



Evidence paper for Cabinet Secretary for Housing and Local Government for General Scrutiny at Local Government and Housing Committee

24/09/24

Information provided to aid the Committee in advance of the Cabinet Secretary's attendance for General Scrutiny on 10 October.

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1. Homelessness

1. We remain committed to our long-term goal of ending homelessness and in support of this are investing almost £220m in homelessness prevention and support this year alone. Our Ending Homelessness Action Plan, published in 2021 and updated in August 2023, sets out the steps we are undertaking to implement our strategy to end homelessness.
2. The Action Plan outlines the Welsh Government's long-term approach to making homelessness rare, brief and unrepeatable. For this to happen, we are committed to focusing on prevention of homelessness in the first place. This includes our continued commitment to moving to a rapid rehousing approach which involves increasing housing capacity, so that people can enter long-term suitable accommodation and thrive there.
3. It is important however to acknowledge the current pressures in the housing system. The ongoing impact of the cost-of-living crisis, affordability of the Private Rented Sector (PRS) and the impact of the humanitarian response to Ukraine, wider asylum dispersal and early release from prison, have all increased demand on services. These pressures have necessitated an increased reliance on temporary accommodation in the short term to ensure no-one is forced to sleep rough in Wales.
4. In moving to a rapid rehousing approach and reducing our reliance on temporary accommodation, increasing the supply of suitable permanent homes is essential. In addition to the Social Housing Grant programme, the Transitional Accommodation Capital Programme (TACP) was established in 2022-23 to provide good quality longer-term accommodation for everyone in housing need. In its first year, £76.4m was made available to bring forward 936 homes. Indicative funding of £100m has been made available for 2024/25 to continue to support move-on from temporary accommodation.
5. We are also committed to improving access to longer term affordable housing in the private rented sector and continue to invest £30m over 5 years in Leasing Scheme Wales. The Scheme is designed to support individuals and households who are experiencing or at risk of homelessness. Tenants on the Scheme will benefit from longer term security of tenure (between 5-20 years) at rents restricted to Local Housing Allowance rates. Additional funding from the Welsh Government ensures that tenants receive the same level of support they would expect in social housing.
6. At the same time as responding to the immediate challenges facing the housing and homelessness sector, we are also progressing our longer-term legislation programme to end homelessness through the Programme for

Government commitment to fundamentally reform homelessness services to focus on prevention and Rapid Rehousing. An expert panel chaired by Professor Suzanne Fitzpatrick has informed a White Paper on ending homelessness in Wales published in April 2024.

7. The proposals in the White Paper included significant reform of the homelessness system, a range of new public service duties to aid earlier identification of those at risk of homelessness and measures to target prevention activity and improve access to housing. While the reforms offer a chance to achieve substantial long-term savings for local authorities and their public service partners through early intervention, significant investment will be necessary to implement these changes. A cost-benefit analysis is being conducted to outline the required investment for the successful implementation of the proposed reforms, which will accompany the Bill. Work is underway to draft a Bill for introduction this Senedd term.

2. Building Safety

Welsh Building Safety Programme

8. We are committed to ensuring the highest standards of building safety for residents in Wales.
9. There are two key elements of the Welsh Building Safety Programme – to fundamentally reform the existing building safety regime in Wales; and to address fire safety issues in buildings 11 metres and over in our existing building stock.

Remediation

10. The first phase of the Welsh Building Safety Fund was launched in September 2021, and focussed on identifying fire safety issues present in buildings of over 11 metres, and who was responsible for them.
11. Responsible Persons were invited to submit an Expression of Interest, which gave them access to free survey work, paid for by the Welsh Government. This comprised of a desktop survey to identify whether a building was in scope and whether surveys had already been undertaken. Where appropriate, further intrusive survey work was undertaken.
12. This is a rolling programme of work, and we anticipate we will receive further Expressions of Interest in the future.
13. The second phase of the remediation programme is focussed on addressing fire safety issues which relate to the way a building has been constructed. In November 2023, the then Minister for Climate Change announced that all residential buildings over 11 metres had a route to remediation. Wales has not focussed only on buildings with unsafe cladding present, instead the focus is on both internal and external fire safety issues. Wales is the only UK nation to make this commitment.
14. We are clear that leaseholders and residents should not be paying to rectify fire safety issues not of their making. This relates to construction-related fire safety defects and does not include maintenance or damage caused by the actions of individual leaseholders or residents.
15. Delivery of the required works can be categorised into four distinct areas of funding – Large Developers, Smaller Developers, Orphan Buildings and the Social Sector Grant.
16. In Wales, we have adopted a collaborative approach with large developers. 12 developers in total have now signed a legally binding contract with Welsh Government, solidifying their commitment to remediating fire

safety issues for which they are responsible. All fire safety works to buildings captured by the contract will be funded by developers.

17. In the case of Social Sector and Orphan Buildings (where the developer is unknown, has ceased trading or the building was developed over 30 years ago), the Welsh Government has committed to fund the full cost of the fire safety work required.
18. A smaller developer is one who has not been asked to sign up to the contract, and typically does not have a large residential portfolio in Wales. We are adopting a proportionate approach with smaller developers where the Welsh Government will develop a schedule of works, and a financial appraisal will determine how much the developer should pay towards the works.

Reform

19. The Building Safety (Wales) Bill will be introduced in this Senedd term to establish a new building safety regime in Wales covering the occupation and ongoing management of multi-occupied residential buildings.
20. Our new legislative framework will capture all multi-occupied residential buildings in Wales which contain two or more residential units regardless of height. Any buildings exempt from the new regime will be clearly set out in legislation.
21. Lessons from the Grenfell tragedy highlighted the need for clear accountability in relation to those who own and manage relevant buildings. The Bill will include a new Building Safety Authority for Wales, which will sit within Local Authorities; create clear lines of accountability, placing statutory duties on relevant duty holders; and include requirements that all fire risk assessors for all multi-occupied buildings be demonstrably competent.
22. The lived experience of residents is incredibly important in helping us reach the right solutions. Officials continue to engage with leaseholders and tenants of multi-occupied homes to ensure the voice of residents is at the heart of the new regime.
23. In respect of reforms to the building control regime, the introduction of secondary legislation related to the part 3 of the Building Safety Act 2022 has commenced.

3. Empty Properties

24. Welsh Government has a number of interventions and funding streams to reduce the number of empty homes in Wales, including to bring them back into use as social housing. This includes Leasing Scheme Wales. To date has 233 properties have signed up to the scheme, of which around 60% had previously been empty for six months or more.
25. Empty Homes Grant Scheme is providing grants of up to £25,000 to owner occupiers / prospective owner occupiers to assist them in bringing empty properties back into use. As of 9 September 2024, 860 valid applications have been received through the scheme and 104 properties have been brought back into use.
26. We have given local authorities powers to charge council tax premiums of up to 300% on long-term empty dwellings (as well as second homes).
27. The Transforming Towns Programme has a particular focus on bringing empty town centre properties back into use. Through this Programme, we have given local authorities nearly £43m of recyclable funding to provide interest-free property loans for landlords and homeowners for home improvements or to renovate empty properties and bring them back into use. This includes turning commercial properties into houses or flats with landlords able to access loans of up to £35k per unit or £250k per application.
28. Since inception in 2020, Transforming Towns has created some 1,850 new homes, from empty properties across Wales and supported improvements to a further 1,700 occupied homes.
29. Another element of the Transforming Towns Programme is Transforming Towns Loans, which can be used by Registered Social Landlords to provide social/affordable housing from empty properties. Through this scheme 405 town centre residential units have been brought back into use.
30. As well as financial support, we are also helping local authorities to use the full range of legislative powers at their disposal to tackle empty properties by providing training, expert advice and practical assistance on how to best use all their powers to bring properties back into use. We are also developing an empty homes handbook, to assist stakeholders with homes that are more complex to return into use;
31. We understand the importance of having up to date information on bringing empty properties back into use and, working with Data Cymru, we have committed to update Public Accountability Measure/013 to measure the success of bringing empty properties back into use.

4. PRS - taking forward measures from the previous Renters Reform Bill

32. We are continuing to work with the UK Government as they bring forward the Renters (Rights) Bill to include measures for Wales, which will make it illegal for landlords to discriminate against tenants in receipt of benefits or with children when choosing to let their property.
33. We are also seeking an amendment of the Housing Act 2004 through the Renters (Rights) Bill so that offences can be committed by both immediate and superior landlords and licensors. Currently, only persons managing or having control of a House in Multiple Occupation (HMO) are within the scope of these offences and because of the way these are defined, superior landlords and licensors are very unlikely to fall into either category. This amendment therefore ensures, where such persons are responsible for the failure to licence, they can be held accountable.
34. The Renters (Rights) Bill was laid before Parliament on 11th September, and the required Legislative Consent Motion has been prepared.

5. Update on White Paper on Fair Rents

35. There is a Programme for Government commitment to publish a White Paper on securing a path towards Adequate Housing, including Fair Rents and Affordability. It is due for publication in Autumn 2024.
36. The White Paper's development is informed by the 2023 [Green Paper Call for Evidence on securing a path towards adequate housing, including fair rents and affordability](#) and ongoing engagement with stakeholders. The Green Paper sought to gather evidence to better understand the Private Rented Sector in Wales, including landlord and tenant behaviour, and the longer-term changes that may be needed in the sector.
37. There were 371 respondents to this call for evidence from a range of stakeholders including representative bodies from the private and third sector, private landlords, management companies and local authorities. As outlined in our [Summary of Responses](#) to the Green Paper, published in April 2024, we received a wide range of views.
38. The key themes emerging from the Green Paper consultation were the need for better data in the sector; affordability being the golden thread between achieving housing adequacy and fair rents in the PRS; and the ongoing issues regarding the supply of affordable accommodation. We have drawn on the evidence from the Green Paper, the consultation workshops which were held with various stakeholders, including private landlords and tenants, and the advice of our external Stakeholder Advisory Group to develop the proposals contained in this White Paper.
39. The White Paper on Housing Adequacy, Fair Rents and Affordability will consult on our long-term approach towards achieving housing adequacy across all tenures in Wales, as well as proposals on short to medium term interventions in the Private Rented Sector.

6. Second Homes

40. In line with the Committee's recommendations arising from your inquiry into second homes, Ministers have provided regular updates to Senedd members about both the Dwyfor second homes and affordability pilot and our national interventions. The updates underline the significant progress made in these areas as we have already introduced the UK's broadest package of measures in relation to second homes. I will be making a further statement shortly ahead of the publication of an initial independent evaluation report about the Dwyfor pilot.
41. To date, the Welsh Government has increased to 300% the maximum discretionary council tax premium that local authorities can choose to apply to either or both second homes and long-term empty properties. From next April, all bar one local authority, Torfaen, will apply a premium. We have encouraged local authorities to commit the premium to affordable housing solutions and, also to publish information about the numbers of properties to which the premium applies, the amount of tax raised and how it has been committed.
42. Simultaneously, we also introduced a threshold (182 days let in a twelve-month period) for short-term lets to be liable for non-domestic rates, rather than council tax and any council tax premiums (we also published guidance on exceptions).
43. We made a key change to planning law and have supported Cyngor Gwynedd with resource to build a robust evidence base and staffing for the application of its Article 4 (planning) direction. Their direction came into effect on 1 September this year. The direction means planning consent will now be required in order to change the use of what is currently a primary residential property to either a second home or short-term let. We have asked Cyngor Gwynedd to share the learning from this groundbreaking change so that others also considering applying a direction can consider Cyngor Gwynedd's experience.
44. The range of our national interventions and those exclusive to the Dwyfor second homes and affordability pilot are the focus independent evaluation.

7. Welsh social landlords seeking clarification from the court over their obligations under the Renting Homes (Wales) Act 2016

45. Section 91 of the Renting Homes (Wales) Act 2016 (the Act) places an obligation on a landlord to ensure that, at the start of and during the length of the occupation contract, the dwelling is Fit for Human Habitation (FFHH). These obligations are set out in [The Renting Homes \(Fitness for Human Habitation\) \(Wales\) Regulations 2022 \(on legislation.gov.uk\)](#) ("the Fitness Regulations") and include certain electrical testing requirements including that a landlord is required to arrange for an electrical safety inspection at least every five years and provide the contract-holder with an electrical condition report related to this test within 14 days. For tenancies which converted to occupation contracts on 1st December 2022, the FFHH regulations provided a twelve-month grace period for compliance with electrical inspection and testing. This meant the electrical condition report had to be provided to contract-holders by 14th December 2023.
46. There has been non-compliance by community landlords (both RSLs and local authorities) with the obligation to provide the electrical condition report to contract-holders by the relevant deadline.
47. The Fitness Regulations provide that a dwelling is to be treated as not FFHH during periods when a landlord is not in compliance with the requirement to provide an electrical condition report. Further, Regulation 11 of the Renting Homes (Supplementary Provisions) (Wales) Regulations 2022, provides that "*the contract-holder is not required to pay rent in respect of any day or part day during which the dwelling is unfit for human habitation*".
48. Action is being taken by several community landlords in the High Court to clarify the effect of these provisions. The court is being asked by the landlords to make a declaration in relation to the following questions:
(a) whether the landlords are in breach of the Fitness Regulations; and if so,
(b) what consequences flow from that breach?
49. The Welsh Ministers have joined the case as an Interested Party and have invited the Court to interpret the legislation in a way which strikes a fair and proportionate balance between the rights of contract-holders and landlords. The first part of the hearing was on 18th and 19th July and dealt only with question (a). Judgment on that part of the case is awaited, with arguments on question (b) stayed to a later date.
50. As the matter is subject to ongoing judicial consideration, it would not be appropriate to comment further, pending conclusion of the court case.

8. Phosphates

51. The levels of phosphorus in River Special Areas of Conservation has been a particular barrier to building homes during this Senedd term. However, Welsh Government's Team Wales approach to improving river health has been a particular success and we have worked closely with the housing sector to tackle the barriers faced from the impact of phosphates.
52. Working closely with our partners through the River Summits, we have developed an Action Plan to improve river health. Positive progress is being made towards unlocking developments without changing our commitment to the environment. For example, with partners we have sped up Natural Resources Wales (NRW) Review of Permits so that Local Planning Authorities can make planning decisions sooner. Welsh Government, Community Housing Cymru (CHC) and the Welsh Local Government Association (WLGA) shared information about affordable led housing sites with NRW, for them to consider when setting priorities and timescales for the review of permits exercise. NRW is now starting to release permits on a phased basis. These new permits have allowed significant development to progress.
53. Local Partnerships were also commissioned to undertake detailed work into wastewater treatment works where development has/will not be freed up through the permit review process, including leading targeted deep dive case studies for agreed sites. Of the 68 affordable housing led sites identified by RSLs and LAs as delayed by phosphates, the majority of these are now able to proceed with just one still delayed due to phosphates.

9. Community Assets – update on establishing a commission

54. The Local Government and Housing Committee heard evidence in connection with their inquiry into community assets in the Summer of 2022.
55. Following the inquiry a number of the 16 recommendations made reference to the establishment of a Commission to stimulate innovative thinking on community ownership of land and assets in Wales.
56. The Commission commenced in March 2024 and has taken the form of a Task & Finish Group. The group has 18 members which represent a number of key stakeholder groups.
57. Independent academic research and stakeholder workshops are being led by Cardiff University. Thematic workshops commenced in September 2024 and will run throughout the Autumn and Winter.
58. Recommendations made by the Task & Finish Group will be presented to the cabinet before summer recess 2025.

10. Digitalisation in LG

59. The Welsh Government's Digital Strategy for Wales sets out our clear vision and ambition for a coordinated approach across sectors where we are using digital and data to enable high quality user-centred services which also support efficiency in how they are delivered. Local government has a key part to play in the delivery of the missions contained in the strategy, including across services, skills, connectivity, inclusion, data and collaboration.
60. Ongoing core funding of £900,000 is provided for the Local Government Chief Digital Officer hosted in the WLGA to drive sector led digital improvement and transformation. Alongside this, last year over £1.3m was provided for the Local Government Digital Transformation Fund and Digital Skills Fund to support digital transformation projects which solve shared problems. It also helped to address gaps in digital skills amongst local authority staff.
61. Discussions are ongoing with the WLGA about how funding this year will support local government to address recommendations for sector and individual council improvement set out in the Audit Wales report 'Digital by Design' published on 15 August.
62. Welsh Government has also asked WLGA to consider how the wider local government improvement, digital and data support agendas for local government can be better aligned to recognise interdependencies and provide value for money.

11. Diversity in LG

63. The Welsh Government is committed to increasing diversity in elected office and enabling individuals from diverse backgrounds who wish to stand for election to do so.
64. Diversity is everyone's responsibility, and the Welsh Government has taken many actions to support diversity in our democracy and increase participation. These actions include reducing the voting age to sixteen, providing local authorities with the flexibility to hold hybrid and virtual meetings and enabling job-share arrangements for local authority executives. We are currently consulting on the extension of job share arrangements to non-executive roles.
65. The Elections and Elected Bodies (Wales) Act 2024 (the Act) includes a range of measures aimed at creating a more inclusive political environment. This includes the requirement for the Welsh Ministers to establish and maintain a fund to support disabled candidates with the additional costs associated with standing for election. In response to the evaluation of the pilot arrangements we are working with Disability Wales to support the establishment of a network for disabled people interested in politics and standing for elected office. It aims to enable individuals to discuss the election process, hear from others about their experiences as elected members and the type of support that is available from the fund and more broadly
66. The Act also paves the way for additional schemes, financial and non-financial, to be introduced to support people with other protected characteristics and socio-economic challenges stand for elected office.
67. In addition, measures such as the introduction of family absence for councillors within principal councils, recently revised to include adopters leave, provide greater flexibility for councillors to balance the requirements of their role with other commitments such as family and secure a greater work life balance.
68. We must all call out unacceptable behaviour and set a zero tolerance for bullying and harassment in all its forms. This is key to encouraging individuals to participate in local democracy without the fear of reprisals to themselves and importantly their family and friends. We are currently considering next steps in this area with key partners.
69. We are working closely with the WLGA and One Voice Wales to promote training on the Code of Conduct and implement changes in the Local Government and Elections (Wales) Act 2021 to the ethical framework which place a duty on political group leaders to promote high standards of conduct and require Standards Committees to support them in this duty

and, also take a more pro-active role in tackling and preventing breaches of the Code.

12. Council Tax Reform

70. The Welsh Government continues to lead the way on council tax reform, delivering on our Programme for Government commitment to a fairer and more progressive system. As a previous Cooperation Agreement commitment, this programme has also benefitted from detailed cross-party consideration of the possibilities, informed by work undertaken with the Institute for Fiscal Studies. There is broad agreement that council tax is out of date, based on property valuations from more than twenty years ago, and the way it is designed means the tax burden falls unfairly on those living in the lowest value homes. Recognising the scale of the logistical exercise to make council tax fairer, and the effects for households and councils, the Welsh Government has been working closely with stakeholders, experts and taxpayers.
71. Following consultations in 2022 and 2023 and listening to people's views, the Welsh Government confirmed in a statement on 15 May 2024 that reforms to council tax bands will be implemented in April 2028. This aim was confirmed through the passage of the Local Government Finance (Wales) Act 2024 by the Senedd in July 2024. We will consult further in due course on how we think the system should look, and we are exploring ways to smooth the transition for any households impacted by changes.
72. As we develop the longer-term structural reforms to make council tax fairer, we are also delivering a number of other improvements, including:
- undertaking revaluation cycles every five years from 2028 to keep the tax burden fairly distributed on a more regular basis.
 - reviewing the suite of discounts, disregarded persons, exemptions and premiums to ensure the arrangements remain fit for purpose. As part of this, we are committed to retaining the 25% one-adult discount.
 - reviewing the national Council Tax Reduction Scheme to ensure it continues to support low-income households across Wales.
 - working with valuation experts and local government to modernise the service provided to taxpayers, improving transparency, taxpayer participation and the appeals process.
73. This package of improvements together helps develop a fairer council tax, which provides vital funding to help meet the costs of essential services to communities, such as schools, social care, housing, policing, and hundreds of other services. We are grateful to the Committee for its continued work on council tax reform.

13. LA's financial resilience / Cost pressures

LA's financial resilience / Cost pressures

74. Welsh Government revenue funding for local government comes through the general un-hypothecated annual settlement and specific revenue grants (AEF). Information on these is published annually [Local government finance | Sub-topic | GOV.WALES](#). Annual increases in the last period of the current and previous Senedd for the unhypothecated Settlement, expressed on a like for like basis, are set out below. During the same period significant additional funding was provided to local government through specific grants, both time-limited covid specific support and service specific.

75. The table below also shows the total revenue spend (excluding fees and charges). The balance of local authorities' income derives from council tax, and UK government department funding.

Year	2017-18	2018-19	2019-20	2020-21	2021-22 *	2022-23	2023-24	2024-25
Increase %	0.2	0.2	0.2	4.3	3.8	9.4	7.9	3.3
AEF £bn	4.11	4.21	4.24	4.47	4.65	5.1	5.5	5.7
LA spend £bn	7.14	7.24	7.37	8.12	8.47	8.89	9.21 (forecast)	9.67 (forecast)

*an additional one-off £60m was also provided towards the end of the 2021-2022 financial year.

76. The context of this period is well recognised with significant constraints on public spending, constraints on public sector pay and, in the later period, significantly higher rates of inflation. Expenditure on some services increased significantly as a share of overall local expenditure, notably social care, both children's and adults', and education, with other services reducing as share of local authority spend.

77. The Welsh Local Government Association brings together an assessment of the pressures on the sector each year. While it has not yet done so for 2025-2026 onwards, its assessment in Autumn 2023 was £516m. The pressures are expected to reflect pay and cost inflation and service demand.

78. Managing a local authority's budget and associated service delivery is the responsibility of its elected members and the senior team including the S151 Officer. In this challenging context, Councils have been concerned about and planning for their financial resilience. Audit Wales have been undertaking a review of financial resilience of principal councils. This work considered Councils' strategic approach to supporting financial sustainability, their understanding of their current financial position, and arrangements for reporting and oversight of their financial sustainability. Following fieldwork, Audit Wales has [as of 16 September] published its reports on 5 of the 22 authorities.

14. CJC's

79. We are working with Corporate Joint Committees (CJCs) to support them deliver their statutory functions. The CJCs have statutory requirements to produce a Regional Transport Plan and a Strategic Development Plan. They have been provided with financial and other support from the Welsh Government to take these requirements forward. All four CJCs have made some progress. We have noted recent work by Audit Wales and the Organisation for Economic Development and Co-operation (OECD) which found variable pace and commitment amongst the CJCs. This is being explored and considered as part of regular engagement between Cabinet Secretaries and officials and the political leadership of CJCs and their officials.

80. In addition, two CJCs are making use of the flexibility provided by the CJC model and the power to promote the economic well-being, to streamline a range of existing regional collaborations. Most notably, the South-East Wales CJC has undertaken a 'lift and sift' exercise to bring Cardiff Capital Region growth deal governance arrangements alongside the statutory strategic planning for the region. The North Wales CJC is in the process of undertaking a similar exercise. This creates a streamlined governance structure and opportunities for stronger coherence and pooling of expertise in support of regional development.