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Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/JB/0084/26 (JB/PO/43/26)

Peredur Owen Griffiths MS
Chair
Finance Committee
Senedd Cymru

CC: John Griffiths MS (Chair of the Local Government and Housing Committee and Mike Hedges MS, Chair of the Legislation, Justice and Constitution Committee

27 January 2026

Homelessness and Social Housing Allocation (Wales) Bill – Revised Explanatory Memorandum and Regulatory Impact Assessment

Dear Peredur,

Following completion of stage 2 proceedings in respect of the Homelessness and Social Housing Allocation (Wales) Bill and in line with Standing Order 26.28, a revised Explanatory Memorandum (EM) has been laid to reflect new, amended or removed provisions made during this stage. I would like to bring several relevant changes to the Committee's attention.

Changes have been made to the Regulatory Impact Assessment (RIA) as result of the new or amended provisions, resulting in amendments to our cost benefit analysis and affordability assessment. Changes have also been made in response to recommendations from the stage 1 Committees and the Explanatory Memorandum and Explanatory Notes have been revised to reflect the Bill at the end of stage 2, alongside some stylistic amendments and edits. A number of amendments made at stage 2 will not result in any additional costs and they are not discussed further.

Changes made to the Regulatory Impact Assessment (RIA) as result of new or amended provisions.

Section 17: Help to retain suitable accommodation secured in exercise of homelessness functions

At stage 2, section 17 of the Bill was amended to confer a discretionary power on local housing authorities to continue assisting an applicant in retaining their accommodation by taking reasonable steps to ensure it remains available for occupation, even after the statutory duty has ended. We have revised the RIA to provide cost estimates for use of this power.

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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.

Section 43 - Progress reports on bringing the Act into force

At stage 2, section 43 was inserted into the Bill to require the Welsh Ministers to prepare progress reports if the Act is not fully in force by specified dates (31 Dec 2028, 31 Dec 2029 and biennially thereafter). These reports must set out the progress made in bringing the Act into force and further steps to be taken by the Welsh Ministers or any other person to bring the Act fully into force. An additional, recurring costs has been added to the RIA to support this change.

Section 38 - Review of the operation and effect of changes made by the Act

At stage 2, section 38 was inserted into the Bill to place a duty on the Welsh Ministers to undertake a post-implementation review of the operation and effect of the changes made by the Act. An additional one-off cost has been added to the RIA to support this change.

Transition costs

An additional cost has been added to the proposed transition costs to create sustainable training materials for local authorities which will support an ongoing offer of learning and development related to the legislative change. This change has resulted from recent pre-implementation discussion with local authorities.

Further work on Committee recommendations

The Finance Committee recommended that I work with local authorities to agree the standardised information to be included in all Common Housing Registers, identify any gaps in the information currently collected by existing registers, and confirm whether the requirement to maintain a Common Housing Register remains cost neutral for those local authorities currently operating registers.

My officials have undertaken further work in response to this recommendation; all local authorities have been surveyed, and responses have been received by 22 of the 22 authorities in Wales. Every respondent has confirmed that, whether they hold a CHR or not, they hold the specific types of information that would be held on a CHR. I remain confident that the requirement for Common Housing Registers will be cost neutral.

Duty to retain revised assumption

The Local Government and Housing Committee requested that further analysis of the potential need under the duty to provide help to retain suitable accommodation be undertaken. My officials have considered further our assumption on this duty and looked for further, alternative evidence.

Our original assumptions were based on the number of households found to be threatened with homelessness due to the loss of rented or tied accommodation. As we set out in the RIA, this will include a range of experiences, including no fault evictions, so must not be assumed to relate just to people who have been unable to sustain a tenancy due to lack of support. We, therefore applied a ratio (based on the evidence of three local authorities who were able to provide relevant detail) to this figure to estimate proxy demand.

There is no further, reliable data in Wales on support needs for homelessness applicants. However, evidence, collected as part of statutory homelessness data collection in England

provides some additional evidence relating to the support needs of applicants there, which we have used to revise our estimates for demand. We have done so, alongside a revision of the baseline total, against which this percentage is applied. It is very likely that this leads us to an over-estimate of potential costs but given the views of stakeholders and the Committee recommendation, we have erred on the side of over-estimation in this case, flagging relevant caveats in the document. The RIA, therefore, now contains cost estimates on these revised assumptions and for the additional power added at stage 2 (as set out above).

Sensitivity analysis

The Finance Committee recommended that I conduct a sensitivity analysis in relation to the public sector cost of homelessness and include this potential range of costs in the revised RIA.

The sensitivity analysis is provided at annex B. The analysis models various annual increases in homelessness, ranging from 0% to 10%. Any increase in the annual rate of growth of homelessness leads to an increase in the Net Present Value (NPV) and Benefit - Cost ratio (BCR) of the Bill. This is because any additional implementation costs incurred through having to support more people are outweighed by the additional financial and societal benefits derived from providing that support.

My officials have also reviewed and edited unnecessary text and made other stylistic changes. These have no bearing on the cost estimates contained within the document.

I would like to take the opportunity to again thank each of the Committees for their scrutiny of the Bill.

Yours sincerely,

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

Jayne Bryant AS/MS

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