

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

### **Recommendation 1.**

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

### **Response:** Accept

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

## **Recommendation 2.**

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

### **Response:** Accept

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

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

### **Recommendation 3.**

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

#### **Response:** Accept

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

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

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

#### **Recommendation 4.**

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

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

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

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

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

## **Recommendation 5.**

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

**Response:** Accept in Principle

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

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

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

## Recommendation 6.

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

**Response:** Accept in principle

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

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

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

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

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

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

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

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

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

## **Recommendation 7.**

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

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

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

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

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

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

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



## **Recommendation 8.**

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

**Response:** Accept

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

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

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

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

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

## Recommendation 9.

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

### **Response:** Accept

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

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

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

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

## **Recommendation 10.**

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

### **Response:** Accept

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

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

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

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

## Recommendation 11.

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

### **Response:** Accept

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

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

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

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

## Recommendation 12.

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

**Response:** Accept in Principle

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

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

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

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

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

### **Recommendation 13.**

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

**Response:** Accept

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

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

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

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

#### **Recommendation 14.**

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

**Response:** Accept

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

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

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

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

The published affordable housing statistical release will reflect annual progress.

**Recommendation 15.**

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

**Response:** Accept

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



**Recommendation 16.**

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

**Response:** Accept

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

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

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

**Recommendation 17.**

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

**Response:** Accept

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

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

### **Recommendation 18.**

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

#### **Response:** Accept

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

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

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

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

### **Recommendation 19.**

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

**Response:** Accept

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

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

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

## Recommendation 20.

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

### **Response:** Accept

The 1.4m homes in Wales are responsible for 27% of all energy consumed in Wales and 15% of all our demand-side Green House Gas (GHG) emissions. The retrofitting of these homes is a primary preventative measure as it seeks to improve the energy efficiency of homes to reduce their carbon emissions to help Welsh Ministers to meet legally binding carbon targets, as well as the Programme for Government commitment to decarbonise residential homes through retrofitting.

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

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

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

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

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

## **Recommendation 21.**

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

### **Response: Accept**

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

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

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

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

**Recommendation 22.**

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

**Response:** Accept

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

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



**Recommendation 23.**

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

**Response:** Accept

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

## Recommendation 24.

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

**Response:** Accept

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

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

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

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

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