

Agenda – Local Government and Housing Committee

Meeting Venue:

Committee Room 2, Senedd

Meeting date: 13 November 2025

Meeting time: 09.30

For further information contact:

Catherine Hunt

Committee Clerk

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Hybrid

Private pre-meeting

09.15 – 09.30

Public meeting

09.30 – 10.45

1 Introductions, apologies, substitutions and declarations of interest

09.30

2 Welsh Government Draft Budget 2026–27: Evidence session with the Welsh Local Government Association

09.30 – 10.45

(Pages 1 – 59)

Councillor Jane Gebbie, Deputy Leader of Bridgend County Borough Council,
Welsh Local Government Association

Councillor Nia Jeffreys, Leader of Gwynedd Council, Welsh Local Government
Association

Councillor Mary Ann Brocklesby, Leader of Monmouthshire County Council,
Welsh Local Government Housing

Councillor Jake Berriman, Leader of Powys County Council, Welsh Local
Government Association



Attached Documents:

Research brief

Paper 1: Welsh Government Draft Budget 2026–27 – Written evidence from the Welsh Local Government Association

3 Papers to note

10.45

3.1 Building Safety (Wales) Bill

(Pages 60 – 63)

Attached Documents:

Paper 2: Building Safety (Wales) Bill – Additional information from Swansea Council

3.2 Building Safety (Wales) Bill

(Pages 64 – 67)

Attached Documents:

Paper 3: Building Safety (Wales) Bill – Additional information from the Chartered Institute of Environmental Health

3.3 Building Safety (Wales) Bill

(Pages 68 – 72)

Attached Documents:

Paper 4: Building Safety (Wales) Bill – Additional information from Community Housing Cymru

3.4 Building Safety (Wales) Bill

(Pages 73 – 80)

Attached Documents:

Paper 5: Building Safety (Wales) Bill – Additional information from Welsh Government

3.5 Building Safety (Wales) Bill

(Pages 81 – 98)

Attached Documents:

Paper 6: Building Safety (Wales) Bill – Letter from the Cabinet Secretary to the Chair of the Legislation, Justice and Constitution Committee

3.6 Welsh Government Draft Budget 2026–27

(Pages 99 – 100)

Attached Documents:

Paper 7: Welsh Government Draft Budget 2026–27 – Correspondence between Finance Committee and the Welsh Local Government Association

3.7 Census 2031

(Page 101)

Attached Documents:

Paper 8: Letter from the Office of National Statistics regarding the Census 2031 topic consultation and additional response options for ethnicity data

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

10.45

Private meeting

10.45 – 11.15

5 Welsh Government Draft Budget 2026–27: Consideration of evidence

10.45 – 11.05

6 Digital Local Government: Consideration of response from the First Minister

11.05 – 11.15

(Pages 102 – 104)

Attached Documents:

Paper 9: Digital Local Government – Letter from the First Minister

Document is Restricted

Finance Committee: Scrutiny of Welsh Government's Draft Budget Proposals 2026-27

Jon Rae, Director of Resources

Welsh Local Government Association - The Voice of Welsh Councils

The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level.

We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

We believe that the ideas that change people's lives, happen locally.

Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

Our ultimate goal is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

We'll achieve our vision by

- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce



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Overview

1. This evidence paper addresses the questions posed by the committee in annex 2 of the commissioning letter. It is largely based on the paper that the WLGA presented to the Welsh Government in a meeting of the Finance Sub Group (FSG) on 29 September. As in previous years we have appended that paper to this submission.

Committee Questions

2. **What, in your opinion, has been the impact of the Welsh Government's 2025-2026 Budget?**

The settlement for 2025-26 was better than anticipated, but it was still not enough to cover the financial pressures councils are experiencing. Councils must set balanced budgets but as evidenced in the paper appended to this submission, in-year financial pressures and unanticipated demands are driving a projected overspend of £184m. Shortfalls in funding for changes such as increased National Insurance contributions have had a considerable impact. However, it is demand factors that lie behind a significant proportion of this overspend. Children's residential care and additional learning needs account for over a third of the in-year overspend, as councils work to fulfil the changes driven by legislation.

3. **How financially prepared is your organisation for the 2026-27 financial year, how confident are you that you can deliver planned objectives, and how robust is your ability to plan for future years?**

Councils plan over the medium term and over the summer the WLGA surveyed all councils and fire and rescue services to draw up an evidence base of pressures over the medium term¹. The estimated pressure for 2026-27 is £560m, just over £100m higher than we estimated from the survey carried out last year. This would require a spending increase of just under 7% of net revenue expenditure. This pressure falls to £486m in 2027-28 and then rises slightly to £512m in 2028-29. However, these increases would still see expenditure growing by 5.5% in those

¹ National Park Authorities continue to be impacted by cost pressures being significantly higher than increases in core funding and all three are carrying budget deficits of around £1m, which is around 15% to 20% of turnover. A significant focus for all three is on generating income from other sources to make up this shortfall, however, the capacity and opportunity to do this varies across the three Authorities and it is unlikely that it will be possible to make up the shortfall through generating additional income alone.



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years, and by the end of 2028-29 would be nearly a fifth higher than it is now. Much depends on how far the settlement can bridge that gap along with council tax.

4. What action should the Welsh Government take to:

- **help households cope with cost-of-living issues;**

The Welsh Government should continue to prioritise targeted measures that provide immediate relief for households most affected by the cost-of-living crisis, while also investing in longer-term solutions that reduce household expenditure and build resilience.² Priority actions should include:

- Targeted financial support through Council Tax reductions, Discretionary Assistance Fund extensions, and emergency grants for households in severe financial stress.
 - Housing and energy efficiency investment, expanding retrofitting programmes to reduce energy bills, and accelerating the delivery of affordable homes.
 - Reducing the cost of essentials by supporting affordable childcare, transport, and food access, including local food partnerships and community initiatives.
 - Employment and skills support, particularly for those in insecure, low-paid sectors and for people receiving work related benefits, ensuring access to fair work and opportunities for progression.
 - Digital inclusion measures, ensuring all households can access online services, affordable tariffs, and employment opportunities.
- **address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?**

Building more homes is essential to ensure that we have enough houses for everyone who needs them, including those households who become homeless or are inadequately housed, and is a vital driver for growing and sustaining local economies. Those councils with housing stock are implementing ambitious new-build

² [The impact of policy interventions designed to reduce poverty in Wales - Bevan Foundation](#)



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programmes and seeking to acquire existing homes (often former Right to Buy properties) to increase the numbers of homes available for social rent. Increased land, labour and material costs however mean that the much-needed building of new council homes has become more expensive - this threatens the viability of many house building schemes without increased capital subsidy from Welsh Government. All councils are also working with Registered Social Landlord (RSL) partners to build new low carbon social rented homes. It is therefore important to ensure that increased capital funding is available to support the building of social housing at the pace and scale needed to reduce reliance on expensive and unsuitable temporary accommodation and ensure the housing needs of citizens in housing need can be met. Social landlords, including those councils with housing stock, require long-term certainty over rental income in order to effectively plan for the maintenance and improvement of existing properties, and the development of much-needed new homes.

In relation to rural communities, WLGA recently produced its Rural Manifesto³. The manifesto calls for tailored housing policies to support the needs of rural communities, stimulate local economies and retain a younger demographic. It also suggests consideration is given the introduction of permitted development rights for single dwellings and conversion of farm buildings for residential use. Councils have welcome legislative and policy measures that have enabled local flexibility and autonomy to address issues around housing. But the most direct impact that the budget could have on meeting rural housing needs would be to increase the availability of affordable housing in rural communities.

5. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

City Deals and Growth Deals have been funded jointly by the UK and Welsh Governments, as have the two Investment Zones and two Freeports. However, with the Shared Prosperity Fund (SPF - launched and administered primarily under the previous UK Government) there was no substantial involvement of Welsh Government. Councils received the funding directly, with business support being one of three broad categories of interventions that were permitted ('Communities and Place' and 'People and Skills' are the other two).

Councils worked together in the regions to agree an element of regional consistency in approach, but SPF project delivery was then down to each local council. That allowed support to be customised to meet local needs. Feedback from councils and

³ [WLGA Rural Manifesto](#)



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businesses is that this has been very effective. Councils have been able to work with local businesses to support their development and help reduce their ongoing running costs (e.g. via support for renewable energy installations). Local knowledge has played a vitally important role (and to some extent builds on knowledge and relationships developed with local companies during the Covid pandemic).

A case for rationalisation of business support services is often made. It is frequently claimed that the situation is too confusing for businesses, especially for those that operate in different council areas. However, the real need is for good communication between those offering support at different levels and for clarity over 'who provides what'. UK Government has involvement here (e.g. in relation to export support; taxation) as well as Welsh Government and councils. Each tier has its own roles and functions. That multi-level government approach is central to achieving effective business support but depends heavily on regular and open communication.

If councils lose access to funding once SPF finishes at the end of this financial year it will seriously undermine their capacity to participate in this. Assistance provided by UK and Welsh Governments will be less effective if there is inadequate support available at the local level, which ultimately is where companies' activities take place.

Finally, it is important to note that other policies, at all tiers of government, that are not 'business support-specific' can still impact on businesses. For example, taxation and national insurance policies, agricultural policies, environmental policies, and policies relating to holiday homes in tourist areas, can all impact on the prospects of businesses. Depending on the nature of these policies they can either enhance wider efforts at business support or, potentially, work to undermine them.

6. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

The Welsh Government plans to build a greener economy are clear in direction and ambitious in scope being at the forefront of other UK nations. The Net Zero by 2030 target is a prime example of the level of ambition.

There is also good emphasis and direction to drive the vision for a stronger, fairer, and greener Wales which has been supported by a range of initiatives and investment. However, we feel the level of funding allocated to these areas does not match the level of ambition, rendering progress very slow. The nature emergency has not received the same level of support and although funding is being provided



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through Local Nature Partnerships, it is again insufficient to stabilize or reverse nature and biodiversity decline. While the WLGA supports the forthcoming new legislation on Environmental Principles and Biodiversity targets as 'a step in the right direction', we will not see progress unless resources and funding are at an adequate level.

From a local government perspective, the current financial crisis and existing high levels of borrowing make it really challenging to prioritise investment in these areas, with an overreliance on grants.

Capacity and skills are key enablers. While the Welsh Government has directed the Regional Skills Partnerships to support delivery of its Green Skills Plans and recently funded a pilot to enable placements in environmental engineering within councils, skills and capacity are at a crisis point further impacting on the ability of public sector organisations and the private sector to deliver. Furthermore, it is important to stress that 'green skills' are also required in areas such as education and social care as well as support services such as finance, legal services and personnel, and Member development.

7. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

The WLGA recognises that the Welsh Government is making progress with its limited taxation powers. The Tourism Levy is a good example of how discretionary local taxes can be implemented to support local services. In May 2025, the WLGA wrote to the UK Chancellor ahead of the Spending Review to make a strong case for greater fiscal flexibility around borrowing and reserves for the Welsh Government. The current constraints limit its ability to optimise investment and drive growth. This would ultimately help with local government funding, as Welsh Government could then take a more strategic approach to longer term financial planning. That would enable more responsive policy making and again stimulate local economic growth as well as improving public services.

8. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

- **Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?**

The Welsh Government has introduced a range of welcome interventions, including the expansion of free school meals, continued operation of the Discretionary Assistance Fund, and investment in energy efficiency schemes,



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warm hubs, direct food grants and funding for Local Food Partnerships etc. these measures have provided a vital safety net.

The ongoing work to drive forward the Benefits Charter is also welcome.

However, the persistence of relative income poverty, particularly among families with children, single parents, disabled people, and those in insecure work, demonstrates that existing measures are not sufficient to address structural inequalities. There remains a need for:

- A whole-government approach, ensuring housing, health, education, and economic development strategies work together to tackle poverty.
- Greater focus on prevention, addressing the root causes of poverty through fair work, affordable housing, and access to affordable childcare.
- Long-term strategies, not only to relieve immediate pressures but also to reduce reliance on emergency financial support.
- Effective national campaigns to promote access to services and availability of benefits to reach the communities most in need of support and to address negative perceptions and poverty stigma⁴ of claimants.
- **How could the budget further address gender inequality in areas such as healthcare, skills and employment?**

Despite limited scope for new spending, there are strategic opportunities to embed gender equality across key policy areas, particularly healthcare, skills, and employment, through further promotion of the Public Sector Equality Duty for Wales, smarter use of existing programmes and targeted interventions. Examples include:

Gender-Informed Service Design: Prioritise funding for services that address gender disparities in health outcomes, including mental health, reproductive health, and chronic conditions more prevalent among women.

Support for Carers: Enhance community-based health and wellbeing services that support unpaid carers - predominantly women - through social prescribing and early intervention.

⁴ [Poverty Stigma | WCPP](#)



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Anchor Institutions: Encourage public bodies to act as leaders in gender-inclusive employability by promoting flexible working, inclusive recruitment, and occupational health support tailored to women's needs.

Gender Budgeting: Fully embed gender budgeting pilot schemes across all departments to ensure spending decisions take gender equality into consideration. Ensure that FE colleges and training providers consider gender impacts in course design and outreach.

Skills, Employability and Childcare Pilots: Expand pilots in skills, employment and childcare to address gendered impacts of spending inequality.

Fair Work and Procurement: Use public sector procurement levers to incentivise employers to close gender pay gaps, improve job security, and offer flexible working arrangements.

Local Authority Support: Provide councils with tools and guidance to apply gender-sensitive budgeting and service planning, helping them prioritise equality despite financial constraints.

Data and Accountability: Strengthen the use of gender-disaggregated data to monitor progress and inform future policy decisions, particularly in employment and skills programmes.

- **Is the Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).**

Prevention is one of the priorities set out in the WLGA's Phase 1 Manifesto ahead of next year's Senedd elections, where councils have consistently advocated for a much greater investment in early intervention and prevention, particularly in areas such as social care, housing, and community services.

However, while Welsh Government policy and strategies increasingly reference the importance of prevention, this is not often reflected in resource allocations. The evidence for this is stark. Over the past decade, sustained pressures on core budgets have increased dramatically according to Audit Wales⁵. Focussing on prevention, their work highlights real-terms increases in expenditure of 18% on Additional Learning Needs, 25% on home to school transport, and 75% on children looked after – with the vast majority of these expenditures being drawn from council budgets. That is without noting the impact of pressures in pay and social care.

⁵ [No time to lose: Lessons from our work under the Well-being of Future Generations Act](#)



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During this same period, Audit Wales calculates that core local government funding has *decreased* in real-terms by 0.55%. Councils have had to prioritise statutory services, often at the expense of non-statutory, preventative provision such as leisure, transport, and community facilities—all of which play a vital role in supporting wellbeing and preventing escalation of need. Councils need a fundamental shift in resource allocation in order to invest confidently in preventative approaches that will deliver better outcomes for citizens.

- **How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?**

Any budget is, by definition, something of a balancing act in that as one area is deemed a political priority and more money pumped into it, other lower priorities essentially lose out to some degree. There is clearly a tendency to portray any budget as being the best use of monies available, but it would be helpful to highlight areas impacted the greatest both positively and negatively. This would allow the electorate to better understand and therefore have expectations of the populace more effectively managed.

- **How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?**

Much of the population find the figures and language involved in the budget impenetrable. It would be useful to have a four to five page summary “key points” with infographics that could allow people to more easily understand how their money is being allocated by the Welsh Government. This would likely be picked up in news outlets and help explain the main changes of the budget to the population.

Where changes have been made to grants (cessation, amalgamation, increase / decrease), it is sometimes difficult to read across as to what the overall funding implication in that area is and this could be made clearer.

- **How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?**

Tackling NHS waiting lists for planned and non-urgent treatments requires a whole-system approach that allocates resources not only within the NHS, but also across local government and community services, for example, ensuring people can leave



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hospital when appropriate by ensuring packages of care and support in the community are in place if needed. Councils and social care bring extensive expertise in prevention and early intervention, supporting people to remain independent at home—key factors in reducing demand for hospital-based care. There remains a need for greater Welsh Government investment in these areas, prioritising preventative and community-based services such as social care, rehabilitation and reablement, alongside targeted NHS funding. Councils have a proven track record of delivering integrated, person-centred support and responding flexibly to local needs, which helps to prevent escalation and avoid unnecessary admissions.

Strengthening the interface between health and social care will not only help address waiting lists in the short term but also build long-term system resilience. While the Welsh Government has set out plans to address waiting lists, including additional funding and recovery targets, the WLGA would welcome greater clarity on how these plans will be sustained, how they will address underlying workforce and capacity challenges, and how they will be integrated with preventative services delivered by councils. There is also a need to ensure that resources and timely provision are available to provide recovery health services in the community alongside social care, to limit complications and re-admission. A robust plan must recognise the interdependence of health and social care and ensure that funding responds to both immediate needs as well as building future sustainability.

- **Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?**

Workforce planning is a significant concern across the Welsh public sector from the strategic to the operational. Recruitment and retention are specific challenges in those service areas which drive major budgetary pressures – notably but not solely in social care, childrens' services, education and homelessness. Councils also report acute workforce difficulties in specialist areas such as planning and environmental specialisms.

The Draft Budget will also be laid at a time when councils are entering the early stages of technological change in society, which will require organisation learning and planning if we are to reap benefits for digitisation and efficiency.

The Strategic Partnership Agreement between the Welsh Government and Local Government recognises our position and commits to joint work to make local



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government an 'employer of choice' and to meet the challenges noted above. Real action to deliver this needs to be reflected in the budget process and allocations.

To support workforce planning and innovation, the Welsh Government should commit to:

- 1) additional financial commitments on a longer-term basis to support organisational design to transform and sustain services, workforce planning and skills development to enable necessary creativity and innovation;
 - 2) to undertake a review and understand the impact on service delivery and job security of the continuing use of grant funding, grant funded posts and the wider impact on workforce planning; and
 - 3) a more thorough review into recruitment and retention challenges in services areas of critical pressure, in connection with the ability for Local Authorities to effectively deliver workforce planning.
- **Has there been adequate investment from the Welsh Government in basic public sector infrastructure?**
 - **How should the Budget support young people?**

In terms of "public sector infrastructure", the WLGA is best placed to respond from a local government perspective rather than the wider public sector. There is understandably a priority regarding waiting lists in the NHS, however much of the work local government is involved with is preventative in nature so an investment in local government would bring beneficial reductions in NHS pressure. With over £1.5bn of pressures over the next three years, further service reductions will be required which will again inevitably reduce the preventative work undertaken.

Regarding actual physical infrastructure, Welsh Government's latest Local Government Borrowing Initiative for Highways has been welcome, enabling up to £120m to be invested in the county highway network by councils this year and next. Such investment is crucial in maintaining the condition of the highway, which of course many aspects of service delivery depend upon. It will be important to find ways of sustaining such levels of investment beyond the current initiative or else ongoing wear and tear and weather events will contribute to deterioration of the network again over time.



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Specifically relating to educational infrastructure, one respondent to the Treasurers Survey noted that, “General investment in maintaining school buildings (a responsibility that is delegated to school governing bodies) has been impacted by funding constraints at schools. In order to reduce backlog maintenance issues, we have invested in urgent safeguarding activities across the county, but to fulfil our current capital transformation commitments and invest to achieve net zero across the schools estate, we have broadly estimated investment requirement levels of more than £400m. Borrowing to support this level of investment would require annual revenue contributions of more than £25m, levels clearly beyond affordability.”

In terms of education, the budget should enable local authorities to effectively allocate resources for learners and their families, provide necessary interventions, and manage the rising costs associated with service demand and provision

Given the ongoing increase in demand on schools and local authorities regarding behaviour, attendance, and mental health or wellbeing issues, it is essential that local authorities are adequately resourced to provide appropriate support to children and their families. This will ensure engagement with education, access to suitable educational opportunities, and safeguarding from harm. The need for such support is equally significant for the Additional Learning Needs (ALN) cohort which is presenting with increasing complexity, both within school settings and in early years provision. Reforms, including unintended consequences on workload, should be fully resourced to maximise the support young people receive.

An increase in funding is necessary in school transport to meet statutory obligations and support overall attendance and participation in broader school activities.

Since 2010-11, total maintained youth work sector income has reduced by 26% (WG Youth Work Funding Review, Phase 2 Report)⁶. In this time, school attendance and attainment has declined, whilst school exclusions and youth crime have increased. Youth work has become more reliant on external (short term) funding streams as core funding has reduced. Some councils report that, given the ongoing reduction in numbers of staff, they may struggle to even be able to draw down/spend certain grants due to lack of core capacity.

- **How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?**

Data is fundamental in driving budget allocations through the formula for the Revenue Support Grant (RSG) which underpins the local government finance

⁶ [Youth Work Funding Review: Phase 2 March 2024 - Research Repository](#)



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settlement. There is increasing concern at how out of date some of the data are, with some remaining linked to the 1991 census, and whether the indicators remain the correct ones and are weighted appropriately.

While councils hold diverse views on the strength of the funding formula depending on the characteristics of their communities, the WLGA recognises that datasets underpinning both sparsity and deprivation are outdated and that this is a cause of frustration for our local authorities. Joint work between WLGA officials and the Welsh Government has been undertaken through the Distribution Sub-Group, where an ongoing work programme seeks to address the operation of the funding formula. But calls from local authorities have been growing for a thorough, independent and external review to be undertaken.

The WLGA collectively remains of the view that the overall size of the local government finance settlement is the pressing issue which determines the future of local services. The Welsh Government could make better use of data to anticipate future service demands, particularly in modelling projections around demographic and population change. It is also imperative that data are used to model possible scenarios for future growth in pressures around ALN, childrens' services and social care.

- **Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and additional costs following increases to National Insurance Contributions, sufficient?**

The third sector plays a vital role in supporting communities through the cost-of-living crisis, providing advice services, emergency food and fuel support, and building long-term community resilience. However, demand for these services has risen sharply, while organisations are also facing higher operating costs such as energy, staffing, insurance, and employer contributions. Councils require sufficient funding for commissioning local voluntary sector services, as current funding arrangements are insufficient to sustain this increased demand. Funding is often short-term, fragmented, and project-based, which undermines stability and long-term planning.

To enable the third sector to continue to deliver effectively, the Welsh Government should consider multi-year funding settlements to support financial stability and forward planning and provide capacity-building support to strengthen resilience, not only emergency response.



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- **What are the key opportunities for the Welsh Government to invest in supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations (Wales) Act 2015**

There are a range of opportunities which should build on the recommendations within the Future Generations Commissioner's 10-year report. Local government is working towards its commitments in Net Zero Wales, Welsh Government's Carbon Budget 2. As well as reducing carbon emissions, increased longer-term investment in these commitments (including decarbonising municipal buildings, transitioning vehicles, reducing carbon in procurement, and using land more sustainably) can deliver wider benefits for the economy, employment, communities, and public health, as well as councils' budgets.

Investing in these areas will ensure that we are working towards the statutory target of net zero by 2050. It will also increase resilience throughout Wales in the face of a changing climate, whilst developing a workforce able to mainstream the use of new technologies and make necessary adaptations in the delivery of public services.

Investing in local government services can have a significant preventative impact, improving well-being in a 'whole system' approach in line with the WFG Act. Investment in areas such as youth services, social care, education, active travel and public transport, leisure facilities, social housing, local business support etc all have wider benefits, for example in relation to improving health (reducing pressure on the NHS), reducing anti-social behaviour (easing pressures on the police), and reducing absenteeism in the workforce (improving business productivity).

One of the main blockers we can see is the continuation of 'budget silos' within WG. These silos limit opportunities for multi-benefit activities and projects but also drive short-term thinking. A recent Audit Wales report highlighted that the Act is not driving the system-wide change that was intended. Notably, this relates to the need for long-term planning. This may be driven by a lack of long-term financial planning or national strategies being too shortsighted and not being supported by long-term delivery plans.

ANNEX I

29th September 2025

FINANCIAL OUTLOOK

Summary

1. Local services are the cornerstone of our communities with dedicated elected members and officers striving to make a difference. Across the country from Amlwch to Abergavenny, from Holywell to Haverfordwest, councils are helping to build thriving communities investing in the people and the infrastructure that will create the conditions for sustainable and inclusive local economic growth that ultimately contributes to the improved health and well-being outcomes for everyone.
2. Against this backdrop, the WLGA sets out the financial challenges facing local government over the next three years based on data extracted from councils' medium-term financial plans. This information is also based on the results of a comprehensive survey of councils and fire and rescue services carried out during July/August 2025 with the help of the Society of Welsh Treasurers (SWT).
3. The results are summarised in Annex I and over the 3-year period of the spending review, pressures will approach £1.6bn. Net revenue expenditure of £8.3bn in the current financial year would need to rise by 6.6% next year and 5.5% in each of the two subsequent years to reach £9.9bn by the end of the spending review period.
4. However, there are immediate challenges in the current financial year. Annex II shows that in-year financial pressures and unanticipated demand are driving a projected overspend of £184m. Shortfalls in funding for issues such as national insurance contributions have had a considerable impact. However, it is demand led factors that lie behind a significant proportion. Children's residential care and additional learning needs account for over a third of the in-year overspend fuelled by past, current legislative changes playing a significant part.
5. Investment in council services is one of the few areas where central government can achieve the biggest payback for preventative spending. The work of the Marmot regions, Health Determinant Research Collaborations¹, the Chartered Institute of Public Finance and Accountancy (CIPFA) and individual local authority initiatives are starting to compile an impressive evidence base for investment in local public services.
6. Councils provide the foundation for thriving communities and touch the lives of all - especially the most vulnerable. Councils provide the national wellbeing and prevention services which alleviate pressure on the National Health Service in

¹ [Health determinants research collaborations | NIHR](#)

Wales. They employ over 120,000 people, including 20,000 teachers providing employment for a tenth of the workforce. Alongside the £5.5bn spend on goods and services, each council operates as the very heart of local economic growth.

7. In recent years, much of the pressures due to funding gaps have been shifted onto Welsh households, with average Council Tax having increased by more than 22%² (the highest being 29%) over the previous three years. With the cost-of-living crisis, this is both unpalatable and unsustainable for hard-working families who understandably complain of paying more whilst receiving less service.

8. It is possible to estimate the budget shortfall and its impact under a number of scenarios set out below. The Council Tax levels below reflect what would be required to fill budget shortfalls:

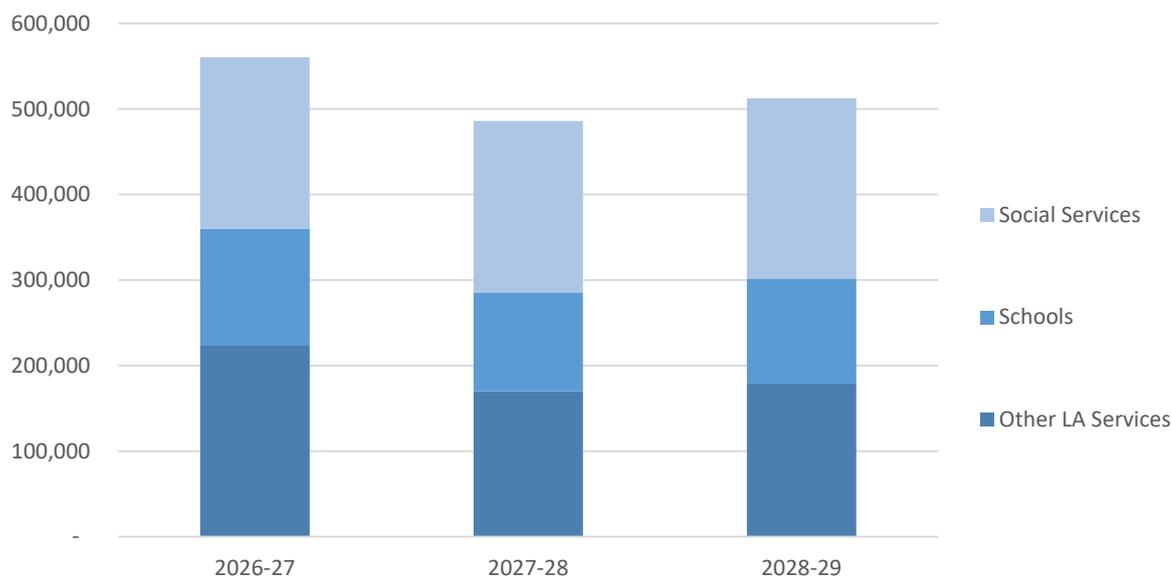
Settlement Increase	Budget Shortfall (£m)	Overall council tax increase (%)	Equivalent post reductions (000s)
2.0% or £125m	£436m	22%	14k
3.0% or £187m	£373m	19%	12k
4.0% or £249m	£311m	15%	10k
5.0% or £312m	£249m	12%	8k
7.0% or £437m	£124m	6%	4k
9.0% or £560m	0	0	0

Overview

9. The estimated pressure for 2026-27 of £560m is just over £100m higher than that estimated in last year's survey. To bridge that shortfall would require a spending increase of just under 7% of net revenue expenditure. This pressure reduces to £486m in 2027-28 and then rises slightly to £512m in 2028-29. However, these increases would still see expenditure growing by 5.5% in those years, and by the end of 2028-29 would be nearly a fifth higher than it is now.

Figure 1: Budget pressures by service, 2026-27 to 2028-29, £000s

² [Annual percentage increase in average band D council tax, by year](#)

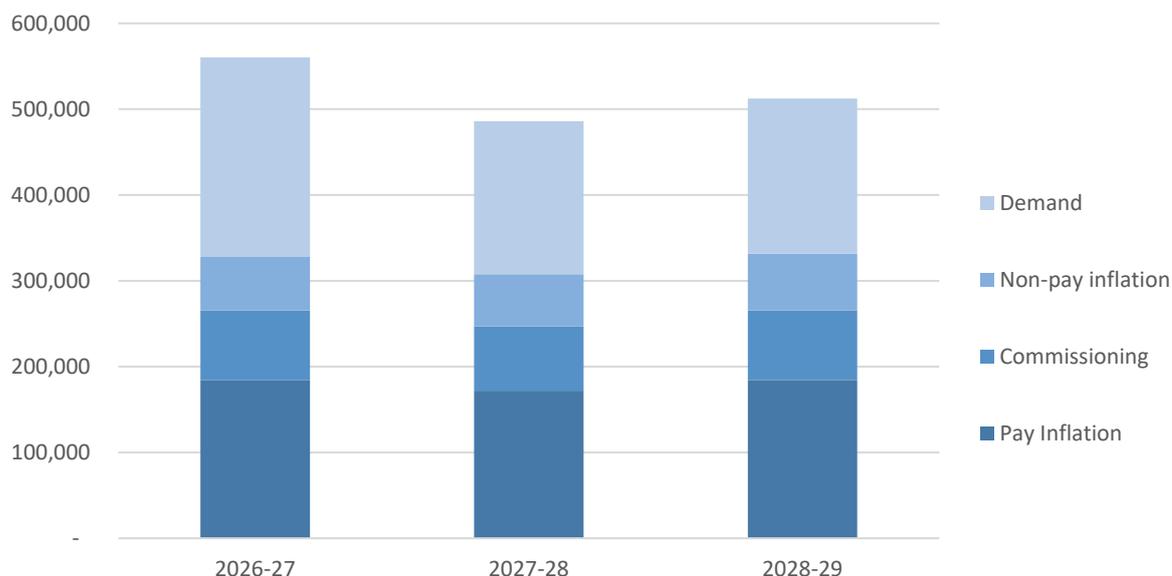


Source: SWT Survey 2025

10. The pressure next year is considerably higher than we would ordinarily expect to see. Demand and unfunded NI contributions are driving the higher-than-expected estimates. Figure 1 above shows how these pressures are spread over the broad service areas. Social care accounts for 36% (£201m) of pressure in 2026-27, schools account for 24% (£137m) of the pressure and other local authority services account for the remaining 40% (£223m). The full break down is set out in Annex I. Cumulatively, the pressures building up in the system amount to £1.559bn, and the resulting budget gap, means that the outlook is extremely challenging and the options for local services will be unpalatable.
11. In a letter over the summer to political leaders in the Senedd, the WLGA leadership expressed its concern regarding preparations for a 2% rollover budget in 2026-27. To address a pressure of £560m without additional funding over 2% will require a mixture of high council tax increases and cuts to services and loss of jobs. The gap is equivalent to a 22% increase in council tax, or the loss of just over 14,000 posts³. To that end all political parties are urged to work together so that a budget proposal is passed in the Senedd that prioritises the protection of local services and avoids or minimises such potential outcomes.
12. The main objective of the SWT survey is to capture and condense the information held in Medium-Term Financial Plans. Figure 2 below summarises budget pressures over the 3 years to 2028-29 under 4 main headings: pay inflation, non-pay inflation, commissioning costs (in social care) and demand.

Figure 2: Budget Pressures by type, 2026-27 to 2028-29, £000s

³ Council tax (net of CTRS) is £2.009bn (Source: Welsh Government RA Returns) Costs of an average post is estimated at £31,000 (including oncosts).



Source: SWT Survey 2025

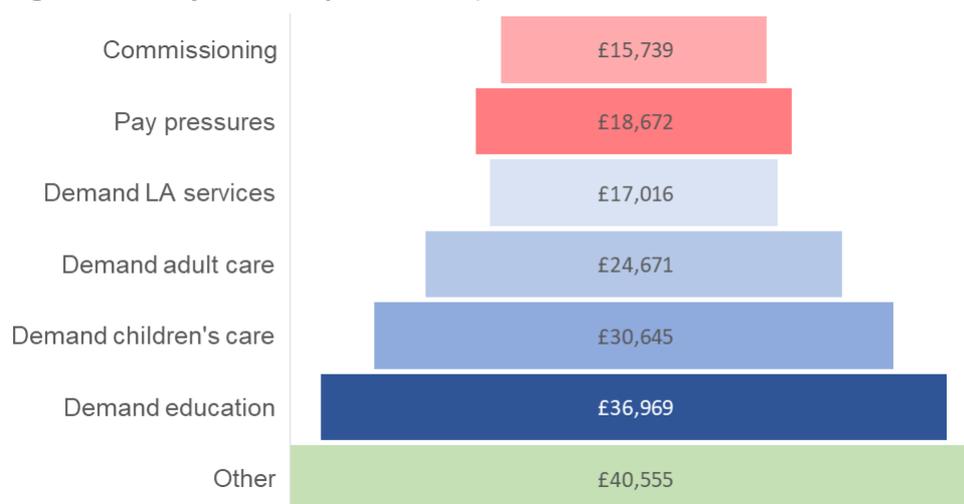
13. Demand is clearly a significant element of pressure in all three years accounting for 41% of total pressure in 2026-27 of £232m. Children’s social care and Additional Learning Needs (ALN) are often cited in the responses as the services where these pressures are greatest. The demand element of the pressures falls to around £178m in the next financial year and rises slightly to £180m in the year after that.
14. The remaining inflationary costs account for 59% of next year’s pressure. Commissioning costs, along with pay and non-pay inflation comprise the basic inflationary costs that are all unavoidable and must be met just to stand still. These account for just over £328m in 2025-26 and fall slightly to around £308m in the next financial year and return to £332m in the year after that. It is recognised some of the pressure derives from decisions made by the UK Government to only partially fund the employers NI increase for the public sector and not to fund them for other organisations, such as commissioned bodies that deliver services on behalf of local government and expect councils to meet this gap.
15. The 2025/26 National Joint Council (NJC) pay award for local government services, which introduced a 3.2% increase across all spinal column points, adds to the growing financial pressures faced by local authorities in Wales. This uplift follows a 2.5% increase in 2024/25 and reflects a continued upward trend in pay settlements that local councils must absorb within already constrained budgets. While the pay rise aims to support staff amid ongoing cost-of-living challenges, it falls below the current inflation rate of 3.8%, and lags behind other public sector settlements such as the NHS (3.4%) and Scottish local authorities (4%), potentially exacerbating recruitment and retention issues.
16. The deletion of Spinal Column Point 2 from April 2026 signals further structural changes that may require regrading and pay spine reviews, adding complexity to workforce planning. In the context of Welsh local authorities, which are already grappling with funding shortfalls, rising service demands, and inflationary pressures, the cumulative impact of consecutive pay awards presents a

significant challenge. Without corresponding increases in central government funding, councils may be forced to make difficult decisions around service delivery, staffing levels, and budget allocations to accommodate these mandated pay increases.

17. In the current financial year, it is becoming clear that there are projected in-year pressures and overspends which are large by historical standards, totalling £184m. This is set out in more detail and a full breakdown given in Annex II. In some authorities, these overspends have become particularly acute with a range of measures being implemented to balance budgets. In terms of a service breakdown, social care makes up 38% of the overspend, or £69m, with high-cost children’s care and soaring demand for adults’ social care accounting for most of the runaway costs. Education and schools account for a similar amount of £71m which has doubled from last year. Other council services account for £44m which is just under a quarter of the overall overspend.

18. Figure 3 below shows that it is the demand rather than financial and other factors that are driving the projected overspend. The blue bars below reflecting elements of demand that account for nearly 70% of the total. Again, complex needs are driving the vast majority of costs.

Figure 3: Projected in-year overspends 2025-26, £000s



Source: SWT Survey 2025

19. The scale of the financial challenges councils have already overcome, and of those they face going forward, are not dissimilar to those in England. Over the border, it is not surprising that the financial sustainability of some councils is being severely tested. This is clearly demonstrated by the fact that the number of councils that are reliant on Exceptional Financial Support from the Ministry of Housing, Communities and Local Government has risen to 30. Over £1.5bn has been borrowed to secure their current financial sustainability. The sheer scale of this intervention by the Government indicates the risk of financial failure is potentially becoming systemic.

20. Budget setting over the autumn following the 2025 Spending Review is taking place in the context of challenging economic and fiscal conditions. At the same

time the new UK Government has set out an ambitious programme to reform and restore key elements of public services. Our submission is aimed not only at improving the lives of those in our communities but also at helping the Welsh Government deliver its programme in the context of these financial challenges. The 22 councils, the Fire and Rescue Services and National Parks are key partners in delivering Welsh Government objectives.

21. However, we cannot shy away from the fact that councils are under severe financial strain. Inflation, wage pressures and growing demand and complexity of need mean that councils face a sizable funding gap over the next 3 years. And this needs to be seen in the context of the estimated £3bn of cuts and efficiencies in service spending that councils have made since 2009-10. This is more or less equivalent to the current cost of the social care system across Wales. If councils' service spend had grown in line with inflation, wage growth, demographics and demand since 2009-10 it would have been over a third higher than it actually was in 2025-26. Accordingly, benefits to the NHS that would have derived from that social care expenditure have been lost too. Councils have had to absorb these huge pressures through service cuts or efficiencies. Many discretionary services have been hollowed out, with an impact on visible/place-based services that residents experience every day in their communities.

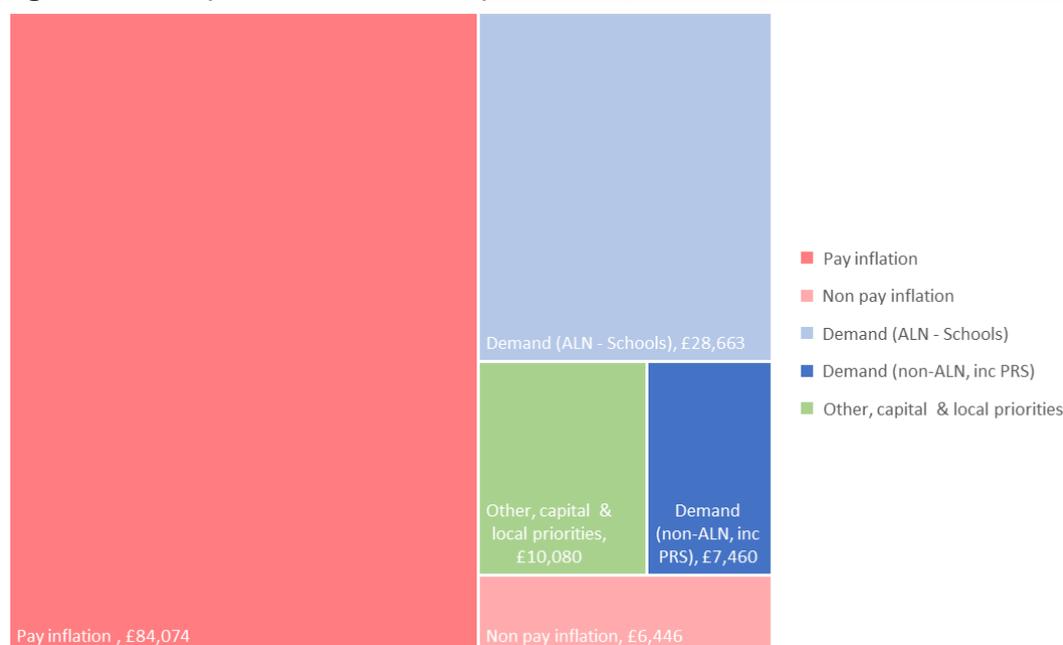
22. The remainder of this submission paper sets out our 5 priority areas that were stated in the recent letter to the Welsh Government and read across to the priorities set by the Prif Weinidog last year.

- Priority Area 1 – Schools and Education
- Priority Area 2 – Social Care and Prevention
- Priority Area 3 – Housing and Homelessness
- Priority Area 4 – Regional and Local Economic Development
- Priority Area 5 – Capital and Investment

Priority Area 1 - Schools and Education

23. During the last financial year, the Cabinet Secretary for Education approved new 9-year investment plans totalling £4.5 billion for schools and £0.9 billion for colleges, building on the existing £2 billion already invested. Additional funding of £35 million was secured for capital maintenance and Microsoft licences, reflecting responsiveness to emerging needs. All Band A projects are now complete, with over £4 million released in final retentions, and the programme continues to lead on Net Zero Carbon (NZC) initiatives, with projects exceeding 2030 targets and integrating renewable technologies like photovoltaic panels.
24. Councils have reported £71m of in-year pressures added to school budgets for 2025-26. Whilst in the previous financial year over 55% of the overspend was due to “stand still” inflationary pressure (pay and inflation), for 2025-26 that figure stands at just 11%. For 2025-26 the majority (over 52%) of the pressures are demand led, with Additional Learning Needs demands being cited in the majority of the narratives. Exacerbating the challenge is the reality that reserves have been largely exhausted. Numerous reports highlight growing school deficits, leaving reserves no longer available as the financial buffer they once provided. This is discussed in greater depth below in paragraphs 27-29.
25. The future pressures that schools are facing are a cause for concern, figure 4 below showing the elements of the estimated £137m of pressure in 2026-27. There is a further £115m and £122m in 2027-28 and 2028-29 respectively. Spend on education will need to rise from £3.3bn in the current financial year to £3.7bn by 2028-29, the end of the spending review period.

Figure 4: Composition of schools pressures, 2026-27, £000s



Source: SWT Survey 2025

26. Previous surveys have shown pay accounting for around 80% of schools' pressure in each of the years, however this survey shows this at around 60%, equivalent to £84m for 2026-27. This is further evidence of increased demand-led

pressures on the education budgets. ALN pressures are now accounting for just over a quarter of the schools' pressures in 2026-27. This is a repeated theme emerging from the survey responses, schools' budgets are facing relentless pressure from ALN requirements. One such response stated:

“The in-year deficit is in the region of £10.5 million and is fuelled by ALN pressures of demand outstripping supply which shows itself not just in placements outside of LA Schools but also within mainstream schools as well. The significant increase in ALN is primarily Emotional Health and Well Being although complex needs numbers are also increasing.”

27. It is not just the ALN provision itself causing strain, but the wider costs incurred as a result of the needs identified. The growing demand for ALN education has led to a corresponding increase in Home-to-School transport contracts. This rise is largely driven by the specific and often complex requirements of ALN pupils, many of whom require tailored transport solutions. Due to logistical constraints, and the individualised nature of support, transport arrangements frequently involve small groups of pupils or, in some cases, single occupancy journeys via private taxis. This provision is expensive.

28. School budgets starting from an already precarious position as reserve levels have been eroded over the previous years is another recurring theme. The starkness of the situation is illustrated by a response stating:

“Schools reserve deficit April 2025 is £4m. Schools are running at a recurrent budget deficit of £2.6m based on current funding models. This represents an unsustainable position over the medium term. Whilst budget recovery plans are in place for all schools in deficit, the scale of the deficits alongside the continued challenges faced in ALN, behaviours and attendance will mean that recovery plans will take 8 to 10 years to fully deliver. In the interim, the accumulated deficits are placing significant strain on balance sheet resources”

29. The implications of the declining reserves are clearly stated, with responses noting:

- *“School budgets are projecting an overall deficit of over £5m at the end of 2025-26 which is unsustainable and schools are saying they cannot cut further and deliver the curriculum / meet statutory or safe staffing ratios”*
- *Schools <are> currently reliant on around £3.5m use of balances to set budgets. This is unsustainable and needs permanent funding, without which further job losses will be necessary and risk of class sizes being above statutory levels*

30. The actual level of school deficits is mentioned in a number of returns, with just some examples being:

- *Schools continue to draw against their reserves and there is now an overall deficit of £1.1 million which is projected to grow by £1.6 million in 2025-26, based on school budgets submitted in May 2025*

- *School balances continue to decline, with the majority of schools setting budgets in excess of the funding they receive, fourteen of our 61 schools having deficit balances in 2025-26*
- *Schools have completely eroded a £15m surplus balance into a £2m deficit and are projecting a £9m in year overspend in 25/26. Not only are we credibly not going to be able to make budget reductions to the single largest area of council spending, it is hard to see how we can set a realistic budget without additional funding*
- *There are 33 primary schools, 6 secondary schools and 2 special schools (69.5% of all schools) projecting a deficit balance at year end*
- *At the end of financial year 2023/24, there were 15 Primary Schools (£0.559m collectively) and 6 Secondary Schools (£2.9m collectively) carrying forward a deficit balance position. As of 31st March 2025, this position is updated to 18 Primary Schools (£1.035m collectively) and 9 Secondary (& Middle) Schools (£5.3m). For 2025/26 we are forecasting this number to increase and to be in an overall deficit position*
- *The majority of our Schools are finding it extremely hard to set a balanced budget for 25/26 and being able to implement deficit recovery plans without losing staff which will impact on teaching & learning, class sizes etc*
- *Total school balances decreased by £3.023 million during 2024-25 to a negative balance of £619,000 at the end of the financial year. At the start of 2025-26, projections indicate an overall deficit balance for school delegated budgets of £5.206 million at year end*

31. Many councils highlight significant capital investment needs for school buildings, whilst noting there is not sufficient money in the system to allow for major works, with one authority commenting:

“General investment in maintaining school buildings (a responsibility that is delegated to school governing bodies) has been impacted by funding constraints at schools. In order to reduce backlog maintenance issues, we have invested in urgent safeguarding activities across the county, but to fulfil our current capital transformation commitments and invest to achieve net zero across the schools estate, we have broadly estimated investment requirement levels of more than £400m. Borrowing to support this level of investment would require annual revenue contributions of more than £25m, levels clearly beyond affordability”

32. There were comments about how the sustainability of small schools will need to be reviewed as financial pressures persist. However, it was also noted that the increased cost of transport to neighbouring schools could negate savings made, especially in rural areas:

“The county still has some smaller schools, the sustainability of which needs to be reviewed as financial pressures persist however the School Reorganisation Code does not always make this straightforward. The increased cost of transport to neighbouring schools offsets some of the savings made in particular as we are a rural county. The strength of political decision-making needed for School Closures can't be underestimated”

33. Local Authorities are doing all they can to relieve cost pressures, as one response demonstrates:

“Pressure on Home to School Transport continues but not currently included as waiting to confirm numbers for September and for contract prices to be confirmed for contracts retendered. New matrix processes are in place for evaluating the most appropriate model of transport”

34. The fact remains, however, that faced with the immediate situation of declining balances and £374million of cost pressures in the subsequent three years, schools are already being asked to reduce budgets. One council noted that as part of their medium-term financial strategy, schools had been tasked with a 1% efficiency target for 2025-26. Without additional funding, more authorities are likely to be forced to make similar savings targets of their schools with the impact being felt by future generations.

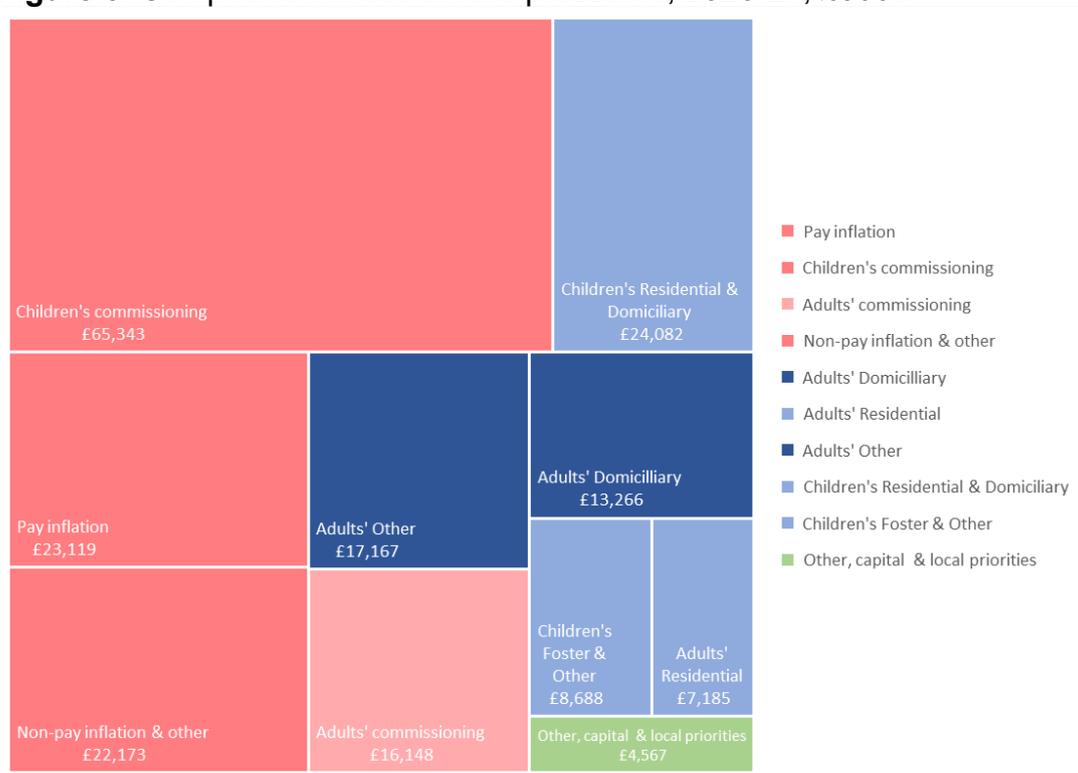
Priority Area 2 - Social Care and Prevention

35. Social care plays an essential role in supporting individuals, families, and communities across Wales. It is not only a vital safety net for those with care and support needs, but also a cornerstone of prevention and early intervention—helping people to live independently, stay connected, and avoid crisis. For adults, social care enables older people and those with disabilities or mental health needs to remain in their homes and communities, reducing hospital admissions and facilitating timely discharge from acute settings. For children and families, it provides safeguarding, stability, and support that can prevent escalation into costly statutory interventions. By promoting wellbeing, resilience, and inclusion, social care reduces pressure on the NHS, both primary and secondary care and delivers better health outcomes for citizens.

36. However, this preventative potential can only be fully realised through sustained investment. The survey shows the significant in-year pressures being experienced across both adults and children’s services. The projected in-year overspend for 2025-26 currently stands at £58m. These considerable financial challenges continue into 2026-27 and beyond and builds on an overspend of £106m that was projected this time last year for 2024-25 and £107m in 2023-24.

37. In the next financial year there is a projected £201m pressure equivalent to 7.2% of net revenue expenditure. Figure 5 below shows the breakdown of this considerable pressure. Commissioning costs, pay and non-pay inflation account for £126m (63%). The remainder is due to pure demand which accounts for £70m (35%) and other costs pressures of £5m (2%).

Figure 5: Composition of social care pressures, 2026-27, £000s



Source: SWT Survey 2025

38. There are further increases of £201m (6.8%) and £211m (6.7%) in 2027-28 and 2028-29 respectively. Spend on social care will need to rise from £2.8bn in the current financial year to £3.4bn by 2028-29. By the end of the spending review period, it will be 22% higher than now. On current trends, it will reach over £4bn by 2030-31 and will surpass education as the largest local government service in terms of sheer financial spending power.
39. Across councils, social services continue to face acute and escalating financial challenges, driven by a combination of rising demand, an increasing complexity of need, workforce instability and funding issues due to increasing costs for commissioned services, such as the National Insurance increase which was not fully funded by central Government. Councils are reporting significant in-year pressures across both children's and adult services, with many councils highlighting substantial overspends despite these service areas receiving a level of protection, with a number of councils reporting that social services have received budget uplifts by their council due to demand for services and increased costs. There are also additional risks such as those around the procurement and implementation of the replacement system for the Wales Community Care Information System which may result in further additional costs needing to be met.
40. In children's services, the cost of out-of-county placements continues to be a major financial burden. For example, one council projects an overspend of £2.3 million in 2025/26, which follows a £2.1 million overspend the previous year, despite efforts to contain costs and keep children in county. For another council despite the children's services budget being increased by £2 million for 2025-26 (a 21.7% increase) the service is forecast to overspend by £1.5 million, driven in the main by rising costs of placements. Across councils the average cost of residential placements has surged due to the increasing complexity of need being seen and the challenge of finding appropriate placements.
41. This has been further exacerbated by the Welsh Government's Eliminate Profit agenda with a number of councils reporting that this has led to the withdrawal of some private providers from the market. Councils continue to develop new in-house provision, but this has led to increased costs, with one council noting that parallel running costs during this shift are creating substantial financial pressures. Emergency placements and the lack of foster carers are also specifically identified as driving up costs. Some children require intensive staffing ratios that can result in costs up to £1 million per child annually. The lack of full funding from the Home Office covering the costs of looking after unaccompanied asylum seeker children as part of the National Transfer Scheme, including leaving care costs, also adds to this financial burden.
42. Adult services are similarly strained. One council identifies that across adult services they have seen a 15% increase in demand across all client groups. Domiciliary care, learning disabilities and mental health services are consistently cited as areas experiencing increasing demand and overspend, with one council reporting a £2.7 million pressure in domiciliary care alone.
43. Mental health services received specific mention particularly in regard to councils' responsibilities under Section 117 aftercare and stepdown from hospital placements. In addition, the mental health legislation which impacts on ordinary

residence, which means individuals detained within an area then become the responsibility of that council area, increasing demand and complexity for supported living.

44. Councils consistently highlighted the financial impact of decisions made by health, with the impact meaning that councils are often absorbing health-related costs. Difficulties in securing Continuing Healthcare (CHC) and Funded Nursing Care (FNC) contributions are reflected in many responses. For instance, one council identified a £600k annual shortfall in FNC funding, covering 300 placements, which is being met from core budgets. Another council highlights that linked to underfunded CHC and FNC costs, providers are seeking cross subsidisation from social care. The council report an in-year pressure of circa £650k relating to Top Up Charges applied by Residential and Nursing Care Home providers, with over 100 top up arrangements agreed since January 2025. This is an issue that needs resolving as part of successfully and effectively integrating a health and social care system.
45. Councils also report delays and lack of rehabilitation packages meaning that costs are shifted from NHS to local authorities. One council reported they are facing a financial pressure of around £850k relating to former health funded services transferring to social care. This includes a recent decision to withdraw funding of local EMI community provision and reassessment of Health Funded specialist residential care services (Mental Health & Learning Disability).
46. Workforce challenges also persist. The Real Living Wage (RLW), without sufficient funding being made available in the settlement, and pay differentials are creating additional pressures, particularly where overseas support worker rates exceed RLW, disrupting pay hierarchies. Councils also report high levels of sickness and burnout among staff, further straining budgets and service delivery. For some recruitment and retention issues have led to the reliance on agency staff, with one council reporting over £1 million in overspend due to agency use.
47. Capital investment needs are also emerging as a future risk. Councils report rising construction costs and limited contractor availability, which are affecting the delivery of social care infrastructure. One authority estimates a need for three new residential care homes over the next 5-10 years, each likely to cost around £15-20 million in capital, with no current funding in place
48. Looking ahead, councils anticipate that these pressures will intensify. The demographic shift toward an older population is expected to keep putting pressure on health and social care services, with a growing need for specialist dementia care and other age-related services, with projections indicating that one in four people in Wales will be over 65 by 2038. The financial outlook is further complicated by policy uncertainty and legislative pressures.
49. Councils are being asked to deliver more—such as implementing the Eliminate Profit agenda, expanding early help services and supporting unaccompanied asylum-seeking children—without the required levels of funding to deliver. One authority warned that without full funding for new responsibilities, local government risks being unable to deliver core services, let alone new initiatives. Others expressed concern about reputational risk, compliance with statutory duties, the ability to meet the goals of the Well-being of Future Generations Act,

and most importantly, the impact on citizens and those in receipt or need of social services who are waiting longer for services or seeing levels of support reduced.

50. Councils are also concerned about the sustainability of grant funding, such as the Regional Integration Fund (RIF) and Eliminate Profit grants, many of which are due to end or reduce in the coming years. One council noted that the loss of £4 million annually from RIF would severely impact service provision. Another highlights that social services in one council are reliant on around £50 million of various grants to operate, the majority of these are confirmed only until 31 March 2026. The grants provide early help and prevention activity which seeks to intervene early for better outcomes for people, promotes independence and resilience and keeps them out of expensive statutory or crisis services - if these grants disappear or are reduced, the cost pressure on statutory services will significantly increase over the coming years.

51. Councils continue to highlight the need to examine the level at which the maximum weekly charge for non-residential services is set, as a means of better reflecting the rising cost of care, which would enable councils to be able to recover some costs, warning that without sustainable funding support core services will be at risk and that this will be to the further detriment of vital discretionary services. While some funding was announced in 2024-25, including for future years following a consultation exercise on the potential to increase the charge, this did not reflect the additional income that would have been received had the maximum weekly charge been increased by some of the proposed uplifts in the consultation paper, nor does it reflect the inflationary pressures and increased costs experienced since.

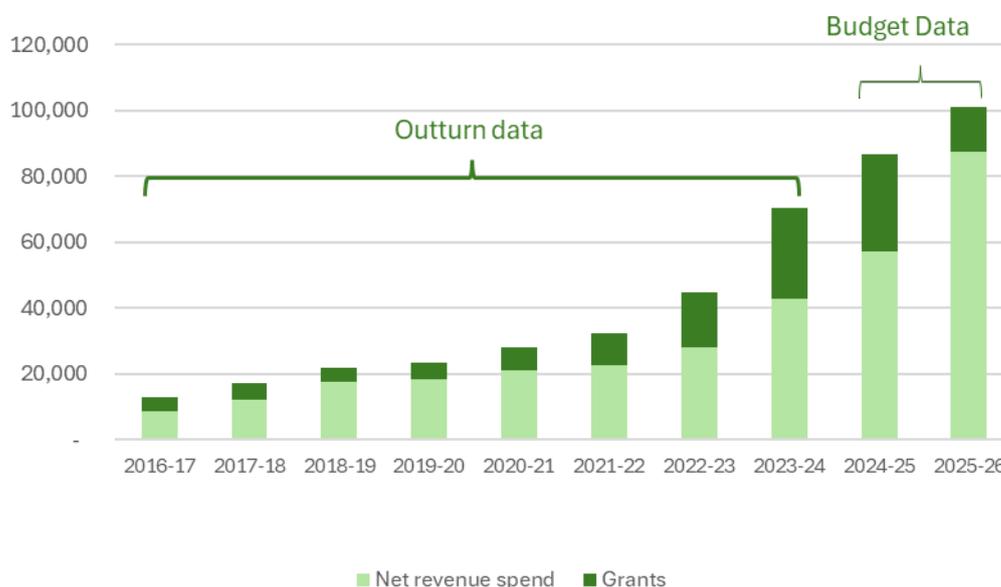
52. The pressures facing social services are not just immediate budgetary challenges—they are indicators of a system under significant strain. The financial outlook is increasingly precarious, shaped by rising demand, escalating costs, workforce fragility, and uncertain funding streams. Councils are doing all they can to manage demand, stabilise the workforce, and innovate in service delivery, also supporting a more effective NHS, but without a sustainable funding model, stronger health partnerships, and long-term investment in workforce and infrastructure, the system risks becoming even more fragile.

Priority Area 3 - Housing and Homelessness

53. Councils have seen the beginnings of a very welcome reduction of the numbers of people in emergency temporary accommodation, particularly households with dependent children over the last 12 months although overall this remains high. There also continues to be high numbers of people, often single person households, seeking support and assistance from councils due to homelessness or the threat of homelessness. Wales has continued with the approach of “no-one left out” in relation to homelessness, effectively permanently extending the arrangements put in place during the public health emergency in relation to the provision of temporary accommodation. This approach is supported by councils, however, the numbers of households approaching authorities for assistance has continued to far exceed the position prior to the pandemic. This sustained increase in homelessness presentations to councils means that core homelessness services are often dealing only with crisis and unable to work to prevent homelessness. This position was recognised in the Audit Wales report [Temporary Accommodation, long-term crisis? | Audit Wales](#) published in July 2025.

54. The demand is reflected in the costs. The data in figure 3 below is drawn from council finance returns to Welsh Government over a 10-year period, with the last 2 years’ returns from the budget (RA) forms as no outturn is yet available. Net current spend has increased from £12.8m in 2016-17 to £100.8m in 2025-26.

Figure 3: Councils' Net Current Spend on Homelessness and Temporary Accommodation, £000s



Source: WG RO/RA Returns

55. Welsh Government housing and homelessness grants are making a contribution to these costs and funding from other sources is being used. In the current financial year some of the grants were incorporated into the settlement in a welcome move. However, the increase in demand for these services is relentless and spend has grown eight-fold over a 10-year period. This is

significantly higher than the increases in the general settlement and council tax, which implies that other services have been cut to fund them.

56. The continued early release of prisoners due to overcrowding in prisons, inevitably involves significant numbers of people with no accommodation available at the point of release. This is creating further pressures on housing options teams and increasing demand for temporary accommodation in many areas. The complexity of needs that often accompany prisoners, as well as others who are homeless (and rough sleepers) can make it more difficult to find appropriate temporary accommodation, which can also be more costly, and with councils also taking into account safeguarding duties in relation to the needs of others and in particular, families with children.
57. Additional housing pressures and increased demand and costs for temporary accommodation are also seen in many areas as a result of various migration and humanitarian protection schemes, including competition for private rented sector properties across Wales as a result of asylum dispersal being widened to all council areas, and efforts aimed at reducing the use of hotels. The UK Government's recently announced decision to speed up reviews and reduce the backlog of asylum decision appeals will also inevitably lead to increased numbers of people leaving accommodation provided by the Home Office and seeking assistance from councils in finding a home, often requiring the provision of temporary accommodation before a permanent home is found. There is no additional funding from the Home Office for the increased pressures on councils for this work and the costs of temporary accommodations are quite literally, rising exponentially.
58. The recently published Homelessness and Social Housing Allocations (Wales) Bill, which is currently undergoing scrutiny in the Senedd will also add further financial pressures on councils, when implemented, and it is important that a further robust and thorough assessment of the financial implications of all legislative proposals is undertaken, in partnership in line with the Partnership Agreement, so that appropriate levels of funding are provided by Welsh Government to support the successful implementation of any legislative changes. Councils have concerns that the Regulatory Impact Assessment accompanying the Bill does not adequately reflect the additional pressures councils will face.
59. The latest data reflects that, despite seeing a welcome slight reduction over the last 12 months, there are currently still nearly 11,000 people in temporary accommodation. This comes at a significant cost to council budgets and the level of funding provided by the Welsh Government, or recoverable from DWP, is not keeping pace with such increased demand. The feedback from the survey undertaken reflects overspend on homelessness budgets and this is an increasing financial pressure on councils. The Housing Support Grant budget is critical in supporting homeless people and those at risk of homelessness, including funding for third sector bodies, and the WLGA stresses the need to at least maintain the current level of funding if additional funding is not available.
60. Building more homes is essential to ensure that we have enough houses for everyone who needs them, including those households who become homeless or are inadequately housed. Those councils with housing stock are implementing

ambitious new-build programmes and seeking to acquire existing homes (often former Right to Buy properties) to increase the numbers of homes available for social rent. Increased land, labour and material costs mean that the much-needed building of new council homes has become more expensive - this threatens the viability of many house building schemes without increased capital subsidy from Welsh Government.

61. All councils are also working with Registered Social Landlord (RSL) partners to build new low carbon social rented homes. It is therefore important to ensure that capital funding is available to support the building of social housing at the pace and scale needed to reduce reliance on temporary accommodation and ensure the housing needs of citizens in housing need can be met.
62. However, the September 2024 Audit Wales report on Affordable Housing concluded that if the Welsh Government is to meet the 20,000 social homes target by March 2026 it will need to spend significantly more than planned, this will largely be through increased capital subsidy to councils and RSLs to support the delivery of additional homes.
63. Councils support the achievement of Welsh Government's key housing objectives, set out in the Programme for Government, however adequate funding is required to enable successful delivery. In addition to the above issues, other financial pressures in housing come from reform of the building safety regime, meeting the revised Wales Housing Quality Standard, workforce pressures and meeting any workforce gaps (for example the Audit Wales report on Building Control) and the ambitions in relation to decarbonisation of more homes.
64. Social landlords, including those councils with housing stock, require long-term certainty over rental income in order to effectively plan for the maintenance and improvement of existing properties, and the development of much-needed new homes. Councils have expressed concerns that the proposed new rent and service charge standard for Wales, which has recently been consulted on by Welsh Government will not allow councils to generate sufficient income to meet the ambitions for investment in existing stock, and the development of much-needed new homes for social rent. It is vital that, when finalised, the social rent standard is affordable to tenants and provides certainty over future levels of sufficient income for landlords to deliver on services and new homes that fully meet the needs of existing and future tenants.
65. To reduce the numbers of people becoming homeless and requiring temporary accommodation, councils need to be fully resourced to support households and intervene in ways which prevent homelessness in the first place. To provide homes for the many thousands of people on housing waiting lists across Wales, and to provide opportunities for those in expensive and unsatisfactory emergency temporary accommodation to 'move-on' to permanent housing that is suitable and affordable there needs to be significant and sustained increases in the development programmes delivering new homes for councils and RSLs. This will require considerable increases in the level of capital subsidy from Welsh Government, as identified in the Audit Wales report on Affordable Housing.

Good Practice example: - Eagleswell Road, Llantwit Major Development, Vale of Glamorgan Council - [New development at Eagleswell Road, Llantwit Major](#)

Priority Area 4 - Regional and Local Economic Development

66. Sustainable economic growth at all spatial levels has been identified as a key way to help ease demands on public services and generate the tax revenues needed to provide these services with the additional funding they require.
67. Creating conditions for 'good growth' therefore has to be a top priority. Place-based economic development is a key concept in this respect, recognising that improvement in an area should take account of its unique challenges and opportunities. A 'one size fits all' approach to policy is much less likely to succeed.
68. Councils play a critical role in place-based development. They bring many different services together to support local and regional economic development. As well as their own economic development and regeneration staff, councils establish and regulate the conditions and environment for growth in many different ways. They have responsibilities for transport, planning, flood defences, trading standards and environmental health. Their role as the local education authority, with links to local further and higher education establishments, is also vital in bringing forward tomorrow's labour force.
69. As waste collection transforms into recycling collection and promotion of the Circular Economy, this is creating new economic development opportunities. The Packaging Extended Producer Responsibility funding of almost £90m across Wales (along with capital funding available from Welsh Government) has provided welcome additional resource to help develop this area of work.
70. Many place-based services, though, have experienced significant cuts in funding, with spending on 'people-based' services accounting for an increasing proportion of each council's settlement. From 2009/10 to 2022/23 council spending on services other than education and social services reduced by over a quarter (adjusted for inflation). Highways and transport saw a 32% decrease, whilst Planning experienced a reduction of 39%. Economic development experienced a boost from the Shared Prosperity Fund from 2022/3 but there is uncertainty over that funding beyond March 2026. That could result in the end of support for over 2,000 jobs across Wales and a significant reduction in the capacity of councils to support place-based economic development and regeneration.
71. Total budgeted revenue expenditure on environmental services, highways and transport, planning and community and economic development collectively amounts to £1.016bn in 2025/26, which is just 8.8% of total spending by councils.
72. Additionally, National Park Authorities continue to be impacted by cost pressures being significantly higher than increases in core funding and all three are carrying budget deficits of around £1m, which is around 15% to 20% of turnover. This is a consequence of flat line budget settlements over a number of years, when inflation was high. Unlike other Local Authorities organisations, National Park Authorities do not have the option of setting a higher levy, as the NPA levy is based on Welsh Government funding. Neither do National Park Authorities have the opportunity of setting other levies, such as the Visitor Levy. Therefore, significant focus for all three is on generating income from other sources to make up this shortfall, however, the capacity and opportunity to do this varies across

the three Authorities and it is unlikely that it will be possible to make up the shortfall through generating additional income alone.

73. Over the medium to long term all three National Park Authorities are faced with making significant reductions in their services, which will have a negative impact on the use and enjoyment of National Parks. However, in some cases consideration will need to be given as to whether some services are able to continue over the short term. To meet this challenge National Park Authorities work with a range of partners, especially Local Authorities, and in areas such as Nature recovery, climate change and use of parks for social prescribing outcomes we could do more, however, the lack of funding limits capacity to do that.
74. Place-based development can be particularly important in addressing social and economic disparities in underperforming areas. Expenditure in these service areas can therefore play an important preventative role. It can ease pressure on other council services (whilst supporting delivery of those services at the same time). Attracting investment to address locally identified priorities and opportunities is central to this approach. It can involve investment in housing, regeneration, infrastructure, clean energy, finance for SMEs, health and in natural capital/ecosystems services.
75. The Shared Prosperity Fund introduced by the former UK Government facilitated this approach. The flexibility of the scheme allowed councils to rebuild their economic development capacity that had steadily diminished over the previous decade. The ability to align the Fund with locally identified needs and opportunities has resulted in many examples of successful interventions by councils throughout Wales.
76. Some examples of place-based interventions made using SPF can be viewed here (similar examples could be found on any council website):
- [Ambition North Wales | Shared Prosperity Fund Projects](#)
[Cardiff Capital Region - Shared Prosperity Fund](#) and for Cardiff itself ([SPF projects supported in Cardiff](#) and Caerphilly [Caerphilly SPF projects](#)
[Growing Mid Wales - Shared Prosperity Fund boosts innovation and social enterprise](#)
[Swansea Bay City Region - Multi-million pound funding boost benefiting communities and businesses](#) and [Neath Port Talbot SPF support](#)
77. Another example of how place-based co-ordination can deliver successfully is Denbighshire County Council's work to improve Corwen town centre (see box below). In this case it used the former UK Government's **Levelling-up Fund**. This improvement work received an award from Ystadau Cymru.

Corwen Town centre improvements

Name of Organisation: Denbighshire County Council

Partner Organisations: Llangollen Railway Trust/ Cadwyn Clwyd/Corwen Town Council

Brief Description: This package project includes 4 sub-projects which have been delivered in and around Corwen High Street with the aim of improving visitor connectivity networks, town centre assets and public realm between the new heritage railway and the High Street creating a new and improved visitor entry point to the World Heritage site.

Panel's Recommendation and Comments:

A multi-faceted project that provided a strong example of collaboration. Highlighted an integrated approach to improving the experience for residents and visitor and referenced key policies such as Place Making. The panel felt that this was broader than traditional regeneration projects as it combined accessibility, community connectivity, economic sustainability and comprehensive support for local heritage. Panel thought it was a good example of town centre improvement even in times of austerity and could inspire others to follow. It was also replicable and was the only applicant to describe barriers and how these were overcome with partnership problem solving.

78. There is potential to build on the foundations SPF has provided and also to seek other sources of funding, including investment funding. For example, the Wales Pension Partnership has taken an increasing interest in the concept of place-based impact investment (see [£25 billion powered Wales Pension Partnership pool to deliver growth and jobs for Wales - GOV.UK](#)).
79. The UK Government has announced that Wales will receive £211m for the next three years, after the SPF ends next March. That represents 23% of the UK total allocation. However, the detail of how this funding will be used and who will oversee it is still to be clarified. Welsh Government believes that control will be returned to it from the UK Government, although it is understood UK Government (via the Wales Office) intends to retain a significant role. The amount of funding is the same as for the current financial year but that was 40% lower than 2024/25 which, in turn, was less than Wales received under former EU funding. That underlines the importance of looking at alternative funding sources, as well as ensuring integration with Welsh Government's own funding, such as the Transforming Towns programme.
80. WLGA's Economy Spokespeople have called for a further transition year to enable SPF funded projects that are delivering good results to continue. That may still be a possibility but much depends on the outcome of negotiations between the UK and Welsh Governments. WLGA Executive Board has called for these discussions to be tripartite. Given the vital role of local councils in place-based development, the absence of involvement of councils to date is questionable. Both governments have committed to involve local government as soon as they can.

81. Both Governments appear keen to see Corporate Joint Committees (CJCs) play a greater role in economic development efforts. Discussions are taking place with CJCs over various UK Government funding programmes linked to its Infrastructure Plan and Growth Missions. In that sense, the CJCs are the closest equivalent to the Corporate Strategic Authorities negotiating integrated settlements with UK Government. Welsh Government is keen to see the CJCs have a strategic role in how the £211m of SPF-successor funding is used and is also planning to devolve transport grants to the regions.
82. It is vital that the lessons learned under SPF, including many positive outcomes, are considered in determining future approaches to local and regional economic development. If councils lose access to funds they have been receiving, this could seriously undermine their capacity to promote economic development and regeneration at a local level and support it at a regional level.
83. Local contacts and knowledge are crucial to successful economic development, as well as councils' ability to co-ordinate support across their full range of services. This underlines the importance of lobbying for councils to continue to have a central role in any successor programme(s) and funding arrangements.

Priority Area 5 - Capital and Investment

84. In a letter to the Treasury before the spending review we highlighted the impact that capital investment has on local economies and place-based investment can also play a key role as we have highlighted in previous section. The importance of sustained public sector investment to long-term economic growth has recently been underlined by the Office for Budget Responsibility⁴. Across councils' capital programmes we are seeing an increase in the costs approved at feasibility stage, to the design and development stage of capital projects, due to the current inflation rates and volatility of the construction market. The survey responses show that with little or no additional funding available, there has been a lot of reprioritising between schemes and scaling back where possible.
85. Although inflation has returned to more normal levels, costs have remained at the inflated levels whereas core capital funding has not kept up with inflation, resulting in core capital budgets remaining static. Increases in costs are being experienced across the whole programme resulting in some schemes being unaffordable and/or not providing value for money. General Capital Funding does not keep up with general construction inflation⁵.
86. There is no shortage of projects across councils that are looking for additional funding. In schools the Sustainable Communities for Learning project had led to major investment in new builds and refurbishments. In ALN provision there is a need for specialist units and resource bases, and all new builds require additional investment to make them energy efficient and net zero compliant. In social care, residential facilities require expansion and modernisation and Supported Living requires investment as well. Other service areas that require additional funding vary from fleet upgrades and resurfacing in Transport and Highways⁶, to temporary accommodation upgrades for Housing and Homelessness Support.
87. It is not just in local authorities that capital pressures are felt, with one fire authority noting their transformation program has estimated revenue costs of over £3m in 2026/27 and estimated capital costs of £7.7m which will cause major pressures on their finances. These costs do not include an immediate need to digitalise many of the service's processes and investigate the possibility of AI usage.
88. However, there is a sense of capital being rationed. Where possible, programmes are being reprofiled, however this does not resolve the budget pressure, it may just spread it over a longer period which in itself can then increase the costs even more. Many authorities are finding that contractors have become more adversarial in terms of contracts and cost increases as they are working to very tight prices from subcontractors and suppliers. This can impact

⁴ [Discussion paper No.5: Public investment and potential output \(obr.uk\)](#)

⁵ [ONS Construction Output Price Indices](#) (OPIs) from April 2019 to June 2024, UK. Summary. All construction (new work and repair and maintenance) index

⁶ The Local Government Borrowing Initiative agreed with local government to enable highways resurfacing works over 2025/6 and 2026/7 has been warmly welcomed by councils. The provision of recurring revenue support by Welsh Government is enabling around £120m of investment to be undertaken over this year and next. However, it is important to find ways to sustain those levels of investment or else the highway condition will start to deteriorate again over time.

the final prices for schemes. The urgent is crowding out the important with burgeoning maintenance backlogs in estates and highways being prioritised over strategic projects because of capital rationing.

89. Due to pressures on the revenue budgets, costs are continually being reviewed and challenged in terms of what can be capitalised, however with no additional capital funding it results in less capital budget to actually spend on scheme delivery. Similarly, any annual revenue funding that was being used to support the capital programme has been removed.

90. PWLB interest rates have eased but are still having an impact on schemes funded by Prudential Borrowing, both in terms of the business cases for borrowing and payback periods (e.g. invest to save schemes) and the impact that the interest costs have on the revenue budget.

91. This comes at a time when significant additional resources will be needed for investing in four main areas:

- digital infrastructure to improve services and productivity, for example Connecting Care
- residential care investment to support the *Eliminate Agenda*
- housing investment for councils that are social landlords.
- estate decarbonisation⁷ and EV infrastructure to support net zero

92. There are, therefore, major 'invest to save' opportunities aligned to the priority areas in this report. These could be accelerated if more capital were to be made available.

⁷ Some initial work by Local Partnerships (LP) suggests that over £1bn will be needed to cover the capital cost of treating council buildings across Wales if decarbonisation, insulation and renewables measures are installed. LP note that this is an under-estimate of total costs as:

- (1) their capital cost figures are based on floor space details, which were provided for only 83% of the buildings reported
- (2) they note that they have not included other project costs which will be incurred, which could add 30-40% to the total delivery cost (e.g. survey, design, contingencies). Further work is underway to enable a more accurate picture to be developed by each council.

Conclusion

93. In a statement to the Senedd on 1 July, the Rt Hon Mark Drakeford MS, Cabinet Secretary for Finance and the Welsh Language (CSFWL) set out his intentions for a one-year budget, to be published in October. Under current plans, this will increase departmental budgets by inflation and create a pool of unallocated funding that will be available for the next Welsh Government. This was discussed in our meeting with both Cabinet Secretaries on the 15 July when we met in the Finance Sub-Group.
94. This outcome would be extremely damaging for local services. A 2% rollover budget is a high-risk scenario for local government set against the backdrop of our own financial pressures and such an approach causes significant concern.
95. The default legislative position under section 127 of the Government of Wales Act would be even worse and would be quite catastrophic from the point of view of all public services in Wales, and you will know that councils – unlike other parts of the public sector – have a legal duty to set balanced budgets by 11 March 2026.
96. A rollover budget would mean that councils would have to prepare for a combination of unconscionably high council tax rises, cuts to services and/or job reductions to mitigate the risk of significant budget shortfalls - all of which could harm our local communities.
97. Now that we have the full results of survey from Treasurers there is a clear picture emerging of unrelenting inflation and demand that we currently estimate will be in the region of £560m in 2026-27. This is higher than expected and is driven largely by demand and higher costs in both education and social care. It confirms a pressure of around 6.8% of net revenue expenditure, requiring a settlement uplift of around 9% to completely fill the gap. Furthermore, there is an estimated in-year overspend/additional pressure of £184m that requires immediate difficult decisions in the current financial year.
98. It is possible to estimate the budget shortfall and its impact under a number of scenarios set out below. The Council Tax levels below reflect what would be required to fill budget shortfalls:

Settlement Increase	Budget Shortfall (£m)	Overall council tax increase (%)	Equivalent post reductions (000s)
2.0% or £125m	£436m	22%	14k
3.0% or £187m	£373m	19%	12k
4.0% or £249m	£311m	15%	10k
5.0% or £312m	£249m	12%	8k
7.0% or £437m	£124m	6%	4k
9.0% or £560m	0	0	0

99. In summary service inflation for local government is 4.8% higher than accepted inflationary estimates, so a 2% uplift is extremely challenging. Councils will continue to make efficiencies across all service areas where these are possible, but the options for combinations of council tax increases, service cuts and job reductions will be difficult and will be felt by both our staff and communities. Settlements of 4% and above become more manageable but would still require councils to make difficult decisions.

100. We welcome that Welsh Government wants to protect local services and the partnership approach to forging a new and trusted relationship between the Welsh Government and local government. The close working relationship that we developed in recent years has served us all well but unfunded financial pressures are of significant concern to councils and our ability to continue to deliver for the people of Wales. We are committed to continuing our partnership approach to protect our shared priorities and protect services and our communities from the worst effects of the economic headwinds to come.

Cleared by: Councillor Anthony Hunt, WLGA Finance Spokesperson

Authors: Jon Rae, Director of Resources
Nathan Gardner, Finance Manager

Tel: [REDACTED]

Unitary authorities, projected financial pressures, 2026-27 to 2028-29, £000s

	2026-27	2027-28	2028-29
A. Local Authority Related (excluding schools and social services)			
Pay inflation pressures	76,808	68,386	73,059
Non pay inflation pressure	37,774	34,446	34,480
Fees/Charges inflation (positive)	- 2,779	- 2,627	- 2,538
LA Inflation (Stand Still) pressures	111,803	100,204	105,001
	9,977,927		
Budget pressures			
Demand related pressures (ALN)	42,229	27,116	25,490
Demand related pressures (non-ALN, inc PRS)	18,079	14,928	16,458
Capital financing pressures	3,216	890	257
Reduction in specific grants	5,423	2,489	1,513
Local priorities	34,542	24,389	30,227
Other	7,900	100	100
LA budget pressures	111,388	69,912	74,044
Total LA-related	223,191	170,116	179,045
B. Schools			
Pay inflation pressures	84,074	80,649	85,746
Non pay inflation pressure	5,755	5,526	5,671
Fees/Charges inflation (positive)	691	324	335
Inflation (Stand Still) pressures	90,520	86,499	91,753
	3,606,001		
Budget pressures			
Demand related pressures (ALN)	28,663	18,942	19,957
Demand related pressures (non-ALN, inc PRS)	7,460	1,502	3,458
Capital financing pressures	1,233 -	389	35
Reduction in specific grants	838	75	75
Local priorities	228	175	758
Other	7,781	8,112	6,193
Total Schools Budget Pressures	46,203	28,417	30,476
	2,398		
Total Schools	136,723	114,916	122,228

Unitary authorities, projected financial pressures, 2026-27 to 2028-29, £000s (cont.)

	2026-27	2027-28	2028-29
<u>C. Social Services</u>			
Pay inflation pressures	23,119	22,902	25,737
Commissioning Cost Pressures - Adults'	65,343	59,405	64,586
Commissioning Cost Pressures - Children's	16,148	15,690	16,413
Non pay inflation pressure	22,173	24,339	29,676
Fees/Charges inflation (positive)	- 1,222	- 1,330	- 1,348
Inflation (Stand Still) pressures	125,561	121,006	135,063
Budget pressures			
<u>Adults Services</u>			
Domiciliary Care (incl supported living)	13,266	15,586	16,804
Residential Placements	7,185	7,998	6,379
Other	17,167	17,379	19,849
<u>Childrens Services</u>			
Domiciliary Care	75	75	75
Residential Placements	24,007	24,319	23,877
Foster Care	875	875	775
Other	7,813	4,243	4,107
b. Capital financing pressures	-	-	-
c. Reduction in specific grants	1,477	5,157	1,672
d. Local priorities	1,840	-	-
e. Other	1,250	4,306	2,450
Total SC Budget Pressures	74,955	79,938	75,987
Total Social Services	200,516	200,944	211,051
Total Pressures (A+B+C)	560,430	485,976	512,324

Unitary authorities, in-year (2025-26) projected financial pressures

	2025-26
<u>A. Local Authority Related (excluding schools and social services)</u>	
Pay inflation pressures	10,176
Non pay inflation pressure	5,388
Inflation (Stand Still) pressures	<u>15,564</u>
Financial pressures	
Demand related pressures	17,016
Capital financing pressures	1,700
Reduction in specific grants	160
Local priorities	2,563
Other	7,185
LA Budget Pressures	<u>28,624</u>
Total LA Related	<u>44,188</u>
<u>B. Schools</u>	
Pay inflation pressures	6,595
Non pay inflation pressure	1,004
Fees/Charges inflation (positive)	-
Schools Inflation (Stand Still) pressures	7,599
Financial pressures	
Demand related pressures	36,969
Capital financing pressures	-
Reduction in specific grants	-
Local priorities	-
Other	26,257
Total Schools Budget Pressures	<u>63,226</u>
Total Schools	<u>70,825</u>

Unitary authorities, in-year (2025-26) projected financial pressures, £000s (cont)

	2025-26
C. Social Services	
Pay inflation pressures	1,801
Commissioning Cost Pressures - Adults'	4,943
Commissioning Cost Pressures - Children's	3,293
Non pay inflation pressure	1,111
Inflation (Stand Still) pressures	<u>11,248</u>
Financial pressures	
Adults Services	
Domiciliary Care (incl supported living)	16,648
Residential Placements	7,036
Other	987
Childrens Services	
Domiciliary Care	550
Residential Placements	21,364
Foster Care	560
Other	8,171
Other Pressures	
Capital financing pressures	900
Reduction in specific grants	-
Local priorities	1,790
Other	-
Total Social Services Budget Pressures	<u>58,006</u>
Total SC Pressures	<u>69,254</u>
Total projected financial pressures (A+B+C)	<u>184,267</u>

John Griffiths MS
Local Government & Housing Committee
Senedd Cymru

Please ask for: Alice Marks
Direct Line: 01792 635600
E-Mail: Alice.marks@swansea.gov.uk
Our Ref:
Your Ref:
Date: 29th October 2025

Dear Sirs

Building Safety (Wales) Bill

Thank you for your letter of 27 October 2025 regarding the provisions in the Bill for the varying or revocation of the special measures' orders.

As I stated in my oral evidence, I have significant concerns about many aspects of the proposed special measures orders and have read the proposals within Schedule 2 in relation to their variance or revocation. You quite correctly point out that an application can be made to the Residential Property Tribunal to vary or revoke the order and that the following shall be considered -

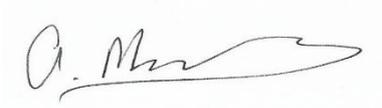
- (5) In considering whether to vary or revoke a special measures order, a residential property tribunal must have regard to—**
- (a) the likelihood of the variation or revocation of the order resulting in a recurrence of the circumstances that led to the order being made, and**
 - (b) whether it is just and convenient in all the circumstances to vary or revoke the order.**

My specific concerns around this part is that it is somewhat similar to the provisions for Empty Dwelling Management Orders under the Housing Act 2004 and we have one of these in place for a property in Swansea. Although there are also provisions there for it to be revoked we have never been able to do so and are unlikely to ever be in a position to end it without the same issues recurring. I can foresee that a similar position may occur with the provision above stating that the RPT must consider whether revoking the Special Measures Order may lead to a recurrence of the circumstances. From my experience of poorly managed buildings generally, It would seem that unless the accountable person changed and all issues with the building were resolved it would be highly likely that issues would recur upon handing the building back to the accountable person. This would leave the Local Authority in a position of being unable to hand the building back in my view.

It is my belief that these fears may discourage local authorities from taking Special Measures as the ongoing management responsibilities and the financial risk is too great.

More than happy to discuss if there is any further information that you would like or if I can be of further help.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Marks', with a long horizontal flourish extending to the right.

ALICE MARKS
TEAM LEADER – PRIVATE SECTOR HOUSING
POLLUTION CONTROL & PRIVATE SECTOR HOUSING

**Local Government
and Housing Committee**

Dr Henry Dawson
Housing Advisory Panel
Chartered Institute of Environmental Health

27 October 2025

Dear Dr Dawson

Building Safety (Wales) Bill

Thank you for providing oral evidence to the Local Government and Housing Committee on the Building Safety (Wales) Bill on 24 September.

During your evidence you raised concerns about the Bill's provisions in respect of Special Measures Orders including that the Bill does not provide a mechanism for such orders, intended to be temporary, to be brought to an end.

During her evidence to the Committee on 22 October the Cabinet Secretary for Housing and Local Government's officials explained that the Bill makes provision about the varying or revocation of special measures orders. These provisions are at paragraph 16 of Schedule 2 and set out that the Special Measures Manager can hand a building back to the accountable person and make an application to the tribunal at that stage for the order to be varied or revoked, as can the building safety authority, the fire safety authority or other accountable persons for the building to which the order applies.

I would be grateful if you would confirm if the explanation provided by the Cabinet Secretary's officials address your concerns about bringing Special Measures Orders to an end.

Yours sincerely,



John Griffiths MS
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.

Hello

I apologise if my comments to the panel were not sufficiently clear in this area. Thank you for getting in touch to allow me to clarify my position.

I have found the procedures for terminating a special measures arrangement to be clearly set out in the Bill and similar in nature to the management orders set out under the Housing Act 2004.

My concerns in this area covered some specific issues with these types of interventions. The order gives the new manager the responsibilities of the Accountable Person (AP) due to the failure of the original APs resulting in serious or multiple breaches of the duties placed upon them. The Special Measures Manager may be any person, but I believe it will be someone employed directly by the Building Safety Authority (BSA) or Fire Safety Authority (FSA). In some cases, the responsibility may be delegated to a contractor employed for this purpose.

Ultimately, the BSA/FSA will have oversight of the order and its operation. If the management arrangements of the current AP(s) have been found to be inadequate and that responsibility has been taken away from them was not clear to me how the BSA/FSA will reach a position where they are able to consider that revoking the order will result in the building being adequately managed.

In considering whether to vary or revoke a special measures order, a residential property tribunal must have regard to the likelihood of the variation or revocation of the order resulting in a recurrence of the circumstances that led to the order being made and whether it is just and convenient in all the circumstances to vary or revoke the order. There must be compelling evidence that the freeholder or their agents will have made substantial changes to the management arrangements.

I believe that change of ownership is unlikely to occur. A new management company or building manager may be appointed which would provide a clearer case but the BSA/FSA would have to be confident that the management structures and financial arrangements were such that the special measures order could be brought to an end. In situations where the freeholder was unwilling to provide the finance and execute the works to address the issues raised in the risk assessment and safety case report (for example where inappropriate cladding was in place on the building) it is not clear how the BSA/FSA could return the management of the property to the original or any newly employed AP. This issue would be more intractable where the freeholder company was based overseas or had gone into administration/liquidation. Meanwhile, the Special Measures Manager would have to ensure the measures outlined in the risk assessment and safety case report were actioned, which may involve significant financial outlay.

Where primary legislation dealing with failures of an operator in an industry takes the duties off an operator and places them on the state this does not force an ultimate resolution of the issue, it moves the responsibilities from an inadequate individual or company onto the state. The operator may be entirely content to reduce their level of risk and exposure by passing these duties onto an agent of the state. The size of the operators in this field also mean that they could pose some significant challenges to the regulator when attempting to set up a management plan and recover the costs for its implementation. Meanwhile, these costs must be borne by the regulator or their representative acting as the Special Measures Manager.

I appreciate there is a process by which the AP(s) may be directed to pay moneys to the Special Measures Manager but where the Freeholder company has gone into liquidation or is based overseas it is unclear how these tribunal directives could be enforced in a way which would ensure that costs were fully recovered.

In my oral evidence I drew a somewhat awkward parallel with empty property ownership where the local authority could pursue a compulsory purchase order or enforced sale (masquerading as an attempt to recoup costs from remedial works addressing the condition of the property). These tools are used to force the property in question into new ownership which would result in that property being brought into productive use.

In empty property cases these are the favoured options for local authorities as the current alternative of using an empty dwelling management order to take control of the property from the owner, carry out works, then rent it out to bring it back into use, is very rarely used. The process puts the regulatory authority (the council's private housing environmental health department) at significant financial risk. It is also subject to numerous opportunities for challenge through appeals to the residential property tribunal, and has uncertain outcomes as the dwelling may be passed back to the owner at any point through revocation of the management order as a result of an appeal, or through revocation by the local authority, on the owner's assurance that it would not return to an empty condition. The owner may then choose to renege on these promises at any point after the property is returned to them.

The current structure of this part of the Bill is focused on the state taking on responsibility for buildings which are not being managed properly with respect to fire safety. The use of special measures certainly has a place for temporary issues with building management. It is questionable to what extent the measure itself is a deterrent to poor practice. Ultimately, it doesn't clearly position the regulator in a way where they can force a change of ownership in situations where there is little prospect of adequate management of fire safety and execution of works to reduce risk from fire in the medium to long term future.

I appreciate that powers around change of ownership are amongst the most draconian measures a regulator can implement and may be an unpalatable solution, but there needs to be consideration of these situations at the point of creation of the tools used to address these issues. This was the reason for me raising these concerns in my oral evidence.

I apologise for the length of this explanation and hope that it makes my concerns clearer. If I can be of any further assistance, then please do not hesitate to contact me.

Yours

Henry Dawson

Local Government and Housing Committee

Elly Lock, Head of Policy and Research
Community Housing Cymru

cc Duncan Forbes, Trivallis
Dylan Davies, ClwydAlyn

27 October 2025

Dear Elly

Building Safety (Wales) Bill

Thank you for the written and oral evidence provided to the Committee on the above Bill and the further information provided via email on 23 October.

Evidence received by the Committee to date raises a question about the proportionality of the Bill's duties in respect of category three buildings and the balance between improved safety and increased costs. In terms of costs, in your oral evidence to the Committee you mentioned that one housing association has estimated that it would cost £100,000 per annum to undertake fire risk assessments for every building in category 3. We would be grateful if you would explain how this estimate was calculated. This would be helpful for the Committee as it considers concerns expressed by the sector that the Welsh Government's estimated costs for industry (as set out in the [Explanatory Memorandum](#) to the Bill) are under estimated. You will be aware that those concerns were discussed during the Cabinet Secretary for Housing and Local Governments' appearance before the Committee on 22 October.

The Committee would also be grateful for any additional thoughts or information Community Housing Cymru would like to share with us on behalf of registered social landlords in Wales in respect of the proportionality of the Bill's duties relating to category 3s, further to those already set out in your written and oral evidence and email of 23 October.

Senedd Cymru

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We would be grateful if you would respond to the question on the cost estimate referenced above and provide any further information by no later than 5 November. I appreciate this is a tight deadline, however it is necessary to receive this information as soon as possible in order that it may be considered as part of our stage one deliberations which must conclude by 28 November.

Yours sincerely



John Griffiths MS
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.

Wednesday 05 November, 2025

Local Government and Housing Committee

Dear Local Government and Housing Committee,

Thank you for your letter of 27 October regarding the Building Safety (Wales) Bill. We are responding to the queries raised in that letter.

Firstly, you asked us to clarify the £100,000 figure referenced by CHC during our evidence session. This was a cost provided by one housing association to Community Housing Cymru. The housing association in question arrived at this figure because they interpreted an 'annual review' to mean an onsite inspection carried out by a fire competent individual in accordance with current British Standards and Industry recognised best practice. The association has 368 category 3 properties (excluding walk up flats) that are reviewed at present every four years at a current cost of £290 per review. This is a total cost of £106,720 over a four-year cycle (£26,680 per annum 25%). They also carry out FRA reviews of walk-up flats totalling £56,000 over a five-year cycle (£11,200 per annum 20%). Therefore, if they were to carry out Cat 3 and walk-up flats on an annual basis it would cost an additional £124,840 plus admin costs.

In your letter you also asked for any additional thoughts or information we'd like to share in respect of the proportionality of the Bill's duties relating to category 3 buildings. We have been exploring this further with members since our original correspondence on this. It is important to highlight that upon doing so, our concerns encompass a broader lack of clarity over the proposed Fire Risk Assessment (FRA) regime for all buildings, not just category 3. This is because the FRA regime, as set out on the face of the Bill, is the same for all categories of buildings. In headline terms our concerns relate to:

- **What an annual 'review' of the FRA means and who can perform it:** Welsh Government officials have been clear they do not think this review necessarily needs to be undertaken by a competent person, but it is unclear to us and our members in what circumstances it would or would not. Typically category 3 buildings are not annually reviewed as standard at present, so a review of any type would add an extra burden for landlords. Category 3 also includes a wide range of different types of buildings, not all of which represent the same level of risk (for example 'walk up' flats/maisonettes) but would be reviewed at the same intervals as category 1 buildings under this proposal. Conversely, category 1 buildings typically are reviewed annually by a competent person or someone with fire safety knowledge. It is unclear if this is intended to continue under the new regime. We understand guidance is intended to clarify some of the above, but absent seeing that it is hard to assess impact effectively. We'd welcome any further clarification the committee can get on this through e.g. ministerial statements, but at this point

in time we fundamentally cannot see how annual reviews for low-risk buildings are proportionate.

- **Whether the trigger points for redoing an FRA are proportionate:** the legislation sets out a broad range of trigger events that would require a FRA to be undertaken by a competent person, but does not qualify these in any way as needing to have an impact on fire safety. For example, planning approval could be given for works that do not affect fire safety significantly. There is a risk that such trigger events occur excessively for some buildings, and rarely for others. This does not seem intuitively sensible, as it could leave some high risk buildings without an FRA review by a competent person for a theoretically indefinite amount of time (until a trigger event occurs), whilst theoretically requiring multiple FRAs by a competent person for low risk buildings that happen to have hit multiple trigger events in quick succession.
- **Whether, as drafted, individual dwellings could be included in an FRA:** whilst we understood it is not Welsh Government's intention that the FRA will include individual dwellings (other than what would already be covered by an FRA under the FSO, like the compartmentation between dwellings and fire doors in buildings), we think there is some ambiguity in the drafting at present which needs to be reviewed. S.28 sets out that an FRA must be completed for relevant parts which are all parts of the building that an accountable person is responsible for. S.15 notes that regulation will set out the parts of buildings for which an accountable person is responsible and that this may provide that the part of a building an accountable person is responsible for is the whole of the building. Relatedly, there are a number of buildings which are complex, mixed use, dispersed etc where accountable persons and approach may be particularly complicated.
- **Overall risk of costs being driven up for competent fire risk assessors**

In relation to category 3 buildings more generally, we are keen to ensure the proposed complaints process does not duplicate existing structures and aligns with the standard set by the Public Service Ombudsman for Wales. Welsh Government officials have assured us this is the intention. We have also agreed to work with Welsh Government to ensure that documentation provided to residents is meaningful and not overwhelming in technicality or length, including 'making available' some documentation.

In terms of next steps, we are working with members to gather more information on the potential implications of this proposed new regime, as well as considering a legal opinion. We have also been having constructive discussions with Welsh Government officials, who have been clear that their intention is to ensure a simplified FRA regime that does not go significantly beyond current practice. We welcome this intention to improve consistency and deliver a clear approach. We are not yet convinced that the regime set out passes this test. We have ongoing engagement with officials

planned to explore our concerns further. We believe the concerns we have set out demonstrate that more time needs to be taken to ensure a proportionate approach for category 3 is in place through consultation with the sector. A potential route through this would be to take regulation making powers in relevant sections that allow the sector to continue engaging with the Welsh Government on the details.

We will be happy to provide further information or discuss this further as useful,

Best

Elly Lock

Head of Policy and Research, Community Housing Cymru

Jayne Bryant MS
Cabinet Secretary for Housing and Local Government
Welsh Government

24 October 2025

Dear Jayne,

Building Safety (Wales) Bill

Thank you for attending the Committee's meeting on 22 October.

Due to time constraints we were not able to ask all the questions we had intended to ask you about the Bill. Questions we did not have time to ask you during the meeting are noted below. Thank you for agreeing to provide written responses to these questions.

During the meeting you also agreed to provide further information in respect of specific issues pertaining to the Bill highlighted during the meeting. These are noted below also.

We would be grateful if you would provide your responses and further information by no later than 5 November. I appreciate this is a tight deadline, however it is necessary to receive this information as soon as possible in order that it may be considered as part of our stage one deliberations which must conclude by 28 November.

Questions for written response

1. Do you recognise that there could be unintended consequences associated with section 65, given the risks to tenants' security of tenure that could arise from withholding rent, and if so do the benefits of the right to withhold rent outweigh the risks?
2. We've heard strong representations that providing lots of information to tenants is expensive for landlords and not necessarily more transparent if tenants are unable to understand the information they've been given. Would you consider amending the duty in Section 65 from the provision of information to 'making information available', to address concerns on costs?

3. We've heard a call for the Bill to be amended so that accountable persons in Category 1 buildings must involve residents in the development of the engagement strategy required by the Bill, and also specifically in respect of evacuation processes especially for disabled people. What is your view on these representations and would you consider making amendments in respect of these matters at stage two?

Further information you agreed to provide

1. Thank you for agreeing to copy us in on your response to the questions raised on this Bill by the Legislation, Justice and Constitution Committee, including those in respect of the need to simplify the complex legislative landscape for housing. We look forward to receiving a copy of the letter.
2. You agreed to write to us in light of further discussions you intend to have with the social housing sector in respect of the additional costs for social landlords of the Bill's duties, particularly in respect of category three buildings and the accuracy of the assumptions on which the additional costs quoted in the evidence from Trivallis are based.
3. You committed to writing to us on the findings of the Local Partnerships' report on delivery models for implementation of the Bill and whether a role for Joint Inspection Teams had been considered by Local Partnerships. We look forward to receiving that information.
4. You also committed to providing a summary of your discussions with the Minister for Culture, Skills and Social Partnership, Jack Sargeant MS, on the development of an apprenticeship scheme in Wales for environmental health practitioners.

In addition, we would be grateful if you would let us know of any further engagement you have undertaken with the housing sector including social landlords, particularly in respect of the implications for them of the duties set out in the Bill in respect of category three buildings and the timetable for implementation of those duties, as this appears to be a particular area of concern for the sector based on the evidence we have received.

We look forward to receiving your response.

Yours sincerely,



John Griffiths MS
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.



Ein cyf/Our ref JB-PO-558-25

John Griffiths MS, Chair, Local Government and Housing Committee

5 November 2025

Dear John,

Thank you for providing the Committee's questions on the Building Safety (Wales) Bill. My responses are attached at Annex 1.

I also agreed to write to you on various matters including: the delivery model for Building Safety Authorities, workforce planning and apprenticeships for environmental health officers.

I share the desire to see local authorities working together to deliver their functions under the new regime.

Support from Local Partnerships was commissioned to advise, and work with, local authorities and other stakeholders on developing a delivery model to ensure successful implementation of the Bill. The remit of the Local Partnerships work was confined to the delivery models possible under the Bill, with the functions of Building Safety Authorities being placed on local authorities. Therefore, the Joint Inspection Team was not considered as a potential delivery model. This work involved strategic engagement with local authorities and fire and rescue authorities with the high-level objective of local authorities agreeing an operating model for Building Safety Authorities across Wales.

I have recently received Local Partnerships' report and have agreed with the recommendation for local authorities to work together, mirroring the footprint of each of the three fire and rescue authorities, with a single authority taking the lead in each area.

There was a clear preference for joint working across multiple authorities and a broad consensus that the new Building Safety Authorities should operate in close proximity to fire and rescue authorities. Local Partnerships will now proceed in supporting local authorities in the development of a "critical path" setting out the necessary steps towards working together in this way.

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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.

To further support local authorities in preparing for the new regime, I have also asked my officials to explore the development of a centralised national IT platform. This will be undertaken in partnership with local authorities and fire and rescue authorities to ensure it meets their needs. It will also be undertaken on a cross-Welsh Government basis to ensure join up where appropriate and that we adopt experiences and learn lessons from elsewhere across Government.

As I mentioned to the Committee, to support implementation of the Bill my officials are leading a workstream with a specific focus on local authority workforce. The core objective of the workstream is the development of a strategic workforce plan, which is co-designed with local authorities and the WLGA.

The workforce plan will focus on issues around recruitment, retention and skills development. The plan will feed into investment in skills and apprenticeship training under the new regime, so that we have a cohesive approach to workforce planning. I am happy to share the plan with the Committee once it has been finalised.

I was happy to tell the Committee, we have developed higher apprenticeships for environmental health officers, which went live earlier this year. This programme is already supporting apprentices in environmental health across Wales. My officials continue to engage with the sector and Medr (the Commission for Tertiary Education and Research) in relation to the development of a degree apprenticeship for environmental health practitioners.

I would also like to follow up on the discussion in Committee about additional costs to registered social landlords. Firstly, the transcript of your oral evidence session on 9 October shows that Trivallis did not claim that the costs to them were around £100,000. Community Housing Cymru (CHC) attributed that to another, unnamed, housing association, seemingly reflecting the costs of conducting fire risk assessments in all category 3 buildings. However, fire risk assessments are already required now under the Fire Safety Order for such premises, so these are not additional costs arising from the Bill.

Secondly, we have since had further engagement with CHC, from which it appears they and their members had misinterpreted some elements of the Bill. In particular, they believed that the Bill requires annual fire risk assessments for all buildings in scope. This may well underlie some of the cost estimates that were presented to the Committee. Section 30(5) of the Bill requires the principal accountable person to ensure that the current fire risk assessment is *reviewed* at least once in every 12 months after the assessment was made. A *new* assessment is only required in the circumstances specified in section 30(2) or when directed to do so by the fire safety authority (section 30(4)).

My officials have had extensive engagement with registered social landlords and CHC, including presenting at CHC's Safety Member Community event earlier in the year, to support their understanding of how the Bill will impact the sector. Officials recently responded on 27 points of clarification requested by CHC and a further session with CHC and their members has been arranged. I acknowledge the new

regime is complex and we will continue to work with stakeholders throughout implementation to ensure that everyone understands what is required of them.

I can also confirm that representatives of the telecommunications sector were reassured to learn that, unlike the Building Safety Act 2022, the Bill does not deal with building regulations or construction. Further, the gateway 2 process in Wales will not rely on a single regulator, as it does in England. The telecommunications sector is anxious to avoid the practical difficulties it has experienced with the gateway 2 process in England. To that end, officials are making arrangements for representatives of the sector to work through the detail with Welsh local authorities ahead of implementation of the gateway 2 process in Wales. However, that work is separate from, and has no implications for, the Bill and its implementation in due course.

I hope this information helps with the Committee's ongoing considerations and I look forward to receiving its report in due course.

I am copying this to the Chairs of the Legislation, Justice and Constitution Committee and the Finance Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Jayne Bryant". The signature is written in a cursive, flowing style.

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai

Cabinet Secretary for Housing and Local Government

Annex 1: Responses to Questions from the Local Government and Housing Committee

- 1. Do you recognise that there could be unintended consequences associated with section 65, given the risks to tenants' security of tenure that could arise from withholding rent, and if so do the benefits of the right to withhold rent outweigh the risks?**

Section 65 of the Bill seeks to ensure that certain written demands given to a tenant must contain the relevant building safety information, such as the name and contact details of the principal accountable person. We would encourage residents that consider rent is not due as a result of this provision to seek their own advice. We also intend to issue guidance on this.

Resident empowerment is at the heart of the regime. Ensuring residents have this vital information to allow them to raise concerns and have discussions with the principal accountable person and building safety authority for their building is paramount. I am confident that the amendments made to the Landlord and Tenant Act 1987 are reasonable to ensure that residents are empowered with the vital information they need in order to raise any concerns about the safety of their building.

- 2. We've heard strong representations that providing lots of information to tenants is expensive for landlords and not necessarily more transparent if tenants are unable to understand the information they've been given. Would you consider amending the duty in Section 65 from the provision of information to 'making information available', to address concerns on costs?**

I heard the representations to Committee that providing lots of information to tenants could be expensive, but I don't agree that we need to amend the duty in section 65 nor the duty in section 46. The information that would be required to be provided, on the face of new sections 47B and 49B of the Landlord and Tenant Act 1987 (inserted by section 65), is primarily contact information. We think these duties are proportionate. We have no current plans to prescribe further information under section 49B(5)(e). Section 46 provides a power for the Welsh Ministers to make regulations requiring an accountable person for a regulated building to give information or copies of particular documents to other persons, including, residents. We intend to use regulations to set out what information must be given to residents routinely, and what information must be given to a resident if they have requested it (section 46(4)). What information, how the information or copies of documents must be given, and the format in which they must be given, will be set out in regulations and will of course be subject to public consultation. Regulations could, for example, prescribe that certain information could be provided electronically if this is a resident's preferred method of communication. But in broad terms, we expect the information that would be given routinely to residents would be standard information such as, for example, information about what residents should do in the event of a fire, how residents can raise building safety complaints, the contact details for the principal and

accountable persons and information about residents' duties. An important part of the consultation will focus on the format of information to be provided, ensuring it is clear, proportionate, and accessible and we will of course work closely with stakeholders to shape the content and format of information provided to residents.

The regime is designed to redress the balance between residents and those responsible for their buildings. In the interest of transparency and resident safety, duties placed on accountable persons to provide information to residents are considered reasonable and fair. The critical importance of providing building safety information to residents was a key finding of the Hackitt Report, which noted many residents were frustrated by the intermittent and partial nature of building safety information. It recommended residents should be proactively provided with a set of information that supports them to understand the safety systems in place for their building. In our own research and engagement with residents, they have consistently told us of the importance of receiving building safety information in order to feel safe in their homes and to understand their own role in keeping their building safe.

3. We've heard a call for the Bill to be amended so that accountable persons in Category 1 buildings must involve residents in the development of the engagement strategy required by the Bill, and also specifically in respect of evacuation processes especially for disabled people. What is your view on these representations and would you consider making amendments in respect of these matters at stage two?

We absolutely recognise the importance of meaningful resident engagement and the value of co-producing strategies with residents. I saw firsthand when I visited St Tydfil's Court in Merthyr Tydfil in the summer how empowered residents feel by the processes Merthyr Valley Homes have in place to engage residents and what a difference that is making to how they feel about the building they live in.

That's why we've included regulation-making powers under section 39(7)(a), which will allow the Welsh Ministers to specify circumstances in which consultation with residents about the residential engagement strategy must take place. These regulations will specify the circumstances in which residents will be consulted, which could for example, include when the strategy is prepared or when any revisions to the strategy are made, or when significant material alterations are being made to the building which requires the strategy to be updated. The development of these regulations will be subject to public consultation. I would encourage stakeholders to engage with that process so we can shape the regulations in a way that reflects the lived experience of residents and the operational realities for accountable persons.

In respect of evacuation processes for disabled people, we set out in our response to the Grenfell Tower Inquiry report that we are committed to working with stakeholders to identify the most appropriate means of ensuring provisions are in place to plan for the evacuation of residents whose ability to self-evacuate is compromised. The Bill already requires accountable persons to take all

reasonable steps to ensure residents can escape from the premises quickly and safely. That includes disabled residents. If necessary, the Welsh Ministers can make further provision about this matter in regulations and guidance. Ensuring this work is done in partnership with all those with an interest in this area is of the utmost importance. My officials have had discussions with disabled people, including Disability Wales, about the challenges they face in evacuating buildings and the solutions they would like to see. There is not a one size fits all solution, but evacuation plans formed part of those discussions.

We are also exploring the possibility of using data about vulnerable people, which is already securely held, to inform the response to an emergency and, where necessary, the rescue of such people.

Ref: PO/JB/535/2025

Llywodraeth Cymru
Welsh Government

30 October 2025

Dear Mike,

Thank you for providing the Committee's questions on the Building Safety (Wales) Bill. My responses are attached at Annex A.

I also said I would write to you with my thoughts on the formal consolidation of housing law. Your Committee will be familiar with the criteria the Government set itself for identifying suitable projects for consolidation and codification at the beginning of this Senedd. Those criteria clearly point to housing being a suitable subject for codification in due course. Indeed, this is identified as such in the Government's *Future of Welsh Law* programme.

There is a substantial body of Welsh law in the area of housing, including our work to progressively develop Welsh law in the field of 'Renting Homes'. The Renting Homes (Wales) Act 2016 was the first step in this: the 2016 Act brought together and updated many diverse statutes and incorporated relevant case law. The Renting Homes (Fees Etc.) (Wales) Act 2019 was the second significant step in this process.

We are also engaged, jointly with the UK Government, in the reform and updating of a wide range of legislation governing the operation of leasehold, freehold and commonhold law, with the Leasehold Reform (Ground Rent) Act 2022 and the Leasehold and Freehold Reform Act 2024 already having been passed and further reforms planned.

There is a tension between the need to improve the accessibility of the law through consolidation and codification, and the understandable need to reform existing legislation and make provision for emerging issues. However, I believe we are approaching a point where reforms could operate within a body of codified Welsh housing law and I would hope that the next Government will consider this area of the statute book for formal codification.

I also agreed to write to you about shell companies. Exactly which person or entity is identified as an accountable person will vary depending on the ownership and management model used in each building.

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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.

The Bill primarily places duties on those who own or have certain existing obligations for the building. This ensures accountability is placed on those entities who are in a position to keep the building safe for residents. Typically, we expect building owners and landlords, both social and private, to be identified as accountable persons.

In some buildings where complex ownership models are in place it could be possible for others, e.g. freeholders or head lessees, to be an accountable person depending on which entity in a chain of leases has the repairing obligations.

We know that many of the buildings that would be regulated under the regime established by this Bill would be owned through companies. Section 105 of the Bill means that senior officers of companies may be held criminally liable, if it is proven that they have committed an offence under the Bill. Senior officers of a company are capable of being held to account, for example, where the officer has themselves committed the offence or it is due to neglect on their part. This will help to ensure that individuals that are in practice responsible for breaches cannot avoid accountability by hiding behind a corporate veil. This provision seeks to ensure company directors and others do not avoid liability due to the accountable person or principal accountable person not being an individual.

I'm grateful for the Committee's work on the Bill. I hope this information helps with the Committee's ongoing considerations and I look forward to receiving its report in due course.

I am copying this to the Chairs of the Local Government and Housing Committee and the Finance Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Jayne Bryant". The signature is written in a cursive, flowing style.

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai

Cabinet Secretary for Housing and Local Government

Annex A: Response to Questions from the Legislation, Justice and Constitution Committee on the Building Safety (Wales) Bill

Legislative competence

- 1. We understand that certain provisions of the Bill that may affect the private interests or hereditary revenues of the King or the Duke of Cornwall and so, in our view, will require the signification of Crown consent under section 111(4) of the 2006 Act and Standing Order 26.67. Could you please tell us which provisions in the Bill you anticipate will require King's or Duke of Cornwall's consent and what is the status of those requests?**

The Bill will bind the Crown, by virtue of section 28 of the Legislation (Wales) Act 2019 (subject to the limitation in section 28(3) of the 2019 Act). This is also subject to the exceptions in section 97 of the Bill (application of this Part to the Crown). The exceptions relate to limitations on investigatory action, enforcement action and powers of entry.

By way of example as to how the Crown may be affected by the general application of the Bill as introduced, if His Majesty were the owner of the common parts of a building within scope of the regime then His Majesty could be identified as an "accountable person" (subject to section 8 being satisfied) for that building. If this were the case then the duties under the Bill would apply to His Majesty (subject to the aforementioned limitations), see in particular those in Chapter 4 (in respect of "regulated buildings"). The Duke of Cornwall would be capable of being affected by the Bill in the same way as His Majesty.

The Principal Private Secretary to the First Minister wrote to the Private Secretary to HM The King on 8 July 2025 to ask His Majesty for consent, in so far as he may be affected by the Bill as introduced. The Palace confirmed on 23 September 2025 that His Majesty has granted his consent.

Existing legislative framework

- 2. At our evidence session on 29 September, your official spoke about the Regulatory Reform (Fire Safety) Order 2005, its lack of applicability with housing law, and how the Bill aims to address those inconsistencies. Do you have anything further to add about whether this legislation combined with UK legislation amended by the Senedd, recently enacted UK legislation (e.g. the Building Safety Act 2022 ("the 2022 Act")), and associated subordinate legislation, will affect the accessibility and coherence of the law in relation to building safety in Wales? We would welcome any additional examples of how the Bill is improving the accessibility and coherence of the statute book in relation to building safety.**

The current regulatory system covering safety in multi-occupied residential buildings is not fit for purpose. The failings were laid bare in the Grenfell Tower tragedy and subsequent reviews and inquiries.

Whilst buildings within the scope of the Bill will also be subject to other legislative provisions, such as the Housing Health and Safety Rating System under the Housing Act 2004, the Hackitt Review recommended that there should be greater clarity about who is responsible for managing the safety of buildings in occupation.

The Bill identifies who those duty holders are and places a proportionate and relevant set of duties on them to ensure that risks are managed appropriately in buildings. I consider, therefore, that the changes brought about by this Bill will improve the coherence of the law on building safety.

I do note, however, the Committee's broader concern regarding overall accessibility and the question around whether housing law generally, and building safety law specifically, applicable in relation to Wales should be brought together into bilingual Acts of the Senedd and codified. I refer the Committee to the main body of my letter.

Development of the Bill

- 3. As we discussed on 29 September, there has been a very significant delay between the Grenfell tragedy in June 2017 and the development of this Bill. During the Local Government and Housing Committee's scrutiny of the Building Safety Bill LCM in November 2021 (already over four years after the Grenfell fire), the then Minister for Climate Change stated that:**

"... in the light of the Grenfell tragedy and the need to respond to the subsequent independent review of building regulations—the Hackitt review that Members will be familiar with—we need to respond as quickly as possible, and this Bill is the most effective way to do that. We've made it clear as a Government that, whilst protecting the devolution settlement remains a critical area of priority for us and that our general principle is to legislate in the Senedd, we should be open to taking pragmatic approach to using UK legislation to achieve the Welsh Government's objectives where that's necessary and it completely suits our policy agenda."

How would you respond to concerns that, by enacting legislation in Wales via the UK Parliament in 2021, and taking an additional four years to introduce this Bill to the Senedd, the Welsh Government has failed both to respond quickly to the Grenfell tragedy and to protect the devolution settlement?

The Bill forms part of a much wider programme of work taken forward since the Grenfell Tower tragedy, all aimed at ensuring residential buildings in Wales are as safe as possible. Since Grenfell we have:

- Made significant reforms to the building control system
- Introduced new regulation for higher-risk buildings during the design and construction phase
- Required mandatory registration and regulation of building control professionals
- Made regulations in 2019 preventing the installation of certain cladding on residential buildings of at least 18 metres
- Laid regulations, due to come into force in December, banning metal composite cladding panels with a polyethylene core (the type of cladding that was used on Grenfell Tower) on all buildings that require building regulations approval
- Undertaken a programme of remediation work (which is ongoing) to address in-built fire safety issues in multi-occupied residential buildings of 11m and above

The measures taken forward under the Building Safety Act 2022 are largely related to regulation of the building control profession, procedural reform for the design and construction of buildings and the introduction of dutyholder roles and responsibilities during the design and construction phase. The 2022 Act provided an opportunity to expediate the changes for the design and construction phase of higher risk buildings and create consistency for developers operating across England and Wales.

The scope of the Building Safety (Wales) Bill is wider than the regime currently in place in England and is concerned with buildings once they are occupied. It captures the vast majority of multi-occupied residential buildings in Wales and includes more extensive fire safety reforms. Developing the Bill has involved meaningful and significant stakeholder engagement, helping to make sure we get the regime right for residents and others in Wales, so that those who call these buildings home can feel safe. Time and engagement have been needed to get this right and to ensure that the new regime is fit for purpose.

- 4. You have stated that this Bill was developed in response to the Grenfell tower fire of 2017 and the Hackitt review a year later. You issued a white paper on the Bill's proposals in January 2021. However, in evidence to the Local Government and Housing Committee, you explained that some issues are still unresolved, which may lead to substantive amendments to the Bill (for example, in relation to how the Welsh Government can ensure consistency of application of the regulation regime across the 22 local authorities). Why did you not use the time since the White Paper to publish a draft bill for public consultation, which could have resolved some of these issues before the Bill was introduced?**

As outlined in response to question 3 above, the Bill forms part of a much wider programme of work taken forward since the Grenfell Tower tragedy, all aimed at ensuring residential buildings in Wales are as safe as possible.

Work on the policy development for the Bill has proceeded alongside this wider programme of work. This is a broad and complex Bill. The focus of our work has been on the considerable engagement with stakeholders that has been undertaken as part of the policy development stage for the Bill, and this takes time to complete. However, input from that stakeholder engagement has directly contributed to the proposals laid out in the Bill and will be ongoing as we move to develop regulations under the Bill.

The ongoing work that you are referring to is in relation to the operational model. So, it's not that the policy in the Bill is unresolved. The Bill is complete and workable as drafted. However, the Bill is framed in such a way to provide local authorities with a level of flexibility around how they organise themselves to effectively discharge their functions under the Bill. In my evidence to the Local Government and Housing Committee, I discussed the work we are doing with local authorities and fire and rescue authorities to agree the operational model for the new building safety regime.

While all 22 local authorities will be the building safety authority for their area, I've been clear that I do not envisage in practice all 22 will exercise their functions in isolation. Work is ongoing around how local authorities work together to operationalise the new regime.

I do not believe that publishing a draft Bill would have helped in this case. The ongoing work is part of our implementation planning.

Regulation making powers in the Bill, and accompanying guidance, will help to ensure consistent application of the functions given to the building safety authorities.

Implementation of the Bill

5. The Bill provides Welsh Ministers with the power to make subordinate legislation in some 65 areas. How many of these regulations will need to be in place in order for the effect of the Bill to be fully implemented?

We are planning for a phased commencement of regulations under the Bill. Our Statement of Policy Intent sets out those regulation making powers that we consider are not likely to be required for implementation but may be required in the longer term, for instance, to reflect changes in the built environment. Phasing commencement will allow local authorities and duty-holders to acclimatise and adjust to the new regime and for consultation with key stakeholders and the wider public to take place.

The phased approach also recognises the large number of in-scope buildings. We expect registration of category 1 buildings to be introduced in the first phase in 2027. Category 2 registration is expected to commence in early 2028. With category 3 duties expected to follow later in 2028. We believe this approach will support a smooth transition, recognising that stakeholder awareness and preparedness will be paramount to success.

- 6. Local Authority Building Control (LABC) has highlighted that under regulations currently in force made under the 2022 Act, a building is considered a “higher-risk building” if it contains at least one residential unit. However, for the purposes of the Bill, a “regulated building” must contain at least two residential units. They argue that this inconsistency “may lead to confusion in the wider industry”. How do you respond to these concerns, particularly given your general views about the importance of alignment between this Bill and the 2022 Act?**

For the design and construction phase the definition of a “higher-risk building” is set out in the Building Safety (Description of Higher-Risk Building) (Design and Construction Phase) (Wales) Regulations 2023. A “higher-risk building” is indeed only required to have one residential unit in order to be capable of meeting the definition (or be a hospital, care home or children’s home and not be an “excluded building”).

In the White Paper “Safer Buildings in Wales”, it was proposed that higher-risk buildings/category 1 buildings across both design and construction and occupation phases would be buildings with at least two residential units (and were at least 18 metres tall or had at least seven storeys). However, for the design and construction phase, this proposal was subsequently amended to one residential unit to bring the definition in line with requirements in respect of combustible cladding.

The occupation phase’s focus continues to be on multi-occupied residential buildings, so it defines category 1 buildings (and other “regulated buildings”) as having two or more residential units. Across the occupation phase regime, buildings with only one residential unit would include all conventional houses and bungalows and it has never been the intention to capture such buildings in the occupation phase building safety regime.

We are confident that we will be able to communicate this difference clearly to stakeholders. As the Committee points out, the intention is generally to align what constitutes a “higher-risk building” under the design and construction phase with what constitutes a category 1 building under the occupation phase, but the policy in relation to this specific matter (and in respect of some “excluded buildings”) does not align between the two phases and so different provision is required.

Regulation-making powers

- 7. There are 11 regulation-making powers to amend primary legislation (Henry VIII powers) in the Bill. Please set out a justification for why each Henry VIII power is necessary, reasonable and proportionate.**

There are 10 regulation-making powers to amend primary legislation in the Bill. The reference in the Statement of Policy Intent to the regulation making power in

section 65(3) being subject to the Senedd approval procedure is incorrect, it is subject to the Senedd annulment procedure and it does not amend primary legislation. My apologies for the original error. The regulation making power in section 59(2) is subject to the Senedd approval procedure, but it does not amend primary legislation. Each of the regulation-making powers that amend primary legislation are set out in turn below.

Power	Why the power is necessary, reasonable and proportionate
Section 16(1) (power to amend sections 2 to 14)	<p>This regulation making power is necessary to enable the Bill to be amended to respond to evidence of new and emerging risks and to ensure that the regime can be adapted to respond to such risks. It will also enable amendments to be made e.g. to account for new ownership models or building design. This power to amend Schedule 1 will provide flexibility to enable the list of “excluded buildings” to be amended should the need arise.</p> <p>There is a duty to consult each building safety authority, each fire safety authority and such other persons as the Welsh Ministers consider appropriate. Therefore, an appropriate consultation will be taken before making regulations. The regulations are also subject to the Senedd approval procedure which will allow additional Senedd scrutiny. The regulations do not amend any of the duties in the Bill. Rather, they are intended to make minor changes to clarify key terms in the Bill, or to take into account new ownership models etc. The regulation making power is therefore considered to be reasonable and proportionate.</p>
Section 27(2) (to modify the definition of “building safety risk”)	<p>The Bill is aimed at ensuring that building safety risks are properly assessed and managed. How the risks are assessed and managed, that is, the duties we place on the principle accountable person and accountable persons, and the enforcement of those duties are at the core of this Bill. The Bill is intended to ensure the safety of people in or about regulated buildings by making sure that someone is held accountable for that.</p> <p>The regulation making power is necessary as new evidence may emerge that there are risks other than fire and structural safety risks that, if not assessed and managed, may result in a risk to the safety of people in or about a regulated building. For example, this could be a risk arising from climate change such as flooding.</p> <p>The regulations may also make provision conferring functions for the regulation of that risk, onto any devolved Welsh Authority.</p> <p>Similarly to the power in section 16, there is a duty to consult prior to making any regulations. The regulations are also subject to the Senedd approval procedure which will allow Senedd scrutiny.</p>

<p>Section 41(9) (amend the period of time when a further building certificate application must be made – to change from 5 years).</p>	<p>The regulation-making power is necessary to allow flexibility to decrease or increase the five-year period depending on any emerging evidence about building safety risks.</p> <p>The regulation-making power is reasonable and proportionate because new evidence may emerge indicating that this timeframe should be changed. The scope of the regulation making power is limited to only adjusting the time period.</p>
<p>Section 56(4) (amend list of “reviewable decisions” and meaning of “affected person”)</p>	<p>This regulation making power is necessary to provide flexibility to add decisions of the building safety authority that must be subject to a review before an appeal, or to remove them. The policy intent of this section is to reduce the burden on the tribunal, but it may be the case that some decisions are in fact better left to the tribunal and that requiring them to be reviewed first achieves only delaying a final decision. The regulation making power provides flexibility to make amendments to this process based on experiences at implementation. To ensure that those impacted by a decision can request a review of a reviewable decision, and to ensure that the definition of an affected person captures the right people, the regulation making power also provides flexibility to amend the definition of an affected person should that need to be broadened, based on evidence gathered at implementation.</p> <p>The regulation-making power is reasonable and proportionate as it allows for minor amendments to be made to ensure that the review process works as intended, and that people who are affected by decisions may bring a review. It is deemed appropriate for this type of amendments to be made via regulations.</p>
<p>Section 62 (new section 30IC of LTA1985 – meaning of building safety measure) – can amend subsections (2), (3) or (4) to amend “building safety measure”.</p>	<p>The regulation making power in this section is necessary in order to allow the Welsh Ministers to amend the definition of a building safety measure, should it appear in future that the definition should be amended. It may be necessary to amend the meaning of building safety measure to account e.g. for new information obtained during implementation and subsequently. A regulation making power will enable this flexibility.</p> <p>The regulation making power is reasonable and proportionate as it is limited to adding, removing or modifying the definition of a building safety measure. The amendments are likely to be minor and technical in nature and it is therefore considered appropriate for these changes to be made by secondary legislation.</p>
<p>Section 64 (new section 20FA of LTA1985 – limitation of variable service charges: excluded costs for regulated buildings). Can</p>	<p>The regulation making power in subsection (5) allows the Welsh Ministers to amend the definition of “excluded costs” in subsection (3) by adding, removing or modifying a description of excluded costs. The regulation making power in subsection (5) is necessary to allow the Welsh Ministers to amend the definition of a “excluded costs” should it appear that the definition should be amended. This is to ensure that the liability for building safety costs is passed down</p>

<p>amend the definition of “excluded costs” in new section 20FA.</p>	<p>correctly. Similarly to the regulation making power in section 30IC above, it may be necessary to amend the meaning of “excluded costs” to account e.g. for new information obtained during implementation and subsequently. A regulation making power will enable this flexibility.</p> <p>The regulation making power is reasonable and proportionate as it is limited to adding, removing or modifying the definition of “excluded costs”. The amendments are likely to be minor and technical in nature, and it is therefore considered appropriate for these changes to be made by secondary legislation.</p>
<p>Section 67(8) (meaning of relevant HMO) power in section 68(8) to amend this section.</p>	<p>The power in subsection (3)(d) is necessary if it becomes apparent in future that premises are being inadvertently caught by the definition of “relevant HMO”. The regulation making power allows the definition to be amended but cannot make amendments to subsections (1) and (8). It is also necessary, for example, because the power in subsection (8) allows the definition to be extended if, for instance, new forms of tenure or occupancy emerge. The power is therefore to deal with currently unforeseen circumstances, and there are no plans to use the power at present.</p> <p>The power is reasonable and proportionate because it is important to ensure that multi-occupied premises which are not intended to be “relevant HMOs” are not inadvertently caught by the definition. Whilst subsection (3) already contains exclusions, this power enables ongoing flexibility i.e. for certain premises not to be capture within the definition. The amendments are likely to be minor and technical in nature, and it is therefore considered appropriate for these changes to be made by secondary legislation.</p>
<p>Section 86(7) (appeal against prohibition notice) power in section 86(7) to amend who can appeal against a prohibition notice.</p>	<p>The regulation making power in section 86(7) is necessary in order to amend the list of persons in subsection (2). An example of when this may be necessary is, for instance, where a new entity which had an interest in regulating building safety were created, or if such an interest arose out of a new form of housing tenure. These regulations may be needed in light of future wider policy or legislative change, including new information obtained during implementation and subsequently. This regulation making power provides flexibility should there be a need to amend this list in future. For example, if the meaning of building safety risk is modified using powers in section 27(2), then there may be other persons that have an interest in the management of that type of risk, that would need to be added to this list.</p> <p>The amendments are likely to be technical in nature, and it is therefore considered reasonable and appropriate for these changes to be made by secondary legislation.</p>

Section 112(3) (consequential and transitional provision)	This regulation making power is necessary to ensure that consequential amendments to other legislation and transitional provisions can be made to ensure that the Bill works together with other laws. Although the main amendments to primary legislation have been made on the face of the Bill itself, during implementation it may emerge that further consequential amendments are required. It is deemed reasonable and proportionate that consequential amendments are made via secondary legislation.
Paragraph 21(3) of Schedule 2 (Welsh Ministers can amend paragraph 24 to change the meaning of “interested person” – who is someone who must, for example, be given certain information about Special Measures Orders)	<p>This regulation making power is necessary to provide flexibility should there be a need to amend this list in future. For example, if the meaning of building safety risk is modified using powers in section 27(2), then there may be other persons that have an interest in the management of that type of risk, that would need to be added to this list.</p> <p>The amendments are likely to be technical in nature, and it is therefore considered reasonable and appropriate for these changes to be made by secondary legislation.</p>

8. Can you set out why you believe that it would be appropriate for a government in the Seventh or Eighth Senedd to change key matters in the Bill through secondary legislation, as is currently permitted by the broad relegation-making powers in the Bill, rather than by bringing forward primary legislation and allow full Senedd scrutiny, including by means of an expedited process if necessary?

The way in which buildings are owned and managed, particularly at the smaller end of the spectrum varies considerably. Additionally, the built environment is complex and constantly changing, as are the risks in it whether this be due to advances in technology, building design, construction products or otherwise. The regime may also need to respond to new models of property ownership, occupation and tenure.

The powers are proposed to ensure that if issues arise during implementation, or in the future, we are able to react to these to ensure the regime works as intended, without the need for further primary legislation.

The key terms are designed to ensure that the right buildings are identified and that the appropriate people for those buildings are identified, in order that duties are placed on the most appropriate persons. Whilst a future government could use powers in the Bill to amend the key terms, any amendment would have to have these purposes in mind.

9. Can you confirm whether some of the broad regulation-making powers in the Bill (such as those in section 16) would allow a future government to exclude certain buildings or structures from the regulatory regime? If so, have you considered inserting safeguards that would limit the use of those powers (for example, by limiting the power to *extending* the list of structures that fall within the regulatory framework of the Bill, rather than enabling future Welsh Government to also *remove* structures from that list)?

The power in section 16 is proposed to enable amendments to be made to the key terms sections. This power is not about changing the duties under the Bill. Whilst it is a broad power, it is an important one which ensures that if issues arise during implementation, or in the future, amendments can be made so as to ensure the Bill works as intended. Such regulations could only be made after consultation and with the approval of the Senedd.

Schedule 1 sets out a list of buildings that are excluded from being regulated buildings. The power to amend Schedule 1 will ensure the list of “excluded buildings” can be amended should the need arise.

It is possible that a future government could exclude certain buildings or structures from the regime. Such regulations could only be made after consultation and with the approval of the Senedd. Based on the existing available evidence, we believe all of the buildings we have included should be in scope of the regime. But it would be remiss of us not to ensure the regime can respond to evidence if it needs to. This could, for example, be because once the regime has been in operation for some time the evidence suggests that certain types of buildings are better regulated under the Regulatory Reform (Fire Safety) Order 2005 because it would be more appropriate for them to be treated as workplaces for example, making it more appropriate to exclude them from the regime.

This power is designed to be proportionate and ensure the Government is able to respond to change when there is clear evidence to support such a change and we have included safeguards that limit the use of these powers to that effect. These include the requirement to consult the building safety and fire safety authorities and the use of the Senedd approval procedure thus ensuring it is subject to additional Senedd scrutiny and the Senedd’s agreement.

10. Despite agreeing in principle that the powers granted to Welsh Ministers are appropriate, some key stakeholders including the WLGA have raised concern about how future regulations will be developed, and the extent to which the sector will be consulted. Do you have anything further to add to provide reassurance to these stakeholders and others about the use these powers by future Welsh Governments?

We are planning for a phased commencement of regulations which recognises the broader building safety environment and the need to support stakeholders through implementation. Given the large number of in-scope buildings, phasing commencement will allow local authorities and duty-holders to acclimatise and

adjust to the new regime. Local authorities would have time to put in place the systems they need to prepare to take on their new functions.

We expect the registration of category 1 buildings to be introduced in the first phase in 2027. Category 2 registration is expected to commence in early 2028, with category 3 duties expected to follow later in 2028.

Under this phased approach, our initial focus will be on the regulations needed to ensure registration, category 1 duties, and duties in HMOs are in place. We intend to consult on those proposals and subsequently consult on issues more particular to category 2 and 3 buildings, which will be commenced subsequently during the course of 2028.

11. Can you confirm that the current duties “to consult such other persons as Welsh Ministers consider appropriate” would in practice oblige future Welsh Governments to consult meaningfully with residents whenever residents have legitimate interests in the regulations or guidance being developed?

Many of the secondary legislation-making powers and the guidance-making powers included in the Bill are accompanied by a duty to consult ‘such other persons as Welsh Ministers consider appropriate’. While ‘residents’ are not a specified consultation group, there would be many instances where they would have legitimate interests in the regulations or guidance being developed and as such it would be appropriate for the Welsh Ministers to consult residents in those cases.

12. In your response to our question about why a definition of “storey” is not included on the face of the Bill, you explained that including technical detail such as the definition of a storey or a mezzanine “risks overcomplicating the Bill”. However, a definition of mezzanine is included in section 118(3) of the 2022 Act, and indeed the Act also provides some detail about the definition of a storey itself (section 118(3)). You went on to state that setting out the definition of storey in regulations, rather than on the face of the Bill, will help to ensure consistency with the 2022 Act and its subordinate legislation. Can you provide further clarity about your decision not to include a definition of “storey” and other key terms of the face of the Bill?

Whilst section 118 of the Building Safety Act 2022 defines “storey”, this definition does not apply in Wales (nor in England in respect of the occupation phase regime established by Part 4 of the 2022 Act).

The power to define “higher-risk building” for the design and construction phase is in section 120I of the Building Act 1984. The Building Safety (Description of Higher-Risk Building) (Design and Construction Phase) (Wales) Regulations 2023 (“the 2023 Regulations”) are made under this power. The 2023 Regulations set out, for example, how height is to be measured and how storeys are to be calculated (including in relation to mezzanine floors). The Approved Documents

under the Building Act 1984 set out, for example, how height is measured and this aligns with the provisions in the 2023 Regulations.

The policy is that generally (noting the point already discussed regarding the minimum number of residential units) a “higher-risk building” in the design and construction phase will be a “category 1 building” in the occupation phase.

As such, for the occupation phase regime the power in section 6(5) of the Bill has been proposed partly in order that there can be an alignment, now and in the future, between what constitutes a “higher-risk building” and what constitutes a “category 1 building”. The intention is that regulations under section 6(5) will largely mirror, in terms of height and storeys at least, the provision in the 2023 Regulations. This approach will enable regulations for both phases to be aligned now, and in the future. If the 2023 Regulations were amended then the power in section 6(5) would enable, but not require, the occupation phase regulations to follow suit.

As a secondary matter, we also consider that setting out this level of technical detail on the face of the Bill would risk detracting from the “core” provisions i.e. those currently contained in section 6.

13. One of the powers given to the Welsh Ministers in the Bill includes a power for the Welsh Ministers to change the definition of a “building”. During scrutiny, you told us that the definition of building may need to be amended if certain types of structures are being interpreted as buildings in a way that was not intended by the Bill, or if new types of multi-occupied residential accommodation emerge. Please can you:

- a) clarify whether consideration was given to taking alternative drafting approaches to include safeguards against different structures being used as buildings on the face of the Bill?**
- b) set out examples of structures that you may want to exclude from the regulatory regime set out in the Bill (for example, your official cited large floating barges)**

a) Consideration of alternative drafting approaches and safeguards

Yes, careful consideration was given to alternative drafting approaches and the need for balance between legislative clarity and the need for flexibility in response to emerging forms of residential accommodation. We explored the options of listing exclusions or defining building types more narrowly on the face of the Bill. However, these approaches were considered too rigid and potentially problematic given the evolving nature of residential accommodation.

It is difficult to anticipate with any certainty whether new approaches to structures and construction will or will not be defined as buildings and whether they should or should not be included in the regime, as we simply don’t know what they will look like yet. The decision to include a regulation-making power to amend the definition of “building” was taken to ensure that the regulatory framework is able

to remain responsive to future developments in the design and construction of residential buildings, including non-traditional structures, in a way that makes sense.

The safeguards we have put in place include the requirement that any changes to the definition must be subject to consultation and will also be subject to the Senedd approval procedure. I believe this provides the appropriate level of transparency and accountability in the exercise of this power in the future.

b) Examples of structures that may be excluded from the regulatory regime

As you say, large floating barges used as residential accommodation were cited during scrutiny as a type of structure that may not be suitable for inclusion within the regulatory framework. We do not think they will be interpreted as buildings and as such we do not think they need to be expressly excluded on the face of the Bill. There is a risk that expressly excluding them may suggest that they should be interpreted as a building in the first instance.

As noted above, we do not know what new types of accommodation might emerge because they haven't arisen yet.

Modular housing example

During scrutiny when we were discussing the intention behind the power to amend the meaning of "building" to include vehicles, vessels or other movable objects, you asked why a modular building might be excluded from the definition of a building and I agreed to write to you on this.

To clarify, we believe the current meaning of building would capture modular buildings. That is the policy intention, and where modular buildings are used to provide multi-occupied residential occupation, they should rightly be in scope of the Bill. However, there is potentially a risk that future unconventional construction or modular designs may not be considered to meet the meaning of "building". Should that issue arise, the power could be used to amend the meaning of building if necessary to provide clarity or ensure they are included.

14. Section 29(3) gives regulation making powers for the Welsh Ministers to specify requirements relating to the competence of fire risk assessors. Given the importance of the qualification of fire risk assessors, why should this be left to regulations and subject only to scrutiny through the annulment procedure?

The requirement that fire risk assessors must be competent is on the face of the Bill and will be directly enforceable without needing any regulations under section 29(3). Such regulations cannot change that requirement. They will merely set out details of how assessors can demonstrate competence, for instance by holding specified academic or vocational qualifications, being members of relevant professional institutions, or their employers being accredited by a suitable

corporate quality assurance scheme. We intend to make the regulations once there is a UK-wide agreement with the fire safety sector on an overall structure of different forms of assurance and their equivalence, and to amend them if new forms of assurance (e.g. new qualifications) become available. We believe the level of detail involved here, the lack of any Henry VIII power and the likely need to amend the regulations frequently, mean that the Senedd annulment procedure is appropriate.

15. Similarly, section 33 (7) gives regulation making powers to the Welsh Ministers to make provision in relation to the making of structural risk assessments, including experience, qualifications and experience of assessors. Why are you satisfied that this should be left to regulations, and subject only to scrutiny through the annulment procedure?

The requirement for the person making the structural risk assessment to have sufficient skills and experience to assess the structural safety risks, is on the face of the Bill. This would be enforceable by a compliance notice.

We do not currently intend to make regulations using the power under section 33(7). This means that there will be a degree of flexibility in terms of how it can be demonstrated that the requirements under section 33(3) are met. However, should evidence emerge in future that suggests that introducing a qualification requirement or similar would be helpful to the sector, for example to provide clarity as to how it can be demonstrated that those requirements are met, then this could be done using this regulation making power.

Any regulations would be subject to regulatory impact assessment and consultation.

Regulations made under section 33(7) may need to be updated frequently, for example if different forms of qualifications or requirements emerge.

We believe the level of detail involved here, the lack of any “Henry VIII” power and the potential need to amend any future regulations frequently, mean that the Senedd annulment procedure is appropriate.

16. Section 65 (3) inserts new section 49B to the *Landlord and Tenant Act 1987* requiring a landlord to give the tenant a notice containing relevant building safety information. New section 49B (5) (e) provides a power for the Welsh Ministers to make regulations that can prescribe other information as relevant building safety information. Those regulations are made under the Senedd annulment procedure (new section 49B (8)). However, the Explanatory Memorandum states that this power will be subject to the draft affirmative procedure. Can you confirm which procedure will apply to this power, and whether any changes to the Explanatory Memorandum are necessary?

The power will be subject to the Senedd annulment procedure, and the Explanatory Memorandum will be amended accordingly. Please accept my apology for the original error in the Explanatory Memorandum.

Guidance

17. The only guidance that the Welsh Ministers are mandated to issue under the Bill relates to principle accountable persons and landlords of houses of multiple occupation for certain duties relating to the assessment of fire safety risks. Have you given any further consideration to whether a duty should be placed on the Welsh Ministers to produce guidance in other areas (for example, your official cited structural safety as one potential area where compulsory guidance might be worthwhile)?

We have made issuing guidance on the assessment of fire safety risks mandatory because some principal accountable persons and landlords could struggle to discharge their duties properly without it. Article 50 of the Fire Safety Order imposes a similar duty on the Welsh Ministers. If we did not issue new guidance, there would be a risk of principal accountable persons and landlords continuing to rely on the existing guidance made under the Fire Safety Order, when it no longer applied to the building.

The same is not true of other guidance under the Bill. We have therefore adopted the conventional approach of conferring a discretionary power to issue guidance. However, it is our intention to issue guidance to support all those with duties under the regime, including in relation to structural safety.

18. No Senedd scrutiny procedure is in place for the guidance that the Welsh Ministers must issue under section 98 (1) or may issue under section 98 (2). Do you consider that this guidance should be subject to the draft annulment procedure?

Guidance under section 98 is not law; it aims to support accountable persons and others to discharge their duties under the Bill. Much of the guidance under section 98(2) will be unavoidably technical, and it will need frequent amendment to deal with changes in technology, building design, forms of tenure or recognised good practice. We consider that the duty to consult, before issuing or approving

guidance, in section 98 is appropriate and sufficient. It would be unusual for any Senedd procedure to apply to material like this, and no such procedure is necessary or appropriate here.

19. Do you have a list of all the guidance that you plan to publish as a result of this Bill? If so, is there a timetable for the publication of this guidance, and can this be shared with committees, along with a list of all planned guidance?

We recognise the need for comprehensive guidance for the regulatory bodies, accountable persons and residents to be in place in good time ahead of the new building safety regime coming into force. Guidance would be developed in consultation with stakeholders so that we can use the knowledge and expertise of those in the sector to make sure guidance is accessible and operationally sound.

Guidance will cover core aspects of the new regime, including building registration, the operation of a complaints system, preparation of the Safety Case Report, preparation of the resident engagement strategy, occurrence reporting and the duties of regulatory bodies, accountable persons and residents. Guidance will reflect the range of ownership models and organisations who could be principal accountable persons and accountable persons. For residents, we also intend to develop a resident handbook to support their understanding of what the regime means for them.

In terms of timing, we intend to consult with stakeholders on the development of guidance after consultation on the content of regulations, at which stage we will be clearer about the areas where guidance is needed and what it needs to cover.

Cllr Andrew Morgan OBE
Leader, Welsh Local Government Association
By email

30 October 2025

Dear Andrew,

Scrutiny of the Welsh Government Draft Budget 2026-27: Inflationary pressures

Thank you for submitting written evidence in response to the Committee's consultation on the Draft Budget 2026-27.

During our evidence session on 16 October 2025, the Cabinet Secretary for Finance and Welsh Language confirmed that the Welsh Government took into account the Office for Budget Responsibility (OBR) March forecasts for the GDP deflator (1.7 per cent), consumer price index (CPI) inflation (1.9 per cent) and average earnings growth (2.2 per cent) for 2026-27 in basing the inflationary uplifts in departmental budgets for 2026-27. This included a 2.2 per cent uplift on fiscal resource provided for public sector pay elements and 2 per cent on non-pay fiscal resource, general capital and for Financial Transaction Capital in each department. The Cabinet Secretary further explained that:

"I have to use a figure that is independent and authoritative. I'm offered all sorts of figures of what some people think inflation may be next year, but I can't take an estimate of inflation just on the basis of the say-so of a particular interest group. I have to go on the most authoritative, the most independent source that we have ... If we were to do anything else, we would be an outlier, and we would have an awful lot of explaining to do. I think it is much stronger ground for us to do what is the accepted way of doing these things and to rely on the advice that we get from an independent and authoritative source of advice, as every other UK Government does."

Whilst the Cabinet Secretary also confirmed that local government will receive a slightly higher uplift (2.5 per cent) due to retention of non-domestic rates as well as a funding floor, the Committee is interested to know the following:

- Your response to the Committee's consultation estimates that inflation and demand pressures were estimated to be around £560 million next year. What are the costs of delivering services, excluding the increase in demand, so we can get a deeper understanding of how different sectors may experience different levels of inflation to provide the same service?
- What is the impact of inflation on the cost of delivering services of local government next year, and does the consumer price index (CPI) inflation, used as a basis for the OBR's forecast, accurately reflect the cost pressures faced by local authorities?
- Are there any alternative metrics that you use to more accurately estimate the inflationary cost of providing services year-on-year?

I would be grateful if you could provide a response to this request by **Friday 7 November** to enable your views to inform our scrutiny of the Draft Budget ahead of the committee's reporting deadline and the Draft Budget plenary debate in December.

I am copying this letter to the Local Government and Housing Committee given it relates to policy matters within its portfolio.

Yours sincerely,



Peredur Owen Griffiths MS, Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg. | We welcome correspondence in Welsh or English.



John Griffiths MS
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

28 October 2025

Dear Mr Griffiths,

As Chair of the Local Government and Housing Committee, the Office for National Statistics (ONS) and Government Statistical Service (GSS) would welcome your contribution to two consultations launched today.

The ONS has launched the Census 2031 topic consultation, asking for your views about the topics you think should be included in the next census. For more than two centuries, a decennial census has provided information about the population and housing, helping to inform decisions about public services and to better understand the economy, public health and inequality. While the core topics of age, education and jobs have remained the same over time, other topics such as armed forces veterans have been added based on the needs of users. This 14-week consultation will provide evidence to inform what topics will be included in the next census of England and Wales in 2031.

The GSS has also launched a consultation asking for your views on additional response options for ethnicity data. The GSS would like to understand your needs for data on additional ethnic groups, with the goal of making the harmonised ethnicity standard more inclusive.

Responses submitted over the 14-week period will feed into a new standard for ethnicity data collection, which will be recommended for use by collectors of ethnicity data across the GSS, including teams working on future censuses.

We would welcome your contributions to these consultations before they close on 4 February 2026. You can respond to the consultation in Welsh or English.

Both consultations are live on the [ONS consultations web page](#).

Yours sincerely,



**Emma Rourke, Acting National Statistician & Darren Tierney, Permanent
Secretary, Office for National Statistics**



Llywodraeth Cymru
Welsh Government

John Griffiths MS
Chair, Local Government and Housing Committee
Senedd Cymru
Cardiff Bay

3 November 2025

Dear John,

I am writing in response to your letter on behalf of the Local Government and Housing Committee. I am disappointed to hear that you believe the Welsh Government's response did not address the concerns raised in your initial letter about the Committee's inquiry into Digital Local Government.

I recognise that digital transformation enabled by AI is crucial to the effective delivery of our public services now and in the future. This is the reason that we have undertaken a series of improvements to our approaches to leadership, governance and delivery.

The Committee's letter raises concerns about buy-in at senior management and political levels within local government to digital leadership. The Welsh Government recognises the importance of digital leadership. We are working in partnership with the WLGA and have set out a clear vision for sector-led improvement articulated by the [Strategic Partnership Agreement](#). This Agreement, published in June, commits both government and local authorities to work collaboratively on a shared commitment to sector led continuous improvement, including through digital transformation. The Agreement includes a commitment to making digital, data and technology integral to decision making and to local government contributing to delivering the vision of the Digital Strategy for Wales: 'improving the lives of everyone through collaboration, innovation and better public services.'

Furthermore, the Agreement makes a commitment to work together to raise expectations in digital standards, collaborating to achieve the digital service standard in the delivery of public services to ensure customers realise benefits as a result. It commits to the delivery of services that work hard for the public, that are simple, and fulfil their duties to be understandable, accountable and democratic. On data, the Agreement recognises that visibility and transparency is key so links can be made between funding invested and outcomes delivered. To help achieve this the WLGA facilitates Communities of Practice, sector-led webinars, and collaborative transformation events, ensuring that lessons learned from previous IT and digital programmes are shared and embedded across 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.

From a political leadership perspective, the WLGA Spokesperson for Data, Digital and Improvement is to chair a new local government Board for sector-led improvement. The Board's remit includes approving integrated work programmes, monitoring progress and ensuring alignment with the Digital Strategy for Wales.

The Local Government Chief Digital Officer (CDO) also plays a pivotal leadership role, supporting local authorities to deliver digital transformation projects, developing leadership capability, and sharing innovation across the sector. She is supported by the Local Government Digital Advisory Group (DAG) which has membership of all local authorities in Wales. Due to the potential impact and importance of AI in local government DAG has already established a subgroup looking specifically how AI can be used to best effect.

The LG CDO performs her role through working closely with the CDO for the Welsh Government, the CDO for Health and Care and the Centre for Digital Public Services (CDPS). Much of CDPS's work is about delivering and embedding digital assets and services such as standards, assessments, guidance and training which can be used by all parts of public services in Wales, including local government.

Your letter raises concerns about data sharing across public services when implementing IT programmes and digital services successfully. The Welsh Government and WLGA have agreed a digital and improvement plan, supported by £2.15m in 2025-26, which includes work to raise data standards, agree sector-wide datasets and enable benchmarking.

Also on improvement, Data Cymru will shortly become part of the WLGA. This will create opportunities to develop and enhance WLGA's support for local authorities with data and digital underpinning improvement and policy work.

Our goal is to embed robust, system-wide DDaT governance across the health and care system in Wales, to drive transparency and early, active engagement and collaboration from all partners, from strategy and policy development through to operational delivery. This approach to DDaT Governance is designed to ensure consistency, accountability, and alignment with recognised industry standards, creating conditions for sustainable digital transformation. The new governance model is now in its final stages of implementation, with the DDaT Leadership Board established and providing system leadership and acting as the central decision-making forum. Supporting structures, including clear standards, defined roles, and transparent performance monitoring mechanisms, are in place to enable whole system performance assurance.

In relation to digital leadership in social care, the Digital in Social Care (DiSC) Framework, launched on the 23 October setting out our ambition to digitally transform social care services. The framework aims to improve outcomes for individuals through better use of data and technology, enable seamless care through integrated digital systems and support the workforce with tools that enhance efficiency and reduce duplication.

Having a skilled, digitally capable workforce is critical to the successful digital services. There is evidence of progress in building digital leadership capability within health and care. Health Education and Improvement Wales (HEIW), for example, has taken a leading role in advancing digital and data capability, embedding digital skills into workforce development, and supporting the implementation of the National Digital and Data Strategy for Health and Social Care. HEIW has expanded its digital training programmes, introduced a Digital Capability Framework, and developed resources to support the safe and confident use of emerging technologies such as artificial intelligence.

Health Boards and Trusts are also creating a digitally ready workforce by focusing on digital skills development. Such activities are complemented by existing work to develop clear delivery metrics and strengthen the alignment of digital leadership with national health priorities.

Your letter raises some specific questions in relation to existing activity in health and care.

On the replacement for the Welsh Community Care Information System (WCCIS), the Connecting Care programme is complex and multi-faceted. The programme is advancing, enabling Welsh health boards and local authorities to adopt interoperable digital systems in preparation for an Integrated Care Record for Wales. A Connecting Care Sponsorship Group, reporting to the DDaT Delivery Board, provides cross-sector assurance.

On Digital Health and Care Wales (DHCW), I know a series of measures have already been implemented to strengthen leadership, governance, and assurance. DHCW is working closely with the Welsh Government, Health Boards, and Social Care partners so that programmes are co-designed, clinically informed, and deliver sustainable benefits for all.

The Committee's letter asked for more information in relation to move of the CDPS into the Welsh Government. The Cabinet Secretary for Economy, Energy and Planning took this strategic decision to help to simplify and strengthen the system. It will create a consolidated digital centre in government as well as give visible Ministerial mandate for public service digital transformation. It will bring together people who shape policy and those who deliver it. It will facilitate greater integration between teams whilst maintaining digital and AI skills and expertise.

The Cabinet Secretary has also established the Office for AI and the Strategic AI Advisory Group to drive forward AI across public services in Wales.

I know the Cabinet Secretary expects the new strengthened digital centre within the Welsh Government to continue to provide cross-sector leadership and advice on standards, guidance, service assessments and training as well as helping public sector bodies themselves deliver their own transformation programmes. We believe that the digital commitments in the Strategic Partnership Agreement, establishment of the new Improvement Board for local government by the WLGA, bringing the CDPS into the Welsh Government, establishing the Office for AI and strengthening governance in health and care provide us with a strengthened focus on delivering the ambition of the Digital Strategy for Wales.

As you would expect, Welsh Government officials are working closely with those in the CDPS to ensure a smooth transition by 1 April 2026.



Eluned Morgan