financial support that's available

Additionally, from 21 March to 7 May 2022, we reran a further campaign to raise awareness specifically about council tax support. Overall, the public response to this campaign was positive. Digital advertising was again utilised on various social media platforms to inform the public about the CTRS, council tax discounts and exemptions. We also worked closely with local authorities and key stakeholders on a social media toolkit. This toolkit aimed to drive households to our own Welsh Government information [webpages](#) to encourage uptake.

It has been suggested that take-up of CTRS in Wales could be as low as 55% to 65% of eligible households. While this is comparable with UK non-devolved benefits, we need to continue to try to establish why the numbers receiving support have fallen despite increasing economic pressures and rises in council tax bills.



Our CTRS currently supports around 265,000 eligible households across Wales, providing a reduction in their council tax bill and, in many cases, reducing it to zero. Our latest annual report shows that around 20% of all households in Wales receive support through this scheme. However, in 2013 around 325,000 households benefitted from this support.

This is why the Welsh Government is reviewing the CTRS as part of our broader programme examining options for reforming council tax and making it fairer. We will be using all the evidence available to help us improve the scheme over this Senedd term. This will include considering how our scheme takes account of the impact of Universal Credit and other changes to the non-devolved welfare system. We believe this broader systemic review of CTRS, which will look at operational issues that are barriers to people applying for support as well as issues around how support schemes and benefits interact with each other, is needed before further reviews of campaign activity to ensure that future campaigns are well-targeted.

## Recommendation 7.

The Welsh Government should provide assistance to local authorities to expand graduate and apprenticeship schemes in order to retain skilled workforce.

### **Response:** Accept in Principle

Apprenticeships have a vital role in supporting the recovery of the economy and in supporting those most likely to be negatively impacted in the Welsh labour market. The Welsh Government is committed to increasing the number of apprenticeships undertaken and developing programmes to meet the needs of employers whether in the private or public sectors.

Investment priorities are informed by four Regional Skills Partnerships (RSPs), employer-led bodies of whom local authorities are prominent members. RSPs are a pivotal component of the regional skills landscape, providing labour market intelligence to the Welsh Government and woven into skills and employability plans. The intelligence and recommendations they provide at a regional and sub-regional basis, together with other sources of intelligence, are key to informing policy development, the design of our programmes and deployment of skills funding. RSPs produced three year strategic employment and skills plans which set out regional skills priorities, based upon employer led intelligence.

A network of quality assured training providers work with employers, including local authorities, to understand the training needs and delivery apprenticeships to meet business objectives.

The Academi Wales “All Wales Public Service Graduate Programme” provides unique opportunity for graduates to boost skills and grow their careers. The scheme provides a range of stretching opportunities across Welsh public services, alongside a bespoke Masters qualification. Graduates are provided with opportunities to work across organisational boundaries in One Welsh Public Service, and to strengthen public services in Wales. The second cohort of graduates are currently undertaking their journeys through the scheme, with future cohorts in the early stages of development.

In terms of financial support, funding through the unhypothecated local government settlement offers local authorities the greatest flexibility to invest in their own capacity and capability. Local authorities are also using the significant funding provided for the regional city and growth deals to address skills gaps and build in-demand skills which will contribute to the longer term economic growth of the regions.

## Recommendation 8.

The Welsh Government should seek every opportunity to influence and input into plans to urgently develop the grid network across Wales to address network capacity for charging electric vehicles.

**Response:** Accept

The Welsh Government has been actively working with the UK Government, Ofgem and network companies for a decade to address the inability of the electricity grid in Wales to meet our climate ambitions.

We hold a quarterly forum with all network operators to discuss both operational and strategic challenges, which has helped develop a greater understanding between all parties. Welsh Government officials have worked closely with District Network Operators (DNOs) SP Energy Networks (SPEN) and National Grid Electricity Distribution (NGED, formerly WPD) as they developed their business plans for the period 2023-28. We were pleased to see that NGED has appointed an officer specifically to work with Welsh Government and local authorities; addressing EV charging is one of the key priorities in her work. SPEN has developed an approach to identify where the grid can most readily support EV charging and has appointed additional staff to work with authorities to use this tool.

Transport officials also have regular dialogue with the DNOs feeding up to date progress and plans for the roll out of publicly available EV Charging infrastructure to the DNO planning process. Over the last 2 years SPEN and transport officials have worked very closely to ensure the successful roll out of the 'Green Recovery' funded infrastructure that SPEN were awarded by Ofgem. Transport officials now have a clear view of where publicly accessible EV Charging facilities are required and are actively sharing this data with the Local Authorities and the DNOs.

However, the grid will still need further development to meet the combined demand of electrified transport and heat. Welsh Government has supported four local authorities to develop local energy plans, and the remaining eighteen are now under way. This will develop clear evidence of the need for new grid infrastructure. Grid operators are closely engaged in the process, which will identify where they might make a case to Ofgem for development to enable the shift to net zero.

Welsh Government is also actively involved in the plans for new transmission infrastructure, which is needed to reinforce the distribution grid. This major infrastructure takes a long time to plan and build, and we are feeding into thinking on how this process can be accelerated without limiting the opportunity for citizens to voice their views on the impact of specific developments. Our Future Energy Grids for Wales project will report in May and will include important insights on the needs for future grid in Wales. We will continue to work with UK Government and Ofgem to share and implement its findings.

## Recommendation 9.

The Welsh Government should provide further information on the work being undertaken by Ystadau Cymru to decarbonise the local government estate, including how it expects the funding allocated in the draft budget for 2023-24 to be used.

### **Response:** Accept

Ystadau Cymru have appointed a specialist in sustainability with significant experience in introducing renewable energy and sustainability measures to our own estate. This expertise strengthens the support Ystadau Cymru can provide asset managers to decarbonise the estate. Work is underway to develop a set of sustainability indicators which will assist asset managers to prioritise buildings for retention within the public estate. These indicators will include decarbonisation, but also ensure that decisions about the future estate align with the other Wellbeing and Future Generations goals.

A bespoke, accredited carbon literacy training package has been developed in collaboration with Cynnal Cymru which will be delivered in March and April 2023. Delegates from across the public sector have been accepted onto the course, which has been substantially oversubscribed. The resources created for this course will be added to the directory of sustainability training and resources which has already been shared through the Ystadau Cymru network.

Working across Government, officials and members have contributed directly to the recommendations of the Trees and Timber Deep Dive and the Local Government Decarbonisation Strategy Panel. This includes a pilot group working with WLGA consultants and DataMap Wales to identify and test a methodology for identifying the best opportunities for tree planting and sequestration on public land. This work will continue through into 2023-24.

The ACPW Grant funding will continue in 2023-24 and will provide revenue and capital funding to public sector led collaborative projects on the public estate. This will complement other funding streams and has a strong focus on decarbonisation and sustainability. Funded projects will be asked to share their key learning points for wider benefit. This work will be supplemented by sharing good practice case studies, disseminated by newsletters and in the annual conference and awards.

## **Recommendation 10.**

The Equality and Social Justice Committee and the Local Government and Housing Committee jointly recommend that the Welsh Government should urgently set out the reasons for the lack of progress on use of the Gypsy and Traveller Site Capital Grant and how it plans to work with local authorities to ensure take up of this important fund. Further, the Welsh Government should clarify what will happen to the unspent £3.690 million from the 2022-23 Budget, and confirm that it will be allocated to actions within this area.

### **Response:** Accept

This Welsh Government grant has been an important tool for progressing work to improve sites and create new ones. Local Authorities do not have to use the grant to do this, it can be prioritised from within existing budgets.

Proposals for new sites and even for improvements are often complex. This means they are rarely brought to fruition swiftly and a proposal may have been in development for some time before a grant application is made.

The Minister for Social Justice is aware of the concerns and shares the view of the vital need to maximise investment in new sites and improvements to existing sites. Given the challenges, active engagement and championing by Welsh Government is important in moving things forward, and officials are in the process of meeting representatives of the communities and Local Authorities across Wales to assess need and scope to take up the grant.

The unspent £3.690 million in 2022-23 has not been allocated to other actions within the Social Justice portfolio. This underspend has been used to offset pressures in other areas across Welsh Government.

## **Recommendation 11.**

The Welsh Government should set out how it is working with other departments on homelessness prevention measures.

### **Response:** Accept

Our Strategy to End Homelessness recognises that this is a public service issue and as such, our Ending Homelessness Action Plan sets out the actions we are taking on a cross-Government basis. The plan will be updated in the Spring to include progress updates on areas of work, including cross-Government working, as well as new actions to be taken forward.

An example of cross-Government working in this area includes our approach to youth homelessness and ensuring all children and young people have a good and secure home to live in, which is also one of the key priorities in our cross-government Children and Young People's Plan published in March 2022.

Actions underway include work to improve the transition from care into independent living, and we are currently refreshing the Care Leavers Accommodation and Support Framework, which was developed specifically for young people leaving care in Wales. We are also supporting over 20 projects providing new and innovative housing and support approaches to young people, which are operational across Wales as a result of our investment of over £3.1m in the Youth Homelessness Innovation Fund. The youth homelessness innovation fund projects are specific to disadvantaged young people aged 16-25 at risk of becoming homeless or currently homeless including but not limited to, care leavers, disabled young people and those who have previously been in the youth justice system. Examples of these projects include: supported accommodation, supported lodgings, training flats, tenancy support, a shared accommodation scheme, a transition support scheme and an LGBTQ+ supported housing scheme.

Working with the Education Department, we continue to invest £3.7m a year in the Youth Support Grant to identify young people at risk of becoming homeless at an earlier stage to ensure they are given the support required to prevent it. We have also worked on a cross-government basis to ensure the prevention of youth homelessness is embedded in the now refreshed youth engagement and progression framework, initially developed to identify and support those at risk of becoming not in education, employment and training (NEET). Also, as part of the Youth Support Grant funding, local authorities have appointed a Youth Homelessness Coordinator based in the youth service, working with their housing and social services colleagues to ensure those at risk of homelessness are identified and supported.

## Recommendation 12.

The Welsh Government must make providing additional funding for the Housing Support Grant allocation ahead of the final budget a priority and should explore all possible options for doing so.

**Response:** Accept in Principle

As set out in my evidence to Committee, unfortunately, due to the UK Government's 2023-24 budget settlement not addressing the funding gap that exists, and not being sufficient to meet the extraordinary pressures currently being faced, Ministers have had to make extremely difficult decisions and prioritise the budget to maintain our commitment to prioritise public services and those who are most disadvantaged. This is reflected in our 2023-24 Draft Budget published on 13 December 2022. If more funding were to become available from the UK Government, we would of course look to continue to prioritise public services and those most disadvantaged.

We remain committed to our long-term goal of ending homelessness, and we recognise the vital role homelessness and housing support workers play in supporting people across Wales to live independently and to prevent homelessness. In recognition of the importance of housing support services we increased the Housing Support Grant (HSG) budget by £40m in 2021-22, to £166.763m, a rise of over 30%. Despite the difficult budgetary position, we have maintained this substantial increase in this year's budget and in the 2023-24 Draft Budget.

In recognition of the wider pressures on homelessness services, we have provided additional funding to the Homelessness Prevention Budget, which will increase by £15m in 2023-24, an additional £10m more than previously planned. This takes our investment in homelessness and housing support services to over £207m in 2023-24. Included in this is the Homelessness Prevention and Relief Fund of £6m which provides local authorities with maximum flexibility in supporting people to prevent homelessness.

We are also protecting programmes which put money back in people's pockets and support people through the cost-of-living crisis, including an extra £18.8m in the Discretionary Assistance Fund to continue providing emergency financial support to people facing financial distress. This in addition to the £380million we have already invested in our cost-of-living support package since November 2021, including funding schemes such as the £150 cost-of-living payment for eligible households, a second Welsh Government Fuel Support Scheme to support people on low incomes with a non-repayable £200 payment towards their energy bills, and a Fuel Voucher and Heat Fund scheme to help households on prepayment meters and those not connected to the mains gas network who are struggling to prepay for their fuel.

This was a budget delivered in a perfect storm of financial pressures, with our budget worth up to £1billion less in 2023-24 than when it was originally announced, and we have done everything we can to maximise the impact of all our available resources.

### **Recommendation 13.**

The Welsh Government should set out what steps it is taking to influence the UK Government to increase the Local Housing Allowance rate to at least the 30th percentile of local market rents.

**Response:** Accept

Welsh Government continues to press the UK Government at every opportunity to increase the Local Housing Allowance (LHA) rates for those living on welfare benefits. The Minister for Climate Change last wrote to the Secretary of State for the Department for Work and Pensions in this regard in October 2022 and will be raising the issue at a forthcoming Inter-Ministerial Group meeting on housing and homelessness in March.

As the Committee will be aware, the LHA determines how much assistance a low-income household living in the private rental sector can receive towards their rent through the benefits system and it has been frozen since 2020. The LHA is intended to cover the rent for 30% of houses in an area. However, the current LHA rates reflect the level of rents which existed in the private rental market for the period ending September 2019, which is now three years out of date and is patently significantly too low, making many properties unaffordable for those in receipt of housing-related benefits.

We are witnessing private rented sector rents for new tenancies rising at their fastest rate in over a decade in many areas, and a significant gap between people's rental costs and the LHA. To illustrate this, when comparing the current 30<sup>th</sup> percentile (as calculated by Rent Officers Wales) with current LHA rates, the difference on average for Wales is 8.99%. However, this masks significant regional variations, with Newport and Monmouth showing the greatest differences of 20.20% and 17.55% respectively. The differences between the LHA rate and current 30<sup>th</sup> percentile figures for some individual LHA categories are even greater, with 4-bedroom and 1-bedroom properties in Newport differing by 30% and 26% respectively.

This disparity is leaving many people having to try to find the additional rent from the money they have remaining or - if they are unable to do so, as many are - become homeless. Consequently, we continue to ask the UK Government not only base benefits on the current rents levels, but that they also restore LHA rates to be payable at the 50<sup>th</sup> percentile, as was the case when LHAs were first introduced.



#### **Recommendation 14.**

The Welsh Government should set out how it intends to reach the target of 20,000 additional social homes for rent given the envelope of funding available to it. The Welsh Government should also continue to show transparency as to how it is seeking to achieve its target of 20,000 homes and reflect on progress as data becomes available.

**Response:** Accept

The draft budget social housing grant allocation of £330m in 2023-24 is a record annual level of funding for social housing. This builds upon the significant increases in Social Housing Grant budget to £250m in 2021-22, and £300m in 2022-23.

The latest information shows that in general product availability continues to improve and price inflation has stabilised. We will continue to monitor the impact of cost increases and supply chain issues on affordable housing schemes.

As well as funding newbuild homes, we are also supporting a range of initiatives that will deliver more homes towards the 20,000 homes target, such as acquiring properties, remodelling existing accommodation, converting buildings into good quality accommodation, and the innovative use of modern methods of construction and modular accommodation on 'meanwhile' sites.

The Transitional Accommodation Capital Programme (TACP) will provide £89m in 2022-23 to bring more than 1,300 additional homes into use within the next 18 months, and Leasing Scheme Wales (LSW) offers £30m to support access to longer term affordable housing in the private rental sector. A proportion of the homes delivered through TACP and LSW will count towards the housing target.

The published affordable housing statistical release will reflect annual progress.

**Recommendation 15.**

The Welsh Government should provide the Committee with an update following the summit in February 2023 to find a solution to the impact of phosphate issues on house building. This update should include the likely costs of the action plan for the Welsh Government and where the funding will come from.

**Response:** Accept

The Summit on addressing the problem of phosphate levels within Special Area of Conservation rivers was postponed and will now take place in early March. The work captured in the Action Plan for Welsh Government teams has already been factored into broader work programmes. Welsh Government costs relate to staff time only and will be met through existing staff cost budgets.

**Recommendation 16.**

The Welsh Government should set out what assessment was made of the impact of increased cost of labour and materials when determining the budget allocation for empty homes and whether the allocation is sufficient to maintain progress in this area given these increased costs.

**Response:** Accept

The potential impact of increased cost of labour and materials was considered when setting the budget allocation for the recently announced empty homes grant, including assessing recent increases in the BCIS General Buildings Index when setting the grant limit.

The maximum grant available has been increased from £17,000, with a potential £5,000 top up for energy efficiency measures, under the previous Valleys Taskforce Grant to £25,000. Energy efficient improvements are a requirement of the new Empty Homes Grant scheme.

The £50m budget will bring up to 2,000 additional empty properties back into use, complementing our existing schemes and work in this area.

**Recommendation 17.**

The Welsh Government should set out how it is working with estate agents and letting agents to bring empty properties back into use.

**Response:** Accept

As part of the marketing undertaken by participating local authorities to promote the Empty Homes Grant in their areas, we will encourage local authorities to engage with estate agents and letting agents to help increase awareness of the scheme and to help identify empty properties that could benefit from this or other funding schemes available, to bring them back into use.

As part of the affordability pilot in Dwyfor officials have worked with local estate agents to encourage them to share information about relevant Welsh Government schemes on their social media platforms.

### **Recommendation 18.**

The Welsh Government should set out how many surveys are yet to be undertaken and the timescales for completing this work. Once all surveys have been completed, the Welsh Government should update the Committee on the total cost of remediation works and whether it has sufficient funds in the building safety allocation.

#### **Response:** Accept

134 surveys have been completed to date. 62 surveys are yet to be undertaken in this current cohort. This will be two months' work, subject to access to the buildings.

It should be noted that the surveys are a rolling Programme and are dictated by the Expressions of Interest we receive. Therefore, the total number of surveys will continue to increase over time.

Each building in our Programme will have a bespoke set of interventions to address fire safety, and this will need to be costed on an individual basis. The figures for each building will also be dependent on the outcome of procurement exercises.

Therefore, the survey work being carried out will not generate a figure to report to the Committee, although we will be able to make assumptions on an average cost, which will help inform the position on budgets.

**Recommendation 19.**

The Welsh Government should set out whether it has sufficient funds to upfront the cost of remediation work and what assessment has been made of the risks involved.

**Response:** Accept

As set out under Recommendation 18, the survey work will not identify costs and the budget required to undertake fire safety works, as this will be different for each building and subject to procurement and costs of construction at the time of the procurement exercise.

However, work is being developed through a pilot study, which will help establish an average cost based on the interventions required on buildings. This will help provide an average figure for buildings that require different levels of intervention, which can be applied to the wider Programme.

We have an existing Risk Register highlighting the risks associated with this work. This document is reviewed and updated on a monthly basis. The pilot study findings will contribute to our understanding of likely costs and the Risk Register will be updated accordingly.

## Recommendation 20.

The Welsh Government should set out what steps it is taking to ensure a balance between meeting the demands of the climate crisis and addressing housing pressures.

**Response:** Accept

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 the Programme for Government commitment to decarbonise residential homes through retrofitting.

Significant funding for decarbonising social homes is currently available through the Optimised Retrofit Programme (ORP). Funding from ORP is targeted to be £270m over this term of government (with circa £70m invested to date). For the current phase of ORP we have changed our approach and moved away from competitive bidding and to a formula funding basis for our grant. This recognises that all RSLs need to come on the decarbonisation journey; and ensures that support is consistently available to them to support this. This current financial year we are making £60m available via grant funding to social landlords and have provided indicative funding for the next two financial years based on £70 million funding. The ORP investment sits alongside Major Repairs Allowance funding and Dowry funding (for local authorities and Welsh Large Scale Voluntary Transfers) of an additional £108 million per annum.

We accept that the targets set within the proposed Welsh Housing Quality Standard 2023 standard are challenging and bold. We also acknowledge that we now find ourselves in very different economic conditions and are very aware that our partners face challenging circumstances and that our ask of them is stretching. However, in the face of the cost-of-living crisis and climate change emergency we cannot stand still, and we must continue to push progress and address decarbonisation through a variety of measures. We do however recognise the pressures that our partners face and we will continue to work with them to find viable solutions to these issues moving forward.

The Welsh Development Quality Requirement (WDQR) 2021 was introduced in July 2021 to ensure a step change in decarbonisation of new build social housing but it also ensures that homes are flexible and responsive to changing needs of a variety of tenants over the building's lifetime.

On 14 December 2022 we announced the extension of the Help to Buy Wales shared equity scheme, from April 2023 until the end of March 2025. Help to Buy Wales has supported the delivery of 13,560 homes since its inception, both offering support to people who would not otherwise have access to an affordable mortgage and providing a boost to supply chains and the house building industry.

We have used the scheme as a policy lever to bring about change in the market house building sector. To support our drive to decarbonise new build homes all eligible homes purchased under the phase 3 extension will need to reach EPC B or better.



## **Recommendation 21.**

The Welsh Government must set out how it is working with local authorities to improve access to adaptations and reduce waiting times. It should also provide the Committee with the latest data on adaptations, including data on how many small and medium adaptations are being provided without a means test.

### **Response: Accept**

We have increased grant funding to local authorities by 50% since April 2021, from £4 million to £6 million a year. This is in addition to the capital funding provided to local authorities as part of the local government settlement to discharge their statutory duties. In increasing local authorities' grant, we are also working with them to ensure the means test is not applied to small and medium adaptations in order to improve access and reduce waiting times. In addition, this year we have been able to provide an extra £3 million to local authorities to support an increase in demand for Disabled Facilities Grants (DFG) as a result of the Covid pandemic. We have also enabled Regional Partnership Boards to provide top up funding where the cost of DFGs exceeds the £36,000 statutory maximum. We will be able to provide details on how much funding has been used in this way after the end of this financial year.

At the Committee meeting, Minister for Climate Change indicated all but three local authorities have now removed the means test on small and medium adaptations. She committed to write to the three authorities and is happy to report that officials have been in correspondence on her behalf. Two of the three authorities have confirmed they will be removing the means test from April this year, and we are waiting for a reply from the third.

In terms of data, the data for 2020-21 is almost ready to publish. However, this data is skewed by the impact of Covid in 2020 and early 2021 and covers the period prior to the beginning of the agreement to remove the means test on small and medium adaptations in April 2021.

Data for 2021-22, which will provide first indications of how many adaptations were provided with and without a means test, has been collected but is still in the process of being cleaned and analysed. This is a significant task given the volume of records (over 35,000) from 70 providers. We will inform the Committee as soon as further information is available.

**Recommendation 22.**

The Welsh Government should provide the Committee with a timeline for the introduction of legislation relating to housing.

**Response:** Accept

The Welsh Government's legislative priorities are set out in an annual statement.

The Minister for Climate Change has committed to a Building Safety Bill in this Senedd Term and the detailed timescales for this Bill will be announced in due course.

**Recommendation 23.**

The Welsh Government should provide further information on the funding provided in the draft budget to support people from Ukraine, including a detailed breakdown of the allocations.

**Response:** Accept

Officials are working at pace and in discussion with local authority and third sector partners to finalise the detailed breakdown of the 2023-24 allocation of £40 million for Ministers' approval. A further update to the Committee will be provided once this work has been completed.

## Recommendation 24.

The Welsh Government should provide further information as to how funding in the draft budget has been allocated to meet its commitment to being a Nation of Sanctuary, including how the budget will support refugees from countries other than Ukraine.

**Response:** Accept

The Welsh Government remains committed to delivering our Nation of Sanctuary vision and the actions set out in the Nation of Sanctuary Plan and the Anti-Racist Wales Action Plan. In 2023-24, we expect to fund dedicated activity (aside from our Ukraine response) to the cost of approximately £4.9m. The funding will be met from the Social Justice MEG, Equality, Inclusion and Human Rights BEL. The true investment in support provided to those seeking sanctuary in Wales cannot be fully estimated because we also provide mainstream support in many sectors, such as education, healthcare, employability and other areas, which provides crucial support to refugees, asylum seekers and other migrants. Some of this funding will also support other marginalised groups, such as our work to tackle hate crime.

Our Ukraine Response work is the only sanctuary route where we have a direct role in sponsoring, accommodating and supporting individuals as they arrive in Wales. The majority of our investment in Ukraine Response is consequently directed towards those related costs. For the Afghan schemes, UK Resettlement Scheme and asylum system, the UK Government has decided to retain responsibility for meeting equivalent costs.

The £4.9m draft Nation of Sanctuary budget mentioned above includes funding for:

- Wales Sanctuary Service (providing casework advice and advocacy for all sanctuary seekers; last-line immigration legal advice; peer support; specialist support for young sanctuary seekers and more)
- English for Speakers of Other Languages (ESOL) Hubs.
- Support for Refugee Family Reunion.
- Ensuring local authorities and others understand their powers and obligations to support those with Recourse to Public Funds, including the implementation of new guidance and training courses. We will also continue funding hosting of those refused asylum but preparing appeals or new claims.
- Development of a Migrant Integration Wales Framework and its implementation.
- Campaigns work to combat hate crime and misinformation and promote the benefits of migration to Wales.

- Community Cohesion teams across Wales to monitor tensions and build understanding between groups.
- Support for the integration of Afghan, Hong Kongers, newly-recognised refugees and asylum seekers who have arrived in recent years.
- The Wales Hate Support Centre to ensure victims of hate crime can report the abuse they have received and can be supported effectively.
- EU Citizens advice funding to ensure settled status can be secured and discrimination is addressed where it is identified.
- Support for the third sector to support concessionary public transport arrangements.
- Implementation of findings from recent research into the availability and adequacy of immigration legal advice, interpretation services and ESOL services.
- Commemorate and celebrate key occasions, such as Refugee Week.
- Continued hosting and development of the Sanctuary website.

# Agenda Item 7

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

Document is Restricted