

## Communities, Equality and Local Government Committee

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Meeting Venue:  
**Committee Room 2 – Senedd**

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Meeting date:  
**15 January 2014**

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Meeting time:  
**09:00**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



For further information please contact:

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### Agenda

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**Private pre-meeting (9:00 – 9:15)**

#### **1 Introductions, apologies and substitutions**

#### **2 Housing (Wales) Bill: Stage 1 – Evidence Session 2 Chartered Institute of Housing Cymru (09:15–10:30) (Pages 1 - 9)**

Keith Edwards, Director  
Anne Delaney, Board Member Policy Lead

**10:30 – 10:45 – Break**

#### **3 Housing (Wales) Bill: Stage 1 – Evidence Session 3 Welsh Local Government Association (10:45–12:00) (Pages 10 - 27)**

Cllr Dyfed Edwards, WLGA Housing Spokesperson and Leader of Gwynedd Council  
Naomi Alleyne, Director of Social Services and Housing  
Sue Finch, Housing Policy Officer

#### **4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: Item 5**

#### **5 Consideration of Report: Inquiry into participation levels in sport**

**(12:00–12:30)** (Pages 28 - 71)

**6 Papers to note** (Pages 72 - 83)

**Communities, Equality and Local Government Committee  
CELG(4)-01-14 Paper 1  
Housing (Wales) Bill**

**Chartered Institute of Housing Cymru**

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Evidence Submission to  
**The National Assembly for Wales**

Communities, Equality and  
Local Government Committee  
January 2013

**Consultation on the Housing (Wales)  
Bill**

**Chartered Institute of Housing Cymru**

The Chartered Institute of Housing is the only professional organisation representing all those working in housing. Its purpose is to maximise the contribution that housing professionals make to the well-being of communities.

In Wales, we aim to provide a professional and impartial voice for housing across all sectors to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.

For further information on this response please contact  
Julie Nicholas, Policy & Public Affairs Manager  
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## Introduction

CIH welcomes the opportunity to present evidence to the Communities, Equality and Local Government Committee for stage 1 scrutiny of the Housing (Wales) Bill.

CIH is the professional body for people working in housing and communities, with over 22,000 members across the UK, Ireland, Canada and Asia Pacific. Our mission is to maximise the contribution that our members make to the well being of communities.

We have provided written submissions to previous consultations on issues relating to the Bill and this paper draws heavily from these. In relation to the Bill itself, our response is informed by feedback from our members, our knowledge of the sector and expertise from our policy and practice teams.

## General Comments

CIH Cymru supports the development of Welsh policies, practices and legislation that aim to address the key housing challenges we face. We promote a *one housing system* approach that:

- places the delivery of affordable housing at the top of national, regional and local strategies;
- secures investment to ensure the high and sustainable quality of all homes;
- promotes the concept of housing led regeneration to capture the added value that housing brings in terms of economic, social and environmental outcomes;
- recognises the central role of Welsh Government as the housing 'system steward' to deliver an integrated housing system that encompasses all sectors and tenure options;
- recognises that meeting the housing needs of our communities is a key aspect of tackling inequality and poverty;
- ensures that there are properly resourced support services in place to prevent homelessness and protect the most vulnerable;
- supports the key role of local authorities as strategic housing enablers;
- utilises the existing housing stock, including initiatives to bring the wasted resource of empty homes back into use;
- uses current and potential financial powers to intervene in housing markets and provide more homes, including the development of innovative funding models.
- supports the development of new models of ownership and control, including co-operative housing.

## Specific Issues

In relation to the terms of reference of the inquiry we have addressed each issue in turn:

### 1. The general principles of the Housing (Wales) Bill and the need for legislation

#### ***a) Compulsory registration and licensing scheme for all private rented sector landlords and letting and management agents***

CIH Cymru has a strong track record of advocating the integration of the Private Rented Sector (PRS) into the housing system and broadly welcomes the content of this Bill and the aim of modernising and improving the sector in Wales. We believe this is an exciting opportunity to ensure that the sector is fit for purpose, and to encourage inclusive partnership working, improve outcomes for tenants and landlords, build knowledge and understanding about the sector, and grow a healthy Welsh PRS. We have developed a number of services to support the professional development of the sector and are keen to work alongside Government and others to deliver.

We acknowledge that issues of the quality of management and accommodation are not the exclusive preserve of the PRS and that the majority of individual landlords and agents act responsibly. However, evidence from local authorities and advice services is that many PRS tenants are vulnerable to poor property condition, bad management and insecurity of tenure. In general therefore, CIH Cymru endorses an approach based on an appropriate balance of sanctions and incentives, supported by appropriate resources for those undertaking the implementation of the scheme.

We support Welsh Government's commitment to progressing the 2008 *Rugg Review* recommendations and those of the Communities and Culture Committee 2010 report, which recommended a national mandatory licencing scheme to regulate private landlords and letting and management agents.

This approach will advance consumer protection, help target the worst properties and providers, and reinforce the key role of local authorities in overseeing good quality housing standards. Raising standards in the sector, mapping supply more accurately, and forging positive inter-sectoral relationships are critical if other PRS-related proposals in the bill are to be successful, such as the homelessness discharge of duty into the PRS.

We therefore specifically endorse the proposals in the Bill for:

- all private landlords and agents to register and become licensed;
- local authorities to collaborate to establish and administer a national scheme and to be responsible for any enforcement action;
- agents to become members of an approved body at registration as the means of progressing to becoming licensed.

CIH Cymru also supports<sup>1</sup> the proposals in the Renting Homes White Paper to undertake tenancy reform and provide a clear rental framework in Wales, through the introduction of standard contracts in the private rented sector and other proposals including changes to shared tenancies that should reduce administration costs and give greater flexibility to occupants.

Further, we feel strongly that tenants deserve the same rights of protection, standards and information, regardless of whether their landlord operates a large, professional business or is an 'accidental' or 'reluctant' sole-trader.

We would also propose a co-production approach to implementation (involving Government, landlord representative bodies, tenant organisations and local authorities) as adopted in relation to the RSL sector following the recommendations of the *Essex Review*. CIH Cymru further believes it might be prudent to implement changes on a roll-out basis, to manage resources and capacity. We would support a roll-out that targets letting and managing agents first, with individual landlords being required to register within a reasonable timescale later.

***b) Reform of homelessness law, including placing a stronger duty on local authorities to prevent homelessness and allowing them to use suitable accommodation in the private sector***

Homelessness prevention services are a better investment of scarce resources than the provision of reactive services, in terms of the health and well being of households, reducing levels of homelessness and value for money. CIH Cymru welcomes the adoption of this 'preventative' approach into legislation.

Many local authorities have already successfully implemented such an approach, and have, as a consequence, reduced the likelihood of a homelessness experience for many individuals and families. Recent statistics<sup>2</sup> show that homeless acceptances fell by 11 per cent during 2012-13 and this decrease has continued into the first half of 2013-14. This seems to underline the efficacy of this approach in challenging times.

However, we agree with Government on the need for caution when analysing current data, not least because of the on going challenges of welfare reform, tighter public sector budgets and wider economic difficulties, but also because, whilst the number of homeless acceptances has decreased during 2012-13, the number of applications has risen compared with the previous year.

The number of households living in the PRS in Wales is projected to overtake the number living in social housing in the next two years and is projected<sup>3</sup> to reach 20% of total stock by 2020. We believe the discharge of homelessness duty into the PRS is a logical policy adjustment to broaden housing options for vulnerable individuals and homeless families as long as this is undertaken in conjunction with raising standards and consumer rights in the PRS under other provisions of the Bill.

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<sup>1</sup> [http://www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/Wales/Consultation response to Homes for Wales white paper](http://www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/Wales/Consultation%20response%20to%20Homes%20for%20Wales%20white%20paper)

<sup>2</sup> <http://wales.gov.uk/statistics-and-research/homelessness/?lang=en>

<sup>3</sup> *Tenure Trends in the UK Housing System: Will the private rented sector continue to grow?* Ben Pattison with Diane Diacon and Jim Vine, Building and Social Housing Foundation: 2010

We specifically endorse the proposals in the Bill to:

- ensure a greater emphasis on the ‘prevention’ duties of local authorities;
- improve services to those deemed not in priority need;
- improve the ability of authorities to offer accommodation through the PRS;
- improve co-operation between authorities and RSLs by strengthening the duty to co-operate to both prevent and relieve homelessness;
- provide greater protection for children experiencing homelessness by introducing a provision that households with children found to be intentionally homeless<sup>4</sup> will still have a right to the full homelessness duty, provided that it is the first time that they have been found to be intentionally homeless within the past five years.

We have concerns about:

- **Changes to priority need for former prisoners.** We believe that services that work with perpetrators and aim to reduce re-offending rates are as fundamental to public protection as services that focus on supporting and protecting victims. It is important that delivery and development of homelessness services and housing access are based on need, vulnerability and evidence, rather than public perceptions and subjective views on how to treat ‘deserving’ and ‘undeserving’ groups of people. Two concerns about the current situation are raised in the original consultation document, firstly that there is no evidence to support the effectiveness of the priority need status for former prisoners in Wales and the extent to which it has made a positive impact, and secondly that previous research has highlighted ‘perverse incentives’ of homelessness legislation as a route to social housing. We would suggest that further research could be undertaken to ascertain the effectiveness or otherwise of the current situation or a pilot could be undertaken, to ascertain the impact of the pilot before it is rolled out nationally. In addition, the proposed change to the discharge of homelessness duty into the private rented sector should deal with concerns regarding applicants motivated by easier access to social housing.
- **Strengthening links to housing-related support services.** CIH Cymru supports the target of greater protection for children at risk of homelessness. However we would suggest that this is linked to the development of appropriate housing-related services, providing intensive family support, to ensure that those households experiencing difficulty in sustaining tenancies (often due to multiple and complex issues), are supported in a multi-agency context. Cost benefit analysis of the *Lasting Solutions* programme evidenced more than a fourfold net return on investment in intensive support services<sup>5</sup> and the recent Louise Casey report<sup>6</sup> for the UK Government concludes the behaviours and problems of ‘troubled families’ can be properly understood only by providing a holistic family-focussed service, to restore functionality.

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<sup>4</sup> Para 4.20 in Explanatory memorandum for Housing (Wales) Bill.

<sup>5</sup> *Charter Housing/SOLAS Lasting Solutions Outcome Evaluation Final Report*; Cordis Bright Consulting; October 2011  
<http://www.charterhousing.co.uk/wp-content/uploads/downloads/2012/01/FIP-OUTCOME-EVALUATION-REPORT-FINAL.pdf>  
[accessed August 2012]

<sup>6</sup> *Listening to Troubled Families*; Louise Casey CB, Department for Communities and Local Government; July 2012  
<http://www.communities.gov.uk/documents/communities/pdf/2183663.pdf> [accessed August 2012]

***c) A duty on local authorities to provide sites for Gypsies and Travellers where a need has been identified***

Not only is there an evidenced need for additional Gypsy and Traveller sites in Wales, but improvements are required to some existing sites in terms of quality and addressing environmental and locational issues. CIH Cymru believes that a statutory duty on Local Authorities where there is clear need will help to address issues relating to local public and political opposition and therefore improve deliverability and equality outcomes.

***d) Standards for local authorities on rents, service charges and quality of accommodation***

CIH Cymru believes that all current and future social housing should meet the Welsh Housing Quality Standard and welcomes the requirement that all local authority and RSL social housing should meet WHQS by 2020 and that this standard is maintained thereafter. The clarity this will provide will also afford an opportunity for increased openness, accountability and independent scrutiny.

We welcome the proposals to ensure that local authorities set rents within a sound, transparent and justifiable policy and financial framework that reflects the type, size, location and quality of the property. We also support the inclusion of service charges within the provisions of the Bill and the move to a more justifiable system, where tenants not in receipt of certain services will no longer have to contribute financially to them through their rents.

We welcome the proposed requirement to comply with a rents and service charges standard, and for the responsibility to monitor compliance with this to rest with Welsh Government.

We recognise the value, within the rent standard, of allowing consideration by local authorities of the use of 'intermediate rents' for newly developed or newly acquired properties, utilising new financial models. However, it is important that any such provision is based on evidence of need and is additional to, and not instead of, increasing the provision of affordable rents through social housing provision, including homes directly provided by councils and by new housing co-operatives.

***e) Reform the Housing Revenue Account Subsidy system***

CIH has supported Welsh Government to reach a financial settlement for the abolition of the subsidy payable under the terms of the Housing Revenue Account (HRA) to HM Treasury by Welsh councils. Moving to a new system that is self-financing offers opportunities for local authorities to begin building significant numbers of new affordable homes for the first time in a generation, as well as borrowing to invest in their stock where it does not yet reach WHQS.

We welcome the proposals to establish a means through legislation to determine a buy-out value for each authority. We recognise the need to secure the necessary UK legislation to fully implement changes and support calls to expedite this process. It is in the interest of all parties that we move to the new system as soon as possible. We endorse the continuation

of a co-production approach between Government and local authorities to implement changes.

***f) The power for local authorities to charge more than the standard rate of council tax on homes empty for over a year***

It is estimated that there are 23,000 residential properties in Wales that are either empty or being used as second homes. These properties can have a significant negative social and economic impact on communities. CIH Cymru supports initiatives that encourage owners to make better use of their properties, and to target the wasted resource of empty homes. This can be achieved by a mixture of incentives and sanctions, including raising revenue by charging increased council tax, that would also directly benefit local communities and help redress the economic loss and social consequences that arise from empty properties. We therefore support the proposal to allow Local Authorities a discretionary power to levy a higher rate of council tax on empty properties.

We would also support a similar levy on second homes. In Wales 'holiday homes' are by definition usually in attractive rural or coastal areas, often where Welsh speakers comprise a greater proportion of the population than average, and in certain areas is the majority language. Properties often remain empty for much of the year and local households become increasingly priced out of the market. This leads to sustainability 'double whammy' – population levels fall, threatening service provision, and the language base is further eroded. The cumulative impact on community cohesion and a reduced economic multiplier are obvious. Increasing charges on such properties might encourage owners to utilise the properties differently and help alleviate the local economic loss.

We understand that there is some support for allowing a higher percentage than 150% of standard tax to be charged, perhaps using a stair-casing approach for empty properties (so that the amount increases over time) and think this should be considered by the Committee in its scrutiny of the proposals

***g) The provision of housing by Co-operative Housing Associations***

CIH Cymru supports the development of co-operative housing in Wales. Our research<sup>7</sup> published in 2013 showed there was considerable public appetite for this tenure and its underlying principles. We consider that supporting co-operative housing will strengthen tenure choice in Wales, help to raise standards and increase community involvement and cohesion.

We therefore specifically endorse the proposals in the Bill to allow housing co-operatives to grant assured tenancies, and that the tenancies will be strengthened further following the implementation of the Renting Homes Bill, to introduce a secure contract based on the current local authority secure tenancy which will strengthen tenant security, increase equity and protect consumer rights.

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<sup>7</sup> <http://www.walescooperative.org/index.php?cid=826&cType=document>

## ***h) Amendments to the Mobile Home (Wales) Act 2013***

We support the proposals in the Bill to remove the subsection stating that a 'repayment order may not require the payment of any amount which the tribunal is satisfied... it would be unreasonable for the owner or manager of the site to be required to pay' as well as the other technical and minor amendments listed.

### **2. Any potential barriers to the implementation of these provisions and whether the Bill takes account of them**

We are of the view that legislation alone cannot solve the problems of under supply, the quality of homes and services, and fair and appropriate rights and responsibilities. The Bill needs to be seen in the context of a range of interventions that Government and partners can make to 'join up' a Welsh housing system to deliver good quality, warm and sustainable homes for all.

There are a number of potential barriers to this 'joined up' approach, and we would recommend:

- ensuring the provisions in the Bill 'mesh' consistently with other legislation, including the forthcoming Planning Bill;
- ensuring the provision of adequate resources to implement all of the legislative changes, particularly for local authorities in Wales who are facing difficult financial challenges;
- ensuring the commitment of partners by continuing to promote and support a co-production approach, of which legislation is only one part, albeit an important one;
- continued joint working to mitigate against the impact of welfare reform and rising living costs for vulnerable households in Wales;
- closely monitoring the level of delivery of new homes, and the impact of interventions on the housing market, including the new Help to Buy-Wales scheme, to ensure supply is maximised.

### **3. Whether there are any unintended consequences arising from the Bill**

We recognise the concerns by PRS representative bodies that legislation may penalise good landlords and have little impact on bad ones. However we agree with the previous Minister that it is possible to both improve stock and services and to increase supply of private rented sector housing at the same time; 'Good standards and growth in the sector

are not mutually exclusive; they go hand in hand<sup>8</sup>. We believe that legislation has a key role to play in delivering this.

**4. The financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum (the Regulatory Impact Assessment, which estimates the costs and benefits of implementation of the Bill))**

Any new legislation, particularly where there are expectations on partners, will have additional costs. It is also true that some of the provisions of the Bill (e.g. in relation to reform of the HRAS and supporting the development of co-operative housing) could lead to securing additional resources. It is important to remember that implementation costs should be seen in the context of potential savings brought about by new approaches and legislation, including improved PRS standards and mapping, and homelessness prevention.

In ensuring that the financial implications of legislation are minimised, we believe the National Assembly, Welsh Government and partners need to keep under review:

- the costs of implementation to Government and local authorities;
- the impact of changes to homelessness services and advice agencies;
- the impact of regulation on the PRS and its effectiveness

**5. The appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation (as set out in Chapter 5 of Part 1 of the Explanatory Memorandum, which contains a table summarising the powers for Welsh Ministers to make subordinate legislation)**

We are satisfied that the proposals in the Bill are within the powers of Welsh Ministers to make subordinate legislation.

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<sup>8</sup>Huw Lewis, Minister for Housing, Regeneration and Heritage, NAW Record of Proceeding 20.06.2012  
<http://www.assemblywales.org/bus-home/bus-chamber-fourth-assembly-rop.htm?act=dis&id=235496&ds=7%2F2012#q1>  
[accessed 10.08.2012]

# Agenda Item 3

Communities, Equality and Local Government

CELG(4)-01-14 Paper 2

Housing (Wales) Bill

## Housing (Wales) Bill

WLGA Evidence to the  
Communities, Equality and Local  
Government Committee

January 2014



WLGA • CELG

## **Introduction**

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales. The three national park authorities and the three fire and rescue authorities, are associate members.
2. It seeks to provide representation for local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. The WLGA welcomes the Housing Bill and the opportunity it offers to improve housing in Wales. The Bill addresses a number of key priorities in relation to housing that local government shares and we look forward to working with Welsh Government to implement the legislation and maximise it's positive impact. Local Government has had the opportunity to work closely with Welsh Government officials on developing many aspects of the legislation to and we have welcomed this approach to the development of the draft Bill.

### **Part 1: Registration and Licencing Scheme for Private Landlords and Letting and Managing Agents**

4. The proposal to introduce a compulsory registration and licencing scheme for all private rented sector landlords and managing agents is welcomed by the WLGA. The private rented sector plays an increasingly important role in the housing system and is an important partner of local authorities in relation to their housing strategic role. The proposed scheme will enable authorities to build on the positive relationships many already have with local private landlords and support the improvement of privately rented homes.
5. The private rented sector in Wales has grown rapidly over recent years with 14% of homes in Wales being privately rented (2011 Census), almost as many as are rented

from social landlords. Research (1) suggests the private rented sector may reach 20% of the housing market in the UK by 2020.

6. The sector is very diverse and is made up of a large number of sub sectors. At one end of the spectrum it includes some high quality rented accommodation aimed at high income mobile professionals while at the other end are poor standard properties that provide accommodation for benefit dependent households. Compared with owner occupied and social rented properties the private rented sector suffers from the highest levels of disrepair. The sector also provides for some extremely vulnerable people, particularly single people and couples who find it difficult to access social housing. In some authority areas more than 60% of private sector tenants are in receipt of local housing allowance.
7. It is currently not possible for local authorities to identify the private landlords operating in their area or the properties that are privately rented and this limits their ability to develop an effective partnership with the sector or take a strategic approach to this part of the housing market. The proposed registration and licencing scheme has the potential to provide information on the private rented sector for the first time and will allow authorities to work in a more strategic way to improve the housing standards of privately rented homes and the reputation of the sector.
8. In our view the proposed scheme strikes a good balance between ensuring the management of privately rented properties meets a minimum standard, and the need to avoid burdensome regulation that might drive good landlords out of the sector. The proposed cost to landlords is minimal with Welsh Government estimating costs to be 33p per week per property for a landlord with 2 properties (2). We also believe the proposed administrative costs and training element of the scheme are proportionate given the serious impact poor property management can have on the health, well-being and welfare of tenants. It is also important to recognise that the scheme will potentially offer significant benefits for private landlords as it will enable local authorities to improve their communication with landlords and provide support, information and advice.

9. Research by the University of York (3) into the private rented sector highlights the significant proportion of landlords that own one or two properties. The study indicates that in England an increasing number of landlords own one or two properties with 73% of properties being owned by individuals or couples. 44% of these individual/couple landlords own just one property and 27% own two properties. It is likely that the private rented sector in Wales is not dissimilar to the sector in England with many being 'accidental' or 'hobby' landlords.
10. In our view it is therefore essential that the registration and licencing scheme applies to all landlords, including those who own a single property. If such landlords were excluded a very high proportion of the private rented sector would remain outside the scheme and unregistered. Anecdotal evidence from local authority private sector housing teams suggests the worst housing conditions are often found in properties owned by single property landlords, many of whom have limited understanding of their legal duties. It is also important that all tenants benefit from the scheme, particularly those who are most at risk of poor property management.
11. On it's own the scheme will not improve housing conditions in the private rented sector, however, the register will provide an information base of landlords and privately rented properties, and will improve the ability of local authorities to advise landlords on their legal obligations. It will also improve the ability of authorities to take enforcement action against the small number of landlords who refuse to take their legal duties seriously.
12. We expect and welcome the likelihood that the scheme will bring an increased number of poor quality properties to the attention of local authorities. While this will inevitably increase service pressures at a time when local authorities are facing significant challenges, improving standards in the private rented sector is a key aspect of local authority community leadership and strategic housing roles and we welcome the opportunity the registration scheme offers to work more closely with private landlords.

13. The Housing (Wales) Bill Part 2 recognises the important role the private rented sector has to play in preventing and addressing homelessness and proposes a new local authority power which will allow use of the private rented sector to discharge their statutory homelessness duty. This is welcomed by local authorities and underlines the importance of developing a strong strategic partnership with private sector landlords and improving standards in the sector.
14. The proposed scheme has the potential to help local authorities improve housing standards and perceptions of the sector. However this can only be achieved if the registration scheme is consistently and effectively enforced and this will require effective (and proportionate) penalties and sufficient resources. An evaluation of the similar landlord registration scheme in Scotland (2011) (4) identified effective enforcement as a significant issue. We therefore have some concerns in relation to the effective enforcement of the scheme and the potential for unintended consequences to arise from the proposed rent stopping orders.
15. The Bill proposes a number of civil and criminal penalties to incentivise registration. A civil sanction of a 'rent stopping' order is proposed which would result in rent or service charges not being payable by the tenant if a landlord and the property is not licenced. We are concerned that this proposal may make a tenant vulnerable to intimidation and retaliatory action/eviction from landlords who may not understand their duty or who may choose not to comply with the law. The evaluation of the Scottish scheme, that has a similar penalty, raises concerns about the risk to tenants and identifies the difficulty of monitoring whether rent payments are being made or withheld by the tenant or not.
16. We suggest that a preferable and more effective penalty is one currently used in relation to HMO (Houses of Multiple Occupation) licencing and therefore one understood by many private landlords already. This approach prevents un-licenced landlord's from serving a Section 21 Notice (a no fault eviction notice) as the landlord registration number has to be provided to the court. In addition the local authority can serve a rent repayment order (Housing Act 2004) when a landlord has

been convicted of failing to register. However, we understand there may be some issues with this approach and the Welsh Government is further exploring whether this approach could be used. The WLGA is also seeking advice to further clarify the position, and if the legal issues can be addressed we believe this approach will be better understood by landlords, more effective and will place a tenant at less risk.

17. The WLGA fully supports the creation of a comprehensive register of landlords and agents. However this aim will only be achieved if resources are available to enforce the scheme. An important element of this is ensuring that the courts award the full cost of taking a landlord to court. We would welcome any work the Welsh Government can undertake with the judiciary to underline the importance of full costs being awarded to local authorities who take legal action against private landlords who fail to register.
18. Case law (*Hemming v Westminster*) suggests it might not be possible to use the landlord registration scheme fees to take enforcement action against non registered landlords. We understand Welsh Government lawyers are considering whether the resourcing arrangements for the Houses in Multiple Occupation (HMO) licencing schemes can be applied to the enforcement of the proposed landlord registration scheme. We welcome this and hope that it will help resolve the issue of resourcing enforcement.
19. The Bill proposes that individual local authorities have a duty to maintain an up-to-date register of rented properties, private sector landlords, responsible people and agents. We are satisfied that agreement in principle has been reached on a national approach with a single local authority administering the scheme on behalf of all authorities in Wales. We are confident that the licence fees will be sufficient to cover the cost of a single authority administering the scheme on behalf of all 22 authorities.

## **Part 2: Homelessness Legislation**

19. The WLGA strongly supports the proposal to focus homelessness legislation in Wales on prevention and to widen the safety net beyond those in the priority need groups.

We recognise that prevention is a much more effective and appropriate approach and local authorities across Wales are already providing housing options advice and assistance to a growing number of people who are at risk of homelessness. This is evidenced by the increasing number of households who are recorded by authorities as 'eligible but not homeless', and the reducing number of households who are statutorily homeless.

20. We recognise that in the long term prevention is a much more effective use of resources than crisis intervention. We welcome the recognition by Welsh Government that additional resources will be required to implement the legislation and support authorities to make the transition from the requirements of the current legislation to the new approach which will be required under the new legislation.
21. The WLGA fully supports the principles which underpin the proposed homelessness legislation and we consider it has the potential to significantly improve services for people at risk of homelessness in Wales. However, we suggest there are a small number of areas where some drafting in the Bill could be slightly amended to ensure the intentions of the legislation are clear and to ensure unintended consequences are avoided. These are discussed below.

### **Duty to carry out a Homelessness Review and formulate a Homelessness Strategy**

22. We appreciate that the duty to undertake a review and develop a strategy Homelessness currently exists. However, there is the opportunity to recognise and better join up with the broader strategic planning framework for local government in the Housing Bill and place a duty on local authorities to integrate the review of need and the strategic planning of homelessness services with the Single Integrated Plan.
23. We feel there would be important additional benefits to be gained from this approach as it would lead to a more holistic and corporate approach to homelessness and ensure the links are made with a wide range of other local authority strategic responsibilities such as health and wellbeing, community safety, social care, housing

supply and the private rented sector. We suggest that it would be more appropriate for local authorities to have a duty to ensure that review of need and strategic planning for homelessness is fully reflected in the Single Integrated Plan.

**Duty to take reasonable steps to prevent homelessness for anyone irrespective of local connection or intentionality**

24. The WLGA supports the widening of the safety net to include households who do not have priority need status, for example, single people or childless couples. However, we have some concerns that the duty to take reasonable steps to prevent homelessness for anyone, irrespective of local connection or intentionality could have unintended consequences.
  
25. There is no similar 'prevention' duty in England and therefore local authorities bordering England have concerns that English households at risk of homeless who have links with Wales or live on the borders of Wales might wish to access prevention services. Similarly the larger cities in Wales have concerns that the legislation will exacerbate the current trend for some households who are at risk of homelessness to gravitate to larger cities to access services. We suggest this risk could be addressed by the 'reasonable steps' duty including assistance to help someone to return to their accommodation in an authority where they have a greater connection.
  
26. We also have some concerns about the possibility that an authority could have a recurring duty to 'take reasonable steps' to prevent homelessness, irrespective of whether an individual is persistently acting in a way that will result in a risk of homelessness. This could include for example deliberate rent arrears or anti social behaviour. Given that resources for homelessness prevention are finite we consider it is appropriate for the legislation to avoid creating a recurring local authority duty if an individual is not taking reasonable steps to avoid the risk of homelessness.

**Duty to assess**

27. Local authorities recognise the value of homelessness prevention and are gradually increasing prevention services across Wales to the extent that resources currently

allow. However the constraints of the current homelessness legislation inevitably result in homelessness services being more focused on assessing eligibility for statutory homeless services and less on preventing homelessness.

28. Authorities are preparing to refocusing their services on homelessness prevention and 'problem solving' when someone first approaches the authority. We anticipate the new legislation will enable authorities to concentrate their resources on prevention activities and only be required to assess eligibility for statutory homelessness services when all efforts to prevent homelessness have failed.
29. However the legislation as currently drafted continues to place a duty on authorities to assess eligibility for statutory homelessness services when the applicant first approaches the authority. (Para 48) and to inform the applicant of the decision about eligibility (Para 49). The WLGA has been assured by Welsh Government that it is not intended that local authorities will be required to undertake the equivalent of a statutory homeless application when they first have contact with an applicant and when circumstances. We welcome this clarification as the bill as drafted would have very significant resource implications. We hope the Government will consider addressing what appears to be a drafting error during stage 2.

### **Discharge into the private rented sector**

30. We welcome the proposal to give local authorities the power to use private rented housing to discharge their homelessness duty where this is appropriate. The limited supply of social housing and limited number of vacancies, particularly of smaller homes, makes it increasingly difficult to provide access to social rented homes within a reasonable period of time for many statutory homeless households.
31. There are concerns that the current statutory right of homeless households to social housing can also have the unintended consequence of making homelessness one of the few routes into social housing. This results in households on the housing register waiting a very long time for a property, or sometimes never reaching the top of the list, because homeless households have greater priority. The opportunity to use the

private rented sector will help to break the link between homelessness and social housing and also open up a much wider range of housing options for homeless households.

32. It is widely recognised that access to good quality accommodation in the private rented sector is the most effective way of preventing homelessness and can enable a household to make a planned move, rather than experience the crisis of homelessness. Authorities are therefore developing private sector access schemes in order to expand the number of suitable private sector rented properties available to people at risk of homelessness.

### **Intentional Homelessness**

33. The WLGA welcomes the proposal to allow authorities the option of applying the intentionality 'test' and allow authorities the discretion to use it for some or all of the 'priority need' groups. In our view this strikes the right balance between rights and responsibilities and will ensure local authorities are able to focus their resources on households who are unavoidably homeless.

### **Former prisoners**

34. We welcome the proposed change to the priority need status of former prisoners and the move away from automatic priority need status to priority status being based on vulnerability due to their detention. Currently all former prisoners have automatic priority if they are homeless on release and as a result they currently constitute approximately 15% of homelessness acceptances in Wales.
35. The findings of a study of homelessness services for former prisoners undertaken for the WLGA and funded by Welsh Government (2008) (5) suggested that the high levels of homelessness amongst this group were to some extent an unintended consequence of the automatic priority need status of former prisoners. This has contributed to the prison service providing minimal housing assistance to prisoners prior to their release and has effectively undermined efforts to ensure prisoners are not homeless on release.

36. Unfortunately the lack of suitably sized social rented homes has meant that many former prisoners have to be accommodated in temporary accommodation while they wait for permanent housing. Such accommodation is not conducive to resettlement, and anecdotal evidence from local authorities suggests that a relatively high proportion of former prisoners either abandon their accommodation, return to prison or become homeless again. Former prisoners do not have automatic priority need status in England and there is no conclusive evidence of higher levels of resettlement or lower levels of re-offending in Wales compared with England.
37. We believe the proposed change to the priority need status of former prisoners will allow local authorities to continue to award priority need status where an individual is homeless on release because of their detention or because they are vulnerable. There is evidence of relatively high levels of mental ill health, substance misuse and other vulnerabilities amongst the prison population and it is therefore likely that a relatively high proportion of former prisoners will have priority need status because of their vulnerability.
38. We are hopeful that the focus of the proposed legislation on early homelessness prevention will ensure that councils can provide assistance in the 56 days prior to the release of a prisoner who doesn't have a home. If local authorities have this period of time to assist a prisoner they will in many cases be able to ensure accommodation is available with family or friends, in rented accommodation or supported housing. It will be very important that the prison authorities co-operate and provide local authorities with 56 days notice of release. Co-operation from Local Health Boards, Housing Associations and other agencies will also be extremely important.

**Duty to provide accommodation for intentionally homeless families with children**

39. We support the principle of ensuring that no children are homeless. However we have some concerns about the potential unintended consequences of the proposed duty on Authorities from 2019 to provide accommodation for intentionally homeless

households with children. Authorities currently can advise families of the possibility of an 'intentionally homeless' decision in an effort to persuade families to consider the implications of negative behaviour where homelessness is avoidable. This includes anti social behaviour, giving up a tenancy with no reason or wilfully failing to pay rent. We have concerns that the proposed new duty could have the unintended consequence of leading to an increase in homeless families with children.

40. We recognise the value of troubled families being provided with an integrated package of support in order to avoid future homelessness, however we have concerns about the resource implications of this proposal. We therefore hope there will be an opportunity to work closely with the Welsh Government in the period preceding 2019 to consider how these services can be resourced.

#### **Duty on Registered Social Landlords (RSL)**

41. Registered Social Landlords (RSL's) have a crucial role to play in preventing and addressing homelessness and are an important strategic partner of local authorities. Their role is particularly important in the 11 local authority areas where housing stock has been transferred to a Housing Association. We are pleased that co-operation between authorities and RSL's is very good in many parts of Wales; however, unfortunately this is not the case everywhere.
42. Over past decades considerable amounts of public money have been invested in RSL's in Wales and this has enabled them to build up significant assets in terms of housing stock and land. Many RSL's have used this asset base to contribute to the wellbeing of the communities they work in and to advance social objectives. Unfortunately RSL's are facing an increasingly challenging environment with reduced levels of social housing grant and the adverse impact of welfare reform. Local authorities therefore have concerns that co-operation from RSL's in the future will be by no means certain.
43. The WLGA continues to work with Community Housing Cymru (CHC), the representative body for RSL's, to promote closer partnership working between the two sectors. However not all RSL's fully recognise the importance of co-operation and

therefore we support the Welsh Government proposal to strengthen the legal duty on RSL's to co-operate with authorities. We are concerned however the proposed new duty to co-operate, "unless it is incompatible with (the RSL's) duties" or "will have an adverse effect on its functions" does not markedly strengthen the duty. We therefore welcome the efforts of the Welsh Government to strengthen the duty further. The WLGA is also be looking at ways in which this duty can be strengthened and co-operation ensured through the Bill.

### **Resource Implications of the Homelessness Legislation**

44. The WLGA welcomes the proposed homelessness legislation and the clear focus it places on early homelessness prevention. The approach promoted will enable local authorities to move to a preventative, 'problem solving' approach and focus resources on helping people to avoid the crisis of homelessness.
45. We are hopeful that in the longer term this focus on prevention will reduce homelessness and help authorities to make more effective use of resources. However it was clear from an impact assessment by the WLGA and the Welsh Government that the legislation will initially cost more as local authorities will have a duty to provide prevention services for anyone who is threatened with homelessness within the next 56 days, which is a new burden.
46. We welcome the additional resources being made available in 2014-15 (£4.9m) and in 2015-16 (£3.2m) to assist with the additional cost of implementing the legislation. In addition we are aware that the Welsh Government is undertaking a review of current Section 180 funded homelessness projects to ensure they are focused on homelessness prevention and we understand there is a possibility that some additional resources may be available to local authorities through this funding stream in future years to help them prepare for and implement the legislation.
47. The WLGA welcomes the recognition that local authority resources are finite, and the proposed duty to 'take reasonable steps' being conditional and subject to 'the need to make best use of the authority's resources.'

### **Part 3: Gypsies and Travellers**

48. The WLGA recognises the importance of reviewing and planning to meet the accommodation needs of Gypsy and Travellers. Current accommodation needs assessments show a significant undersupply of permanent and transient sites for Gypsy Travellers and we look forward to working with local authorities and Welsh Government officials to help authorities address this.
49. Gypsy and Traveller communities in Wales have faced (and continue to face) deep-rooted discrimination over many generations. Sadly this makes it extremely difficult and time consuming to gain planning consent of sites due to local resistance to specific proposals. The WLGA is committed to working with local authorities and Welsh Government to provide the leadership necessary to take this very challenging work forward.
50. There are currently eighteen permanent sites provided by thirteen authorities and no transient sites in Wales; however 14 local authorities have indicated a commitment to developing new sites and authorities in some regions, such as North Wales, are working together to take a strategic approach to meeting need across the region. We welcome the support the Welsh Government is offering in terms of grants for existing and new sites.

### **Part 4: Wales Housing Quality Standard and Standards**

51. We recognise the value of consistent standards in the social housing sector in Wales and understand this aspect of the Bill is proposed to better align local authority and housing association sectors. We recognise the value of having consistent standards of accommodation, rent policy and approach to setting service charges and the increased transparency this will provide for tenants.
52. In the past local authorities have traditionally pooled their service charges and are now at varying stages in the challenging task of disaggregating charges. This is a time consuming process and it will be important that authorities are given sufficient time to undertake this work.

53. We understand that all 11 Authorities with stock have either reached WHQS or have business plans in place to achieve the standard by 2020. The complex and bureaucratic Housing Revenue Account Subsidy system (HRAs) has in the past made it difficult for authorities to plan with certainty but we are hopeful that authorities will be exiting from the HRAs in April 2015 and will then be in a position to plan strategically for the first time. Unfortunately the settlement reached with the UK Treasury will impose a borrowing cap on authorities, but it is not yet clear how this will impact on their ability to reach WHQS by 2020 (for those who have not yet achieved it). It will be important that this is taken into account in relation to the 2020 target.

### **Part 5: Housing Finance**

54. We welcome the settlement reached between the Welsh Government and the UK Treasury and the prospect that local authorities with housing stock will become self-financing from April 2015. The settlement will ensure that each of the eleven authorities will be better off and will be able to accelerate their work to improve homes and in some cases build new affordable homes. We understand this part of the Bill incorporates the appropriate legislative changes required to allow the current HRAs system to be dismantled. We look forward to the opportunity for a new era of council house building in Wales from April 2015.

### **Part 6: Allowing Fully Mutual Housing Associations to grant assured tenancies**

55. The WLGA recognises the role that fully mutual co-operative housing can play in extending the range of housing options in the Welsh housing market. We welcome this part of the Bill that will remove some of current barriers to the development of co-operative housing and allow fully mutual co-operatives to grant assured and short-hold assured tenancies. We are hopeful that this will improve the ability of fully mutual co-operatives to access loan finance.

## **Part 7: Council Tax for Empty Dwellings**

56. The WLGA welcomes the proposal to provide local authorities with the discretionary power to increase council tax on “dwellings that have been both unoccupied and substantially unfurnished for a continuous period of at least one year”. It is difficult to accurately calculate the number of long-term empty properties, but it is estimated to be between 18,000 – 23,000 long-term empty homes in Wales.
57. There is a significant under supply of homes across Wales and every local authority is therefore working hard to bring as many empty homes back into use as possible. The £20million Welsh Government ‘Houses into Homes’ recyclable loan scheme is extremely helpful in this work and this proposed new power to charge additional council tax will provide an additional ‘tool’ that will discourage owners from leaving houses empty without good reason.
58. It is important that local authorities have the power to increase council tax up to a level that will act as a disincentive to owners who might leave property empty. The WLGA proposed a charge of up to 200% of council tax to be raised after a property is empty for 12 months (rather than 150%) and this figure was arrived at from a survey of authorities on the appropriate maximum level of increase. We hope that the level this power will provide by which council tax can be increased will be given further consideration in order that local authorities can use this power in a way that will be most effective.
59. The primary purpose of the discretionary power is to incentivise owners not to leave homes empty, but it is possible that it will also generate a small amount of additional income which authorities can use to further enhance their work to bring empty homes back into use or to provide more affordable homes.
60. We ask that consideration will also be given to providing authorities with discretionary powers to increase council tax on second homes up to the same level as empty homes. A WLGA survey in 2011 estimated there are over 23,000 second homes in Wales that equates to 1.4% of all homes. Second homes tend to be concentrated in

rural areas where second homes make up a much higher proportion. In Gwynedd for example 8.7% of homes are second homes. This clearly has a negative impact on the sustainability of many rural communities and often pushes house prices up beyond the reach of local people.

61. It has been estimated that a council tax charge of up to 200% could generate an additional income of over £22m (WLGA 2012) which could be used to offset the negative impacts of second homes and contribute to increasing the supply of affordable homes and other key community services such as crucial bus services.

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Document is Restricted

# Agenda Item 6

Communities, Equality and Local Government Committee  
CELG(4)-01-14 Paper 4

**Lesley Griffiths AC / AM**  
Y Gweinidog Llywodraeth Leol a Busnes y Llywodraeth  
Minister for Local Government and Government Business



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: SF/LG/3987/13

Christine Chapman AM  
Chair, Communities, Equality & Local Government Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

12 December 2013

Dear Christine

I wish to inform Committee of the issue of a twelve-week consultation on the future of Council Tax Support.

As you are aware, the Welsh Government is reviewing the options for the future of Council Tax Support in Wales. Our aim is to develop a scheme which is equitable and sustainable and delivers the maximum protection for low income and vulnerable households within financial constraints. This consultation seeks views on the difficult decisions which will need to be made as part of the review.

A link to this consultation is attached for the Committee's information, I welcome any views the Committee may have on the issues raised. I have also written to Assembly Members and will be making an oral statement in the New Year.

<http://wales.gov.uk/consultations/localgovernment/council-tax-reduction-scheme-review/?lang=en>



**Lesley Griffiths AC / AM**  
Y Gweinidog Llywodraeth Leol a Busnes y Llywodraeth  
Minister for Local Government and Government Business

John Griffiths AC /AM  
Y Gweinidog Diwylliant a Chwaraeon  
Minister for Culture and Sport



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref SF/JG/3477/13

Christine Chapman AC/AM  
Chair of the Communities, Equality  
and Local Government Committee

6 December 2013

Dear Christine,

### WELSH GOVERNMENT DRAFT BUDGET PROPOSALS, 2014-15

Thank you for your letter dated 29 October following my attendance at your Committee meeting on 24 October to answer questions on the draft budget proposals for Culture and Sport.

At this stage, I will respond to the specific points on which you have requested further information. I will then be happy to provide updates in future on those areas where you have asked to be kept informed of progress. This will include reporting on achievements in the next Programme for Government Annual Report update, which is scheduled for publication next May.

I will use the section references which you used in your letter.

### 3. Museums, Archives and Libraries

As I said at the Committee, the potential scale and impact of local authority cuts to local services is not known at this stage as local authorities are still working through the implications of the budget settlement. I am keeping in close touch with WLGA on these issues, and also with the Minister for LGGB. In addition, my officials continue to remain in close contact with both the WLGA and local government services.

In terms of the relationship between the level of funding provided to implement the *Libraries Inspire 2012-16 Strategy* and the *Museums Strategy for Wales 2010-2015*, and the specific outcomes they have achieved to date, CyMAL funding aids the museum, archive and library sectors to deliver strategy outcomes through grant funding for projects delivering specific outcomes outlined in the annual delivery plans agreed for national strategies. Outcomes

relating to increasing participation and improving access to resources are central to the museums, archives and libraries strategies and include:

- Increasing participation through a co-ordinated national audience development programme to promote services;
- Improving public access to online services through cost efficient national procurement and digitisation initiatives, newspapers, family history and catalogues/collection descriptions;
- Enriching people's lives through targeted activities:
  - Increasing participation in museums by children and young people from deprived areas, through work with Kids in Museums and the Children's Commissioner in Wales
  - Assisted transport scheme to enable schools to visit local Archive Services; and
- Increasing community use of library facilities through the Community Learning Libraries modernisation programme (6 library projects have been awarded grants across Wales in 2013-14).

This programme is designed to develop collaboration on a local, regional and national level to deliver efficiencies, organisational change, and improved and more sustainable service delivery. For instance, work is progressing to procure a library management system for Wales. Evidence shows that efficiency savings of around 30% (capital and revenue) can be achieved by jointly procuring a new system compared to each authority procuring a similar system separately. It will also lead to more cost-effective delivery of online services such as e-books and e-magazines. Later this month I will be launching a new e-magazine service covering 20 public library services across Wales, made possible following collaboration between local authorities and the Welsh Government. My officials are continuing to work to ensure that all public library users can access this service in the near future. Our grant support for investment in local library services delivers measurable benefits. For instance, the co-location of a public library with the council information service, social enterprise café and a chapel in Bargoed delivered a massive increase in visitors, with 164,000 people crossing the threshold in the first year of operation, a 134% improvement on the previous year.

#### **4. The Historic Environment**

I am very mindful of the substantial contribution made by smaller organisations to the historic environment in Wales. This was indeed one of the contributory factors in my decision to limit the scale of budget reductions in this area. I will continue to keep this issue under review.

#### **5. Media and Publishing**

As a Government we continue to be very concerned about the lack of quantity and plurality of the media in Wales. The Welsh Government of course has no direct responsibility in relation to broadcasting or the newspaper industry in Wales. However, we have concerns about the developing situation because it has such an effect on our work and on local communities across Wales.

The Welsh Government has consistently expressed concerns to the UK Government about a number of issues in relation to public service broadcasting. This includes lobbying the Department for Culture, Media and Sport before the UK Government's Spending Round announcement in June 2013 that the funding S4C receives from that Department should

continue. The Welsh Government will continue to stand up for maintaining full services in the Welsh and English languages at a national and local level.

As reflected in the Welsh Government's written evidence to the Silk Commission we believe that it is essential to improve the accountability of UK broadcasting institutions to the National Assembly and to Welsh viewers and listeners. This improved accountability can best be delivered by strengthening the position of Welsh Ministers with regard to appointments made to the regulatory bodies governing broadcasting in Wales. We proposed that the BBC Trust Member for Wales and the Chair and Members of the S4C Authority should be appointed with the agreement of Welsh Ministers. We also argued that the Ofcom Board should include one member specifically charged with representing the views of Welsh citizens, and that this member should also be appointed with the agreement of Welsh Ministers

We need to be realistic however that the factors driving change in the commercial media sector are deep-rooted, structural and technological, and are not going to be addressed by the kind of level of financial investment the Welsh Government can afford to make. Our financial investment can only make a difference in specialist fields as reflected in the Evidence Paper to the Committee. The Welsh Government, through the Welsh Books Council continues to provide funding for a daily on-line news service in the Welsh language, *Golwg360* (£200,000), as well as Welsh-medium news and current affairs publications including the weekly news magazine *Golwg* (£73,000), the monthly current affairs magazine *Barn* (£80,000) and support for featured articles in the weekly newspaper *Y Cymro* (£18,000). Although the Books Council's budget for these magazines will largely be protected the Council is aware that they are all under pressure due to advertising and sponsorship constraints in the current economic climate.

On 11 October the Welsh Books Council announced that *Golwg Newydd* had won the tender to provide an on-line news service in Welsh for a further three year period. *Golwg360* has developed to be a vital resource for Welsh speakers with around 8,000 unique daily visits. This announcement will enable the company to build on what has been achieved to date and allow them to continue to play an important role in providing Welsh speakers with an on-line news service – a valuable contribution to the delivery of the Welsh Government's Welsh Language Strategy.

Welsh Government funding to the Books Council also supports English-language magazines with the quarterly current affairs magazine, *Planet*, receiving £73,000 and a grant of £8,000 to support a book-related supplement in the politics and society magazine, *The Welsh Agenda*. Two other literary magazines also receive financial support, *New Welsh Review* and *Poetry Wales*.

The reductions in the budget for the Welsh Books Council were made on the basis of impact assessments submitted by the Council. We will be working closely with the Council to ensure that the most important services are protected as much as possible.

I am conscious that community radio stations who have benefitted from funding from the Community Radio Fund now face significant challenges. Although the Community Radio Fund has obviously been a significant boost to this sector it is worth noting that eight of the nine community radio stations which receive funding from the Fund during the current financial year were in existence before the Fund was established. As I explained to the Committee, the Fund was due to expire at the end of the 2012-13 financial year. When the decision was made to extend the period of the Fund for a further year the stations were informed by the Welsh Government that this was for one-year only in order to give them an opportunity to investigate alternative sources of funding or to prepare to become self-sufficient post March 2014. My officials will continue to liaise closely with the stations in

order to ensure that they are fully aware of alternative sources of funding within and outside the Welsh Government.

## **6. Sport and physical activity**

As you note in your letter, one of our key objectives is to widen participation in sport and to increase levels of physical activity in order to improve the nation's health. Sport Wales will be working with my officials over the coming months to make sure we make the most effective use of the funding available, so that we can make progress. Through Sport Wales own evaluation work we will be able to provide you with historic and present data on participation. I will be happy to provide an update on this matter and on the specific outcomes that have derived from the whole Government approach to raising levels of physical activity following the publication of the 2014 progress report on the Programme for Government.

As I noted in my response on Museums and Libraries, the potential scale and impact of local authority cuts to local leisure and sports services is not known at this stage as local authorities are still working through the implications of the budget settlement. I am keeping in close touch with WLGA on these issues. Sport Wales are also working with local authorities to develop new models of delivery that reduce back office costs while maintaining delivery for the public. Some of this will be achieved through the proposed regionalisation of support. My officials remain in close contact with both the WLGA and local government services.

I am pleased to report that we have been successful in developing a capital loan scheme of £5m to fund a pilot scheme that will provide interest free loans to local authorities for sport and leisure projects. In the coming months, officials will be working closely with local authorities and the Welsh Local Government Association to develop the scheme criteria.

I look forward to seeing your conclusions arising from the inquiry into participation levels in sport in Wales.

## **7. Provision for the Active Travel (Wales) Bill**

The Committee is right to identify walking and cycling as activities which support objectives across Welsh Government and there are allocations that support promotion of walking and cycling and the provision of walking and cycling infrastructure in a range of portfolios.

The importance of effective joined-up working is recognised and there was close working between the Minister for Economy Science and Transport and I during the passage of the Active Travel (Wales) Act through the Assembly.

I work with the Minister for Economy, Science and Transport regarding the budgets that sit within her portfolio and provide for the development of the Design Guidance and which will support the development of the Existing Routes and Integrated Routes maps. In line with the amounts identified in the Impact Assessment of the Bill, £0.3m has been allocated next year for these activities.

I was clear throughout the passage of the Bill that expenditure on infrastructure will come from existing funding but that funding would now be much better directed at routes that would make a real difference to people's mode choice.

I also work with the Minister for Economy, Science and Transport regarding the capital budgets within her portfolio that provide for expenditure on the active travel infrastructure that will be delivered in response to the Bill.

The Transport Minister currently funds local authorities to provide walking and cycling infrastructure through two main grant programmes. In future, local authorities will need to deliver it to a consistent standard as a result of the design guidance, and to focus on issues of connectivity and promoting the use of routes.

It is the case that investment by other Ministers will also contribute towards the delivery of the Active Travel Act. The Minister for Health and Social Services, for example, funds a range of programmes that encourage uptake of walking and cycling as part of health promotion activity.

The Active Travel Action Plan, which will be published for consultation shortly, is a cross-Government plan and contains actions that are the responsibility of a number of different Ministerial portfolios.

The only resources required for the development of the Action Plan are staff costs and very minor costs for hosting consultation events.

## **8. Preventative spend**

The most obvious example of preventative spend in my portfolio is spending to increase physical fitness. There is a clear evidence base that substantiates the link between physical fitness and healthy life expectancy. This was a factor that I took very much into account in deciding to limit the reductions in the budget to Sport Wales. We do of course need to continue to improve the effectiveness of our spending in this area, and evaluate how far increases in habits of physical activity among young people are maintained into lifetime habits, if spending is to really deliver the potential of being "preventative" in terms of reducing public spending on health in later life. Promoting longer, healthier lives is central to Welsh Government policy.

I would also highlight other respects in which spending in my portfolio has the potential to be preventative:

- Most parts of my portfolio (eg sport, the arts, libraries, heritage and access to the historic environment, enjoying the countryside) make a contribution to mental well-being. The costs of mental illness to the Welsh economy are significant. The "First Incomplete Field Guide to Wellbeing in Libraries", published on 11<sup>th</sup> January 2013, highlights the contribution made to support the health and wellbeing of people across Wales. The research on the health benefits of intensive engagement with creative and cultural activities through art therapy and workshops led by artists is well recognised in the literature on cultural impact.
- Professor Dai Smith's Report "The Arts and Education" flags the international evidence that the arts can contribute to raising educational attainment, particularly of children from lower socio-economic backgrounds. Museums and heritage organisations can contribute similarly. Helping to raise educational attainment is likely to raise people's life chances and therefore has the potential to be preventative in terms of public spending. That is one of the reasons why I am working to increase the contribution that the arts and heritage can make to raising educational attainment, working with the Education and

Skills Minister to follow-up Professor Smith's Report and on the report currently being prepared by Baroness Kay Andrews on culture and poverty.

- Cadw's work with young offenders and school referral units contributes to Welsh Government education and employment objectives. Education and the attainment of skills and qualifications are widely recognised as major factors in preventing children becoming offenders, and reducing the longer-term risks of reoffending.

### 9. Use of Reserves

In general, organisations are not allowed to accumulate reserves from the funding which we provide to them. For WGSBs the standard rule is that they can carry forward 2% of their grant-in-aid funding from one year to the next. However, the National Parks have accumulated some significant reserves – with “useable reserves” at 31 March 2013 across the three Parks amounting to some £6m, being 28% of their annual cost of services of £22m.

As I said at the start of this letter, I am of course happy to provide further information as you require.

*Best wishes*



**John Griffiths AC / AM**  
Y Gweinidog Diwylliant a Chwaraeon  
Minister for Culture and Sport

CC Jocelyn Davies AM, Chair, Finance Committee