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Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA/RE/3469/22

John Griffiths MS,  
Chair  
Local Government & Housing Committee  
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24 November 2022

Dear John,

Thank you for the Local Government and Housing Committee report, following your inquiry into community assets earlier this year.

I and my Ministerial colleagues welcome and have reviewed the Committee's recommendations. A formal response to the 16 recommendations is attached.

My colleagues and I look forward to updating Members as we make progress in implementing the recommendations.

Yours sincerely,

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

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

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

## Written Response by the Welsh Government to the report of the Local Government and Housing Committee entitled Community Assets

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Welsh Government is fully supportive of communities taking control of assets, where it is appropriate for them to do so and there is sufficient local support. We saw the particular importance of those assets in our communities during the pandemic. The cost of living crisis we now face is recognised as another huge challenge to both communities and public service providers. We are pleased that the report acknowledges that community run assets can bring substantial benefits.

The Ministers for Social Justice, Finance and Local Government and Climate Change are leading our commitment to strengthening engagement with communities and learning from best practice. In July this year they issued a joint [Written Statement](#) signalling their intentions in this area. We have already constituted a cross-Government Communities Policy Board and started work on how we can strengthen the ways we work with communities. The scope of this work is much wider than supporting the assets themselves but recognises the significance of those assets in empowering our communities.

Community buildings and green spaces provide an important focus for sustaining communities and their well-being. The committee has challenged the effectiveness of existing arrangements in empowering Wales' communities to acquire or manage public assets and services within their communities.

We have published policy and guidance for the transfer of publicly owned assets to community groups. Some, but not all, Local Authorities have their own policies and some, but not all, are acknowledged as demonstrating good practice. This approach is generally viewed as top down, and it is claimed to be ineffective in genuinely empowering communities. We do not fully agree with this assessment but acknowledge that there are inconsistencies in the application of policy and that this is an area where we can have some influence.

Much of the guidance and funding that is in place assumes the transfer of the asset itself, which creates liabilities not all community groups can sustain, especially in the long-term. Alternative structures to ownership, such as stewardship, are already emerging and can support and empower communities where ownership is not the best solution.

Officials have commenced work to demonstrate their commitment to empowering communities. This includes the constitution of a cross-departmental Communities Policy Board which aims to strengthen the community voice in policy-making and improve impacts across key policy areas.

We would like to thank the members of the Local Government and Housing Committee for their report on Community Assets in Wales. We have already taken steps to improve on some of the areas on which recommendations have been made. The Minister for Climate Change has already stated that she is minded to agree to the establishment of a commission and Richard Baker acknowledged in his evidence to the inquiry that a further review of the asset transfer guidance is required, specifically to include wider engagement with stakeholders.

**Detailed responses to the report's recommendations are set out below:**

**Recommendation 1.**

The committee recommends that:

The Welsh Government should take action to establish a commission to stimulate innovative thinking on community ownership of land and assets in Wales. The commission should be established within 12 months of the publication of this report and should work with stakeholders to develop an action plan for its work. The commission should make recommendations to the Welsh Government.

**Response: Accept in Principle**

The Minister for Climate Change has already stated that she is minded to agree to a commission. The form and scope of a commission will need to be carefully considered before action is taken to implement this, and other recommendations making reference to a commission. It is important that stakeholders are involved in that work.

The establishment of the commission within the recommended timescale must also have regard to our existing Programme for Government commitments, which will remain our key priorities.

**Financial Implications:** Yes. Current resourcing will not support the development of this work within recommended timeframe.

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**Recommendation 2.**

The committee recommends that:

The Welsh Government and Ystadau Cymru should review and update its existing guidance on Community Asset Transfers. The review should begin within 12 months of this report's publication. In conducting the review, the Welsh Government should consult relevant stakeholders, including community groups with direct experience of the CAT process, to ensure their feedback can be used to shape updated guidance.

**Response: Accept**

Our evidence presented to the Committee acknowledged that a further review of the current guidance would be undertaken and that this should include wider engagement. It is also important that any revised guidance aligns with wider community policy.

**Financial Implications:** Yes. Current resourcing will not support the development of this work within recommended timeframe. External resource can be procured, subject to confirmation of Ystadau Cymru budget for 2023-24.

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### **Recommendation 3.**

The committee recommends that:

The Welsh Government should make arrangements for consideration to be given to whether community groups who meet agreed criteria should be able to instigate the asset transfer process for themselves. This work should be undertaken by the commission we have recommended.

#### **Response: Accept**

Community Groups are already able to instigate the assets transfer process.

The committee's comments recognise, however, that there is inconsistency across local authorities, with not all having a CAT policy. We also acknowledge that there is evidence that other public bodies are less active in transferring assets to communities and that they play an equally important role in asset transfers.

Officials consider that similar impacts can be derived by improving the guidance and ensuring consistency without setting or creating overly ambitious community expectations. This guidance could include sample policies which have been shown to be effective.

A review of the guidance will include promotion of the benefits of asset transfer through the use of case studies.

**Financial Implications:** None. The planned work can be accommodated within existing resources.-

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### **Recommendation 4.**

The committee recommends that:

The Welsh Government should, when updating its guidance on Community Asset Transfers, make it clearer that the transfer process is applicable to all public bodies, not just local government.

#### **Response: Accept**

The recommendation can be incorporated into any revised guidance, accepted in our response to Recommendation 2.

**Financial Implications:** Yes. A review and update existing guidance is accepted subject to confirmation of a Ystadau Cymru budget for 2023-24.

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## **Recommendation 5.**

The committee recommends that:

The Welsh Government should, when reviewing the guidance on Community Asset Transfers, consider how it can be strengthened to provide clarity and assurance to local authorities on assessing the social value benefits of transferring an asset, including in circumstances which result in transferring it for lower than the market value.

### **Response: Accept**

This recommendation can be incorporated into any revised guidance, accepted in our response to Recommendation 2. Stakeholder engagement will assist in developing a framework to assist public bodies to identify and measure the social value arising from transfers.

**Financial Implications:** Yes. A review and update existing guidance is accepted subject to confirmation of a Ystadau Cymru budget for 2023-24.

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## **Recommendation 6.**

The committee recommends that:

The Welsh Government should, when reviewing the guidance on Community Asset Transfers, strengthen its links with the Well-being of Future generations Act to ensure the guidance is clearly underpinned by the Act.

### **Response: Accept**

The recommendation can be incorporated into any revised guidance, accepted in our response to Recommendation 2.

**Financial Implications:** Yes. A review and update existing guidance, is accepted subject to confirmation of a Ystadau Cymru budget for 2023-24.

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## **Recommendation 7.**

The committee recommends that:

The Welsh Government should, when reviewing the guidance on Community Asset Transfers, improve the availability of case studies relating to successful asset transfers, and should also include more recent projects among the studies. The Welsh Government should review the case studies periodically to ensure the most up to date examples are available for others to learn from.

### **Response: Accept**

Ystadau Cymru continue to develop case studies and promote best practice as part of their core work. Case studies are included in their newsletters and have an important role in the

annual conference. This work forms part of the current Ystadau business plan which includes a review of how best to disseminate good practice case studies.

A review of the guidance will include promotion of the benefits of asset transfer through the use of case studies.

**Financial Implications:** None. The planned work can be accommodated within existing resources.

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### **Recommendation 8.**

The committee recommends that:

The Welsh Government should work with relevant partners to establish an asset transfer peer network to enable community groups to facilitate the sharing of experiences and best practice with each other.

#### **Response: Accept**

Ystadau Cymru have already begun to consider the best way to share good practice. This will form part of the work being undertaken in the response to recommendation 7.

**Financial Implications:** None. The planned work can be accommodated within existing resources.

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### **Recommendation 9.**

The committee recommends that:

The Welsh Government should establish a coordinated support package to support communities that are seeking to buy or lease land or assets. The commission we have recommended should explore with stakeholders the package of support that should be available.

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

Welsh Government provides support to community groups through the [Community Facilities Programme](#), and the [Community Asset Loan Fund](#), managed by WCVA on Welsh Government's behalf. Other support is also available from other sources.

The terms of reference for the commission can include review of the support package available.

**Financial Implications:** Yes. Current resourcing will not support the development and establishment of a commission, within the recommended timeframe.

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## **Recommendation 10.**

The committee recommends that:

The Welsh Government should make arrangements to explore options, including legislative approaches, to find solutions that can empower communities and give them equal opportunity when competing against private investors to purchase assets of interest. This work should be undertaken by the commission we have recommended.

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

Exploration of legal solutions adopted elsewhere and how they might empower communities in Wales can be included in the terms of reference of the commission.

The work of the commission in response to this recommendation will need to reflect the findings of independent evaluations of legislation enacted elsewhere to ensure that any legislative recommendation would achieve its intended aims and deliver value for money.

The work of our Communities Policy Board will be able to contribute to this recommendation. The Board includes cross government representation and is planning to develop pilot projects through Public Service Boards in a few Local Authority areas. The role and potential of community assets in empowering communities will be a key strand of this work. Feedback from the pilots will be shared with the commission once it has been established.

**Financial Implications:** Yes. Current resourcing will not support the development and establishment of a commission within the recommended timeframe.

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## **Recommendation 11.**

The committee recommends that:

The Welsh Government should make arrangements to review funding streams that support community assets, including Welsh Government and local authority funding, and explore options to increase the availability of affordable loan finance for community groups. This could be undertaken by the commission we have recommended.

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

Welsh Government already invests in Community Assets through the [Community Asset Loan Fund](#), delivered for us by the Wales Council for Voluntary Action (WCVA), and directly through the [Community Facilities Programme](#).

A review of existing funding streams can be included in the terms of reference of the commission.

**Financial Implications:** Yes. Current resourcing will not support the development and establishment of a commission within the recommended timeframe.

Additional grant or loan finance will increase the financial obligations of Welsh Government during a period when we are looking to constrain non-Programme for Government spending.

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## **Recommendation 12.**

The committee recommends that:

The Welsh Government should give consideration to the establishment of a Community Asset Fund. The commission we have recommended should give further consideration to the establishment of such a fund.

### **Response: Accept**

The Welsh Government is already meeting the intent of this recommendation. The [Community Facilities Programme](#) (CFP) provides grants of up to £300k to help communities buy, develop and improve community assets – buildings and green spaces. The CFP has provided over £41m in capital grants to projects across Wales since 2017. This fund works alongside the £5m [Community Asset Loan Fund](#) delivered for us by the WCVA which provides up to £300k (100%) to enable communities to purchase assets.

**Financial Implications:** None. The planned work can be accommodated within existing resources.

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## **Recommendation 13.**

The committee recommends that:

The Welsh Government should set out how it intends to make the process of ascertaining ownership of land assets easier for communities and how the process can help to empower groups to take on assets they would like to see continue. This should include making arrangements for considering whether a register of assets would be beneficial and be undertaken by the commission we have recommended.

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

A review of whether a register of assets would be beneficial, or cost effective, can form part of the terms of reference of the commission.

Officials have commenced a review of the data which is available. DataMap Wales already publishes data on publicly owned land in Wales which is freely available to the general public. The UK Land Registry holds data on land ownership of registered land which is also available to the general public. This covers approximately 85% of all ownership. We are making enquiries into the potential to expand the current data available through DataMap Wales to include privately owned, registered land.

The creation of new data, such as registers of assets, will require significant resources from central and local government and may duplicate existing sources of information on ownership. The creation of registers or databases on non-registered land is neither cost effective nor feasible.

Feedback from this work will be shared with the commission.

**Financial Implications:** Yes. Current resourcing will not support the development and establishment of a commission within the recommended timeframe.



Developing and maintaining additional datasets on DataMapWales, if available, will require additional resource.

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#### **Recommendation 14.**

The committee recommends that:

The Welsh Government should establish a specific Welsh fund for community housing projects, similar to the funds available in England and Scotland.

#### **Response: Reject**

The Minister for Climate Change accepted a recommendation of the Independent Review of Affordable Housing Supply (May 2019) to streamline funding programmes for affordable housing. Community-led housing groups can access Social Housing Grant funding when they partner with a Registered Social Landlord, and the Minister for Climate Change has been keen to explore access to other existing funding streams for community-led housing groups. Officials are working with Cwmpas in connection with the development of a specific community-led housing proposition utilising the Land and Buildings Development Fund.

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#### **Recommendation 15.**

The committee recommends that:

The Welsh Government should make arrangements to consider options for developing Welsh specific legislation, tailored to meet Welsh needs. The commission we have recommended should consider the need for legislation to support community ownership and empowerment in Wales by the end of the current Senedd term.

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

The terms of reference for the commission can include a review of legislative options for Wales.

The commission will, in implementing this recommendation, need to reflect on independent evaluation(s) of the impact of legal provisions enacted elsewhere, to ensure that a legislative recommendation for Wales would actually support increased community ownership and empowerment and deliver value for money.

**Financial Implications:** Yes. Current resourcing will not support the development and establishment of a commission within the recommended timeframe.

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## **Recommendation 16.**

The committee recommends that:

The Welsh Government should make arrangements to review Welsh planning guidance to ensure it empowers communities and supports asset transfers.

### **Response:**

#### **Accept in principle**

Planning Policy Wales (PPW) is supportive of the principles of placemaking which includes the provision of community infrastructure. Community assets will form a notable part of community infrastructure in some places and it is right that PPW should recognise that the transfer of assets can be beneficial to the sustainability of some communities.

We will look to enhance the policy guidance around the transfer of community assets; however, it should be recognised that the planning system regulates the use and development of land and should not differentiate between planning applications based on who the applicant is. Consequently, there may be instances where the transfer of an asset to the community, for a particular purpose, could run counter to established planning policies and any changes to PPW would not give such proposals any favourable consideration if they were evidently contrary to policy.

**Financial Implications:** None