

Agenda – Local Government and Housing Committee

Meeting Venue:

For further information contact:

Video Conference via Zoom

Manon George

Meeting date: 21 January 2022

Committee Clerk

Meeting time: 10.15

0300 200 6565

SeneddHousing@senedd.wales

Pre-meeting (10.15 – 10.30)

1 Introductions, apologies, substitutions and declarations of interest

(10.30)

2 Scrutiny of the Welsh Government Draft Budget 2022–23: Evidence session 3 – Minister for Climate Change

(10.30 – 11.45)

(Pages 1 – 38)

Julie James MS, Minister for Climate Change

Emma Williams, Director of Housing & Regeneration, Welsh Government

Amelia John, Deputy Director, Housing Policy, Welsh Government

Stuart Fitzgerald, Deputy Director, Homes and Places, Welsh Government

3 Papers to note

(11.45)

(Page 39)

3.1 Letter from the Minister for Climate Change in relation to the Public Services Ombudsman for Wales' report "Homelessness Reviewed: an open door to positive change"

(Pages 40 – 42)

3.2 Letter from the Minister for Climate Change in relation to housing matters raised by the National Residential Landlords Association (NRLA)

(Pages 43 – 45)

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of the meeting

(11.45)



**5 Scrutiny of the Welsh Government Draft Budget 2022–23 –
consideration of the evidence received under item 2**

(11.45 – 12.00)

6 Business Committee review of the committee timetable and remits

(12.00 – 12.15)

(Pages 46 – 47)

Document is Restricted

Local Government and Housing Committee

Date: 21 January 2022

Title: Welsh Government draft budget scrutiny 2022-23

Introduction

The Draft Budget includes spending plans for 2022-23 to 2024-25. This paper provides evidence to the Committee on the future programme budget proposals in relation to Housing, Regeneration and Land budgets as outlined in the Draft Budget which was laid on 20 December 2021.

Annex A provides a breakdown of the relevant Draft Budget figures for the Climate Change Main Expenditure Group (MEG) by Spending Programme Area, Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

Financial Tables

	2021-22 Final Budget £'000	2022-23 Draft Budget £'000	Change £'000	2023-24 Draft Budget £'000	Change £'000	2024-25 Draft Budget £'000	Change £'000
Revenue	217,508	237,508	20,000	245,008	7,500	251,508	6,500
Non Cash	0	0	0	0		0	
Total Resource	213,508	237,508	20,000	245,008	7,500	251,508	6,500
Capital	538,027	697,500	159,473	834,000	136,500	865,500	31,500

**No financial transactions capital have been allocated as part of the Draft Budget. Allocations will be considered and made as part of the Final Budget.*

Allocations made to support Programme for Government Commitments

The Housing Directorate supports the delivery of a number of Programme for Government commitments. In accordance with Welsh Government budget management principles, allocations to support the delivery of these commitments have been targeted towards interventions that are affordable and offer value for money. Details of the allocations and the PfG commitments they support are provided throughout this paper.

A Strategic Integrated Impact Assessment was published alongside our Draft Budget on 20 December; this sets out how our interventions have been targeted to address economic, climate and other impacts. Allocations have been made throughout this portfolio to address impacts that have been identified and with the principles of the Wellbeing of Future Generations Act in mind; these details are provided throughout this paper.

Homelessness – Revenue allocation of £13.240m in 2022-3, a further £5m in 23-24, and a further £5m in 24-25

Fundamental reform of homelessness services to focus on prevention and rapid rehousing is a key priority in the Programme for Government which commits to “**Reform housing law and implement the Homelessness Actions Group’s recommendation to fundamentally reform homelessness services to focus on prevention and rapid rehousing**”. Reform of the Housing system offers the opportunity to contribute significantly to a fairer and more equal Wales.

Additional revenue funding of £13m will boost investment in Homelessness Prevention and Housing Support across Wales as well as support development of a **national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who are at risk of homelessness**. We have already begun work to meet our objective to fundamentally reform homelessness services to focus on prevention and rapid rehousing which is a key priority in the Programme for Government. Additional investment in housing support and homelessness prevention delivers on key policy objectives, reduces pressures on other public services and improves outcomes for individuals and families. The continued and increased focus on preventative measures through the Housing Support Grant and Homelessness Prevention Grant is therefore vital.

Our support will ensure we have a system which places the right people in the right homes in the right communities with the right support, in order for people to succeed and thrive. The legislative, policy and funding framework needs to be reformed and aligned to achieve this. The pandemic has undoubtedly accelerated aspects of the wider transformation to homelessness services, mostly in respect of the policy considerations regarding priority need. Whilst the temporary measures have been hugely successful in reducing rough sleeping to record lows, it has resulted in unprecedented numbers of people in temporary accommodation – currently estimated at 6,900 people across Wales, which places considerable resourcing pressures on local authorities.

The additional funding will support local authorities with the costs of temporary accommodation in order to continue the ‘everyone in’ approach during the transitional period, prior to wider legislative reform and the transition to a rapid rehousing approach.

Given the diverse range of people potentially affected by homelessness, significant consideration has been given to protected groups. We have looked at the data and can see that specific services are required across Wales to serve specific client groups that have unique needs. The Housing Support Grant (baselined at £166.8m across the three financial years) helps to create more specialised services that can support different groups, e.g. women affected by homelessness, as well as domestic abuse and sexual violence. By having that support in place, women will be more likely to present to services, rather than remaining ‘hidden’ and in danger. Similarly, services that are sensitive to age or sexuality will be vital for young LGBTQ+ clients who require specialised support in order to feel safe enough to present and move on to more permanent accommodation. Ensuring that we meet the needs of diverse ethnic minority people is also important given disproportionate impact of homelessness on some ethnic minority people. Wrap around services that were developed during the pandemic, including support for those experiencing mental health and/or substance misuse issues have been mainstreamed with the additional funding provided to the HSG in 2021-22.

Investment in housing support and homelessness prevention delivers on a key policy objective, reduces pressures on other public services, and improves outcomes for individuals and families. For example, we estimate that currently as a result of the pandemic, there are at least 6,900 people in temporary accommodation across Wales. Evidence from Crisis UK shows that people who experience homelessness for three months or longer cost public services (health and criminal justice) an average of £18,388 over the twelve month period. This would equate to over £126.9m in estimated costs to public services in Wales (over £44.4m in health services alone) if those people currently in emergency accommodation experienced homelessness for three months or more. The continued focus on preventative measures through the Housing Support Grant to keep people in their homes are therefore vital.

Research by Cymorth Cymru and Cardiff Metropolitan University into the social and financial impact of the Housing Support Grant estimated that the grant generates a gross annual saving to public services of £300.4m, or a net annual saving of £176.7m (when taking in to account the annual HSG spend as at July 2019). This represents an estimated net saving to public services in Wales of £1.40 for every £1 of funding for HSG. Every £1 of HSG funding generates an estimated net saving of £5.20 for mental health services.

Achieving transformational change is ultimately therefore about the need to shift resources to alleviate pressure and demand from elsewhere in the system. There is anecdotal evidence during the pandemic that providing accommodation to long-term rough sleepers has enabled wider public services to engage with people, helping them to stabilise and manage substance misuse habits and engage with physical and mental health services, reducing demands on emergency services.

The additional funding allocated in the budget will enable the continuation of this approach whilst we shift more towards prevention and transition homelessness services towards a rapid rehousing approach.

Of the £13m allocation to the Homelessness BEL in 2022-23, **£1m** will support the PfG commitment to ***“Implement the renting homes Act to give renters greater security and develop a national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who or are at risk of homelessness”***. We have already announced the roll out of a national leasing scheme across Wales to improve access to longer term affordable housing in the private rental sector. Local authorities will be able to use the scheme to discharge their homelessness and prevention of homelessness duties. Property owners will be encouraged to lease their properties in return for a rent guarantee and additional funding to improve the condition of the property; and tenants will benefit from longer term security of tenure (between 5-20 years) at rents restricted to Local Housing Allowance rates. Revenue funding supports local authorities to staff and administer the scheme and forms the basis of the property owner incentive and tenant support.

Private Rented Sector Supply – Capital allocation of £0.5m in 2022-23, £1.5m in 2023-24, and £1.5m in 2024-25.

Having access to a greater stock of good quality, affordable housing will be a key driver in helping meet the needs of the people of Wales. The private rental sector PRS leasing scheme is intended to address some of the difficulties both landlords and tenants experience in the PRS. The scheme will be rolled out across Wales to improve access

to longer term affordable housing in the private rental sector. The scheme directly supports the delivery of the Programme for Government commitment to ***develop a national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who are at risk of homelessness***.

Property owners will be encouraged to lease their properties to the local authority in return for a rent guarantee and additional funding to improve the condition of the property and the local authorities will be able to use the scheme to discharge their homelessness and prevention of homelessness duties. The ambition is by the end of year 5 each local authority will have leased 1% of their PRS through the scheme, approximately 2,000 properties across Wales.

The aim of the scheme is to improve access to longer term affordable and good quality housing in the PRS and address concerns around housing cost induced poverty, including supporting communities where people are priced out of the private rental market. This will benefit tenants by supporting them into PRS accommodation where they would otherwise face significant barriers, and by helping them access and maintain their tenancies will reduce the risk of future homelessness by addressing their challenges quickly and responsibly.

The scheme is intended to help some of those who are disadvantaged and potentially more vulnerable in society and has been designed to reflect the needs of children and their representatives, people with protected characteristics under the Equality Act 2010, and other people who may face particular barriers.

As the scheme also provides a secure home for individuals, there are wide ranging benefits that come from that, including health (including mental health) as it provides longer term accommodation at local housing allowance rates to households on low incomes making the PRS accessible to those who are currently financially excluded or live in the poorest quality PRS accommodation with little security of tenure. Providing good quality housing, with assurances of tenure length, helps prevent and alleviate physical and mental conditions resulting in fewer calls upon the NHS and a healthier society.

Providing greater security of accommodation for tenants will contribute towards a Healthy and more Equal Wales, a Wales of Cohesive Communities, and a Wales of vibrant culture and thriving Welsh language. This is demonstrated by the clear health benefits of having a good quality home which is affordable and located in a safe environment.

Investing in the PRS contributes to the local economies, creating and supporting jobs and training opportunities as well as improving people's health, well-being and quality of life. This work involves improving the housing stock for future generations and the quality of that housing stock in the PRS. Supporting the provision of affordable homes also promotes the creation of local jobs, training opportunities and housing development supply chains.

This scheme involves collaboration with local authorities to help prevent and reduce homelessness. To assess the efficacy of the model a pathfinder has been running across seven local authorities and lessons learned from the pathfinder will support the development of the national roll out. A key benefit from the scheme is the opportunity to strengthen links between local authorities and private sector landlords, providing pathways for households experiencing or threatened with homelessness into housing and offering financial stability and support for landlords.

The majority of WG funding is aimed at supporting those at most priority need for housing and initiatives to provide new and/or affordable housing. Instead, this scheme approaches need differently as it seeks to relieve pressure on the demand for social housing through its use of the PRS. Such an initiative will not suit everyone and considerations of eligibility will need to be undertaken in matching people who will benefit from the scheme and the independence it supports.

Housing Policy – Revenue allocation of £1.76m in 2022-3, baselined for the next two years

£1.76m has been allocated to the Housing Policy BEL as a package of funding to undertake a range of activity to meet our Programme for Government commitments.

Implementing the Renting Homes legislation will significantly increase security of tenure by ensuring that tenants who have not breached their contract will have a minimum of six months' notice to find a new home. The legislation will also make other important changes, such as providing protection against retaliatory eviction and ensuring homes are fit for human habitation, which will include the fitting of smoke and carbon monoxide detectors and regular electrical safety testing. The Minister for Climate Change has committed to implementing Renting Homes by the 2022 summer recess.

We will also support “***Rent Smart Wales landlords to respond quickly to complaints of racism and hate crime and offer appropriate support***” via training for all landlords and managing agents who rent out properties in Wales. We will work with third sector organisations and Rent Smart Wales to develop training focused on quickly responding to complaints of racism and hate crime for all landlords and managing agents who rent out properties in Wales. The training will be delivered alongside an awareness raising communication programme, targeted at tenants, focussed on how to report racism and hate crime and where to get help and support.

Additional revenue funding of **£0.6m** will support the various strands of activity within the **Second Homes and Affordability Pilot** which is complementary to the PfG Commitment to “***Create a Welsh Language Communities Housing Plan***”. This includes a pilot manager, dedicated staff resource on the ground in the pilot area, evaluation and exchange of good practice, a range of programme-funded interventions, and provision for legal advice and support

The Programme for Government sets out clearly our commitment to address the issue of affordability in areas where there are high instances of second homes and to develop a Welsh Language Communities Housing Plan. A consultation on the plan was launched by the Minister for Education and Welsh Language on 23 November. The plan includes proposals on numerous interventions that aim to support Welsh speaking communities. These include support for community-led co-operatives and social enterprises, establishing an estate agents steering group and setting up a commission on the Welsh language. The consultation will close on 22 February 2022. The interventions in the draft plan, if taken forward after consultation, will be complementary to the work being taken forward in the second homes pilot in Dwyfor.

Additional revenue of **£0.5m** will enable **Care & Repair** agencies to extend their services to support rapid hospital discharge of complex cases. The funding increase to £4.8m is specifically to enable agencies to support people who have more complex hospital discharge issues where adaptations cannot be provided until essential works

have been undertaken in the home e.g. to remove health, falls and fire hazards. This will particularly benefit disabled people, including those who have conditions such as hoarding, as well as owner occupiers in older housing stock in a poor state of repair and in the private rented sector who are not able to access the benefit of social landlord maintenance services.

The Programme for Government has also committed to “**Legislate to enact the recommendations of the Law Commission in relation to leasehold reform**”. The leasehold housing sector is an important part of the national housing market. It houses an estimated 4.5 million households in England and Wales. Approximately two thirds of these properties are flats and one third houses. In Wales, leasehold accounts for around 16% of all dwellings. This equates to, very approximately, 235,000 properties. The Law Commission has proposed wide-ranging reforms to make it easier for leaseholders to extend or buy the freehold of their home and to promote the adoption of commonhold as a form of ownership that gives more rights in comparison with leasehold. The Minister has committed to implementing leasehold reform through working collaboratively with the UK Government, not least as some aspects of the legislation to implement the Law Commission’s recommendations are likely to relate to reserved matters. This approach will enable a more comprehensive and beneficial set of reforms to be enacted for leaseholders in Wales as soon as possible. The additional funding will support a greater emphasis being given to these important reforms.

By implementing the Law Commission’s recommendations on leasehold reform and ensuring open spaces and facilities on estates are funded fairly, which is another Programme for Government commitment, we will contribute to our well-being objective of making our cities, towns and villages even better places in which to live and work.

The additional funding will also support work to “**Publish a White Paper to include proposals for a right to adequate housing including fair rents and new approaches to making homes affordable for those on local incomes**”. Funding will support work to establish an evidence base and develop policy in relation to this commitment to develop a white paper on Property and Fair Rents.

The balance of funding will support delivery of a range of activities focussed on ensuring that everyone has a decent place to call home and delivery of equity and high standards in housing across Wales. This includes delivery of the following Programme for Government commitments:

- **Take forward actions to cap the number of second homes, bring more homes into common ownership and licence holiday lets.** We are taking a three-pronged approach to address the challenges facing communities with high levels of second homes in Wales Revenue funding of **£0.6m** will support the various strands of activity within the Second Homes and Affordability Pilot which is complementary to the Programme for Government commitment: Create a Welsh Language Communities Housing Plan. This includes a pilot manager, dedicated staff resource on the ground in the pilot area, evaluation and exchange of good practice, a range of programme-funded interventions, and provision for legal advice and support. Additionally, Homebuy will form part of the package to address issues of affordability through targeting and tailoring existing housing programmes.

- **Develop further effective tax, planning and housing measures to ensure the interests of local people are protected.** These commitments relate to our work in the area of second homes and affordable housing solutions. At this point, we have consulted on local taxes for second homes and self-catering accommodation, and have launched consultations on possible changes to the planning system and to Land Transaction Tax. Decisions relating to those areas, and financial impacts of options, will be fully assessed in line with the consultation responses. We have also established a pilot to test interventions in Dwyfor. The budget will support the roll-out and evaluation of the pilot as well as the central coordination of our policy development and implementation.
- **Explore the feasibility of introducing local authority mortgages.** Section 435 of the Housing Act 1985 gives local authorities the power to directly provide mortgages. A small number of mainly English councils provided mortgages in the wake of the 2007-08 financial crisis targeting mortgages at first time buyers via the Local Authority Mortgage Scheme (LAMS). In this scheme participating local authorities set aside a sum of money to act as an indemnity for the partner mortgage lender(s). This indemnity enables the applicant to apply for a mortgage with only a 5% deposit as opposed to the deposits of around 20% to 25% required by most mortgage lenders. This indemnity also enables the applicant to obtain similar interest rates to those offered to people with a higher personal deposit.

Rhondda Cynon Taf CBC previously participated in LAMS. We will explore the use of this scheme further with Welsh local authorities and provide written guidance on their powers to provide mortgages.

Building Safety - Revenue allocation of £5m in 2022-3, a further £1m in 2023-24, and a further £500k in 2024-25. Capital allocation of £75m in 2022-23, £135m in 2023-24, and £165m in 2024-25.

Building Safety is a priority for the Welsh Government. Building defects are having a significant impact on leaseholders and residents and we have committed to ***“Reform the current system of building safety, including a second phase of the Welsh Building Safety Fund, so that people feel safe and secure in their homes”***.

We are dedicated to finding a solution and are working at pace on this most complex of issues. We want to ensure funding to support remediation addresses all issues that affect fire safety in multi-residential buildings and ensures no one else has to go through these difficulties again in the future; and the identified solutions are the right ones. This government wants to ensure multi-occupied residential buildings are a safe place to live and are well equipped to protect life and limb in the unfortunate event of a fire.

Future funding will further progress the Welsh Building Safety Fund bringing forward support options for those in affected buildings. Revenue funding will support the Building Safety. We have engaged through information events with Responsible Owners to inform and encourage them to use the EOI process as an opportunity to explore further into the safety of their buildings. The Expressions of Interest for phase one of the Welsh Building Safety Fund opened on 30 September. As of 20th December 2021, Welsh Government have received circa 105 Expressions of Interest. Our

proposal to establish and fund a Joint Inspection Team in Wales received strong support in the “Safer Buildings in Wales” consultation. A Joint Inspection Team working in partnership with current enforcement agencies will provide another route to improve building safety for residents, recruitment to the JIT will commence in the New Year. We are committed to ensuring resident engagement is at the heart of these legislative reforms and our white paper set out bold and important reforms to strengthen resident voice to ensure they have more say in matters that affect their homes and can be confident their buildings are safe. All residents, regardless of their tenure, should expect to have their voices heard. Having good communication and engagement with residents is vital, not only for building safety but also for community cohesion and social well-being. This funding will support the development of these commitments.

The Building (Amendment) (Wales) Regulations 2019 were made by the then Minister for Housing and Regeneration as an immediate response to the Hackitt Report, following the independent inquiry into the Grenfell tragedy. Revenue funding will directly support fire safety surveys and the creation of Building Remediation Passports for all mid and high rise buildings across Wales.

Additionally, the revenue funds will provide resource to progress a significant amount of evidence based policy development at a pace that residents feel supported in Wales.

Capital funding will support the remediation of buildings and support to leaseholders. We have made significant progress on this highly complex issue. The critically important first phase continues to help us understand the true scale of the problem and inform development of the right solutions to properly address it. Funding to support remediation will seek to holistically address fire safety in multi-residential buildings and ensure no one else has to go through these difficulties again in the future.

Land - Revenue allocation of £0.844m in 2022-23, £30k in 2023-24 and a further £0.1m in 2024-25. Capital allocation of £10m in 2022-23, £10m in 2023-24, and £10m in 2024-25.

The revenue funding will support additional resource to enable the Land Division to meet the ministerial ambitions where Land Division is tasked to increase the provision of affordable/social housing across Wales and to deliver "Exemplar Sites" within its land portfolio. It will also enable the full potential of the land portfolio to be realised over the next 5 years in terms of delivering good quality affordable housing. The pipeline of sites has the potential to deliver circa 2,600 housing units over the next 5 years

The resource will allow Land Division to pursue the agenda of achieving maximum public benefit for the public purse from its land portfolio. It will set a performance specification aligned to the PfG setting out its standards for policy objectives, in particular affordable homes, place making, carbon reduction, biodiversity, supply chain, community benefits and the like. This process will allow best scheme selection and to achieve best value for the public purse.

The Land and Buildings Development Fund (LBDF) complements the ambitions of other interventions delivered across Welsh Government and wider public sector with the aim of unlocking the potential for developing public land for public good, particularly to meet the demands for social and affordable housing. The scheme, is primarily intended to support the ambition for small scale, energy efficient, low carbon developments. The

fund is particularly interested in applications seeking to unlock schemes that will utilise modern methods of construction, innovative technologies and deliver solutions at pace.

LBDP is a targeted capital driven programme that concentrates on freeing up public land where development has stalled. It is intended to enable public bodies and public sector partners to overcome barriers to development i.e. bridge the “viability gap” and advance change.

This capital funding is supporting delivery of the **20,000 new homes target** by securing sustainable, well-designed affordable homes on public sector land, including our own land portfolio, where it will seek to establish a new benchmark for residential development. All schemes are delivered in a place-making context, with the intention of 50% affordable homes and mandating space standards and driving innovation in low carbon energy solutions and Modern Methods of Construction.

Regeneration - Revenue allocation of £1.556m in 2022-23, a further £70k in 2022-23, and a further £0.4m in 2024-25. Capital allocation of £20m in 2022-23, £40m in 2023-24, and £40m in 2024-25.

The Welsh Government’s regeneration investment is focused on town centres to strengthen their social, cultural and public service usage therefore creating sustainable places. It is delivered through an integrated place-making approach under the Transforming Towns programme, which provides flexible support in response to the issues and challenges faced by individual towns across Wales, taking into account the potential future impacts of climate change and embedding sustainable development principles. Its overall objective is to support the sustainable growth of towns and cities and their transformation into places of living, working, learning and leisure.

Sustainable regeneration of town centres will be achieved through three objectives:

Focus Town Centre First

- Build the strongest case for ‘Town Centre First’ principles across government and the wider public sector, and provide challenge to ‘out of town’ development
- Work across government departments to support delivery of strategic projects that will regenerate town centres, multiplying impact through strategic coordination at the Welsh government and local levels across Transport, Health and Education, in particular

Deliver positive change for places

- Invest in infrastructure that will re-energise town centres post-COVID to ensure their sustainability
- Reimagine the high street to deliver wider benefits and placemaking to support town centres

Build local capacity to deliver regeneration

- Engage stakeholders across development and regeneration to test and implement fit-for-purpose town centre regeneration
- Ensure local authorities and other local delivery partners have the capability and capacity needed to deliver regeneration through strengthened support from

government, including more collaborative ways of working and the delivery of digital resources.

Our investments focus on town centres to mitigate the impact of the rapid rate of decline experienced by many towns over a number of years and prevent it from worsening. Once decline sets in there is often an associated rise in anti-social behaviour, crime and poverty. The cost to communities as well as the public purse increases. Failure of town centres to meet the economic, social and environmental needs of the communities they serve often disproportionately affects older people and those on lower incomes, who have less opportunity to access services elsewhere.

Our aim with regeneration is to address inequalities experienced in town centres by investing in places that are currently under-performing, both economically and in terms of wellbeing, in order to raise their performance. In doing so, we aim to improve overall levels of prosperity and wellbeing in Wales as a whole.

Regeneration investment, through Transforming Towns, aligns with the following Welsh Government well-being objectives to:

- *Make our cities, towns and villages even better places in which to live and work;* by providing funding for businesses including, public, private and third sectors, to improve the vibrancy of our towns and improve the availability of services and community facilities; contributing to civic pride. Accessibility of services in easy to reach town centre locations reduces inequality;
- *Build an economy based on the principles of fair work, sustainability and the industries and services of the future;* Transforming Towns is focused on capital schemes and these are often linked to skills and job creation. By having vibrant and sustainable town centres we can create an environment that supports businesses and creates jobs. The Town Centre First policy seeks to ensure that, as well as public services, new business development and high-skill jobs are increasingly concentrated in town and city centres. The focus on a wider offer of activities and uses in town centres, including flexible business space, leisure and local services, which will bring entrepreneurs and create jobs opportunities into town centre;
- *Embed our response to the climate and nature emergency in everything we do:* Regeneration will respond through the creation or improvement of green public spaces to enhance beauty and biodiversity, address drainage and improve air quality. Projects will have a positive impact on the physical environment in which they are located and will be very designed, planned and constructed to the highest environmental credentials (e.g. BREEAM, EPC A ratings etc.) with design standards being reviewed by the Design Commission for Wales in appropriate cases. Funding will be prioritised for projects that redevelop and build low carbon properties.

Our investment in Regeneration will help support the delivery of the following Programme for Government commitments:

- ***Enable our town centres to become more agile economically by helping businesses to work co-operatively, increase their digital offer and support local supply chains, including local delivery services.*** Through our Programme for Government, we are committed to making our cities, towns and villages even better places in which to live and work. Businesses

within our towns, particularly within the retail and hospitality sectors, are facing the critical challenges of the impact of Brexit, the Coronavirus pandemic and supply chain shortage. As a result, towns have been, and indeed still are, facing significant and often unforeseen challenges resulting in decreased footfall. It is uncertain how many of the changes to habits will be permanent or if some of them are temporary and, post pandemic, increased confidence may lead to an increase in footfall. However, for people to be able to return to them, the businesses and services in towns need to survive. Safeguarding these businesses and services and supporting them to adapt is necessary to ensure the long-term sustainability of our towns.

We will encourage and support the use of digital technology by town centre businesses through an extension of our Transforming Towns – SMART Towns programme. This includes utilising data to help businesses better understand their customer base and trends which will support businesses in their future planning and marketing activities. In addition, we will support businesses to cooperate, for example, through the development of more Business Improvement Districts in Wales. This will provide businesses with a physical presence in town centres, a competitive edge over online only operators and a stronger voice in local developments.

- ***Develop masterplans for towns and high streets.***

Our strategic regeneration investments are targeted at improving the fabric of town centres, creating the environment for them to diversify as places of living, learning, leisure and work. This diversification is fundamental to the sustainability of our towns. The Town Centre First policy of Future Wales will directly influence the location of public services, retail and commercial development, and require them to be in town centres. Local authorities, directed by this policy, are preparing long-term land use plans to deliver these uses into town centres. Good quality mixed-tenure housing in town centres will support the vitality and viability of existing and new services and allows residents to access them by using sustainable transport infrastructure. Planning the co-location of this housing with leisure, learning and work facilities will support strong eco-systems of residents, services and businesses and contribute to the sustainability of town centres for future generations. Through this commitment, we will support town masterplans to help develop sustainable places. The plans will be considered through the wider spatial context of the Local Development Plan and the emerging regional Strategic Development Plan. The plans will be flexible and involve the community and other stakeholders from the outset.

- ***Empower communities to have a greater stake in local regeneration.***

Funding through our Transforming Towns programme was previously allocated regionally and delivered by our local authority partners. Despite the success of this approach, we are also committed to working closely with more localised groups. Collaboration, engagement and support between the Welsh Government, local authorities and the people that rely on and use towns across Wales is more likely to develop town plans which have a legitimate base and a better chance of coming to fruition. It will enable individual towns to benefit from better outcomes through our Transforming Towns programme by identifying the mix of support that best suits their specific characteristics, local strengths, culture and heritage. Through this commitment, we will assist local groups to become involved in deciding what happens in their towns as well as developing learning and engagement between places.

- **Create more community green space in town centres.**

To help address the climate and nature emergency our Programme for Government includes our commitment to expand arrangements to create or enhance green and blue spaces. Our published Building Better Places document focuses on key areas of Planning Policy Wales, including the importance of green spaces, encouraging the creation of new spaces, and improving people's access to green space.

The introduction of green infrastructure and improved public realm in town centres is central to successful place making and is therefore a fundamental part of our Transforming Towns programme. Green space and public realm is valued by the public and is therefore not only an essential part of the environmental regeneration of towns, but also their social regeneration. Garden squares, small parks, tree lined pedestrian routes and landscaped areas will not only respond to the climate and nature emergency but all contribute to civic pride.

- **Repurpose public space for outdoor events, markets, street vendors, pop up parks and 'parklets'.**

Given the challenges faced by our town centres as a result of Covid restrictions, delivery partners have sought to support business activity and vibrancy. The continuation of this support is a priority in making our towns and cities more attractive places to live, work and spend leisure time. Through this commitment we will support a range of smaller cost, more flexible interventions empowers local authorities, community organisations and other partners to come together in regional partnerships to decide upon the most appropriate mix of schemes and how they are deployed effectively in town centres.

Outdoor events, such as festivals and markets are key in attracting footfall and visitors to town centres and providing a more diverse and social offer to the local community. Markets and pop up vendors often sell local produce, reducing the impact of the supply chain on the environment and providing good quality produce locally which reduces the need to travel. It also allows small local businesses to thrive and offers low risk opportunities to vendors, putting money back into the local economy where many vendors grow, raise and produce their products.

Green infrastructure into town centres is considered to be central to successful place making and a fundamental part of projects supported under our Transforming Towns programme, following the successful delivery of the £9 million Green Infrastructure Pilot Fund in 2020-21. A range of Green Infrastructure interventions have already been supported and been well received, including pocket parks in Penarth and Newport town centres and a pop up parklet at Cardiff Castle.

- **Support the development of a register of empty buildings and help small businesses move into vacant shops.**

Empty properties are a scar on town centres, surrounding neighbourhoods, and a constant source of concern to the people who live in these communities. They soak up resources both in local and central Government, and are often expensive to remedy. We understand that empty properties attract antisocial behaviour, are often dangerous, and if untreated, can directly contribute to the decline of an area. They also create a perception of decline in the minds of local

people and businesses which undermines confidence in the area. However, empty properties are obviously an underused community asset.

There are many reasons why properties are empty, one challenge is to acquire the data to ensure we are tackling those properties that are persistently empty and not those only temporarily (for example, in a good state of repair and on the market). The establishment of a register of empty buildings and supporting businesses into them is one of a number of measures and interventions we are taking to tackle the issue of empty properties.

Support cooperative housing, community-led initiatives, and community land trusts. Revenue funding provides a programme of support for co-operative or community-led housing groups. Work is ongoing to develop a support programme building on the success of the current programme, but ensuring a key focus on supporting community land trusts and supporting other government commitments including the 20,000 target and the second homes pilot. Through this, the programme will directly contribute to the 20,000 target and provide knowledge and expertise to a Community Housing Enabler role as part of the second homes pilot.

National Construction Company - Revenue allocation of £1m in 2022-23, baselined into future years.

£1m has been allocated in 2022-23 recurrently as part of the Plaid Cymru Co-Operation Agreement to “**establish Unnos, a national construction company, to support councils and social landlords to improve the supply of social and affordable housing**”. We will explore opportunities to establish Unnos within this envelope, with further details to be scoped as we undertake feasibility studies and the required due diligence.

Social Housing Grant and Land for Housing - Capital allocation for Social Housing Grant of £310m in 2022-23, £330m in 2023-24, and £325m in 2024-25.

Capital allocation for Land for Housing of £10m in 2022-23, £10m in 2023-24, and £15m in 2024-25.

Welsh Government has made a Programme for Government commitment to “**build 20,000 new low carbon social homes for rent**” to tackle both a housing shortage and the nation's greenhouse gas emissions, and a commitment to fundamentally reform homelessness services to focus on prevention and rapid rehousing.

This will allow individuals and households to access high quality affordable to rent and run homes in Wales. Social homes set the benchmark for quality; we expect high standards of space, quality, energy efficiency and place making from the Welsh social housing sector.

Within the target of 20,000 low carbon social homes for rent it is anticipated that 17,500 will be provided by Registered Social Landlords (RSLs) and Local Authorities (LAs) using Social Housing Grant (SHG) funding. We are implementing the Standard Viability Model (SVM) to enable a focus on value for money.

Social Housing Grant:

- Delivers high-quality, warm secure and energy-efficient homes for people who need them most, helping reduce fuel poverty.
- Supports the foundational economy, construction industry and supply chain in Wales, delivering training and employment opportunities, including jobs and apprenticeships
- Supports the transformational shift of homelessness services to a rapid rehousing approach, where those who experience homelessness are quickly supported back into a suitable permanent homes.
- Supports older people and those with additional care requirements to avoid dependence on residential or long term care, reducing the call on the NHS.
- Delivers good quality social housing which has a significant impact on people and communities, helping to achieve our long-term goal of ending homelessness, improving physical and mental health, ensuring those with complex needs receive the support they need.

Revenue funding provided will also directly support the **Rural Housing Enabler** programme, which plays an important role in supporting rural housing, working with communities to identify local housing need and we remain committed to supporting them. This programme directly contributes to the 20,000 target and as well is supporting a Community Housing Enabler role as part of the second homes pilot.

Much of the work of Land Division and the associated funding aligns to the impacts of Social Housing Grant and the 20,000 low carbon social homes for rent target. All of the schemes being delivered from the Land Division portfolio are intended to deliver homes of which 50% will be affordable. A number of the schemes will also include for example a new primary school, public open space and community facilities. The schemes are intended to set a new benchmark for energy efficiency and design and will be based around achieving Zero Carbon and improved space standards. It is also intended to promote modern methods of construction, in particular off-site manufacture. The developments will also aim to facilitate self-build and where appropriate to support community led developments.

As an example the development at Cosmeston will contribute circa 250 homes to this specific target but also deliver a new primary school, which again aligns with the Well-being objectives contained in the Programme for Government which seeks to invest more than £1.5bn in the next phase of 21st Century Schools and develop net-zero carbon schools and open up school facilities for local communities. The proposals for Cosmeston include facilities that will be available to the local community and provide a hub for local activities and has been designed to have place making at its core, reducing inequality and supporting well-being objectives.

The additional capital will enable the Land Division to meet the ministerial ambitions where Land Division is tasked to increase the provision of affordable/social housing across Wales and to deliver "Exemplar Sites" within its land portfolio. It will also enable the full potential of the land portfolio to be realised over the next 5 years in terms of delivering good quality affordable housing. The pipeline of sites has the potential to deliver circa 2,600 housing units over the next 5 years

Rapid Response Adaption Programme –Capital allocation of £17.660m in 2022-23, £17.660m in 2023-24, and £17.660m in 2024-25.

The Rapid Response Adaptation Programme supports a range of activity:

- We will continue to provide capital funding for local authorities under the **Enable** programme to enable them to undertake medium adaptations, such as stair lifts and downstairs level entry wet rooms, without applying a means test (as would be required for a Disabled Facilities Grant), using powers under the Regulatory Reform Order 2002. The additional funding will support local authorities to begin to address low levels of adaptations provision in the private rented sector and consolidate ‘no mean test’ policies.
- We will continue to support **Care & Repair (C&R)** agencies with capital funding to enable them to deliver small adaptations rapidly to facilitate timely NHS hospital discharges and prevent unnecessary admissions. This relieves costs on social care by reducing pressures on domiciliary and residential care. The additional funding will enable Care & Repair agencies to provide support for those with the more complex hospital discharge requirements, where work in the home is required prior to making adaptations e.g. tackling health and fire hazards due to poor maintenance or issues such as hoarding.
- Our **Physical Adaptations Grant** enables traditional housing associations to provide adaptations for tenants in social housing and reduces pressures on local authority capital budgets for Disabled Facilities Grants.

This investment in housing delivers significant benefits to NHS and care services, and contributes to the equalities and tackling poverty agendas. In particular, in facilitating independent living, it has a particularly positive impact on older and/or disabled people.

Additionally, and in the context of the Well-being of Future Generations Act, providing adaptations to enable people to continue to live independently is a long term preventative intervention; it serves to integrate health, housing and care services; it requires collaboration between housing associations, local authorities, Care & Repair, Occupational Therapists and health and social care services; and it involves disabled people in choices about their lives.

Need is rising in real terms, both as a consequence of Covid-19 and as the proportion of the older population rises more quickly than healthy life expectancy: *“Census data highlights that a higher proportion of the Welsh population consider themselves to be in poor health than is the case in England. Welsh Government projections anticipate that the number of people in Wales who will experience mobility problems and difficulties undertaking daily domestic tasks will increase significantly in the next 20 years”* (Audit Wales, 2018, with references to Census and Daffodil Wales sources).

Increasing the capacity to provide adaptations will benefit disabled people, older people and people in socio-economic disadvantage. It will help to sustain rural and Welsh speaking communities by supporting people to live in their community for longer. It directly supports improved health and well-being. The capital is also an investment in local jobs as the contractors and supply chains are predominantly local ones. There are also indirect decarbonisation outcomes where an intervention results in the improvement of energy efficiency, especially in older homes.

There is a full monitoring system in place for these grants and the adaptations and we publish annual data on over 30,000 adaptations. We intend to conduct a full evaluation of Care & Repair Cymru in 2022. The system as a whole was scrutinised by Audit Wales in 2018. Their conclusion was that adaptations represent a value for money preventative policy, but that there are systems issues which need to be addressed. The majority of the recommendations have been addressed but we continue to progress with systems improvements, including a strategic framework for integrated working between providers at the regional and local levels.

We are also seeking a stronger role for Regional Partnership Boards (RPBs) in overseeing adaptations delivery in their regions, as part of the strategic framework referred to above. Consideration of adaptations forms an essential part of planning for the care and support needs of the population and as such as should be considered by RPBs as part of their remit.

It is our intention to change the Physical Adaptations Grant scheme from a demand-led scheme to an allocation-based grant from April 2022 so it can operate within a fixed budget. We are working with CHC and housing associations on the design of a fair formula. The PAG budget of £10m represents about 17% of the total spend on adaptations (including local authority Disabled Facilities Grants) on just 5.5% of the housing stock.

Through the increase in Enable funding we can begin to address low levels of adaptations provision in the private rented sector. Funding alone is not sufficient. We will also need to improve private sector landlords' understanding of the importance of adaptations.

Integrated Care Fund - Allocation of £62.340m in 2022-23, £62.340m in 2023-24, and £62.340m in 2024-25.

This funding programme provides housing and accommodation to meet care needs i.e. extra care and other accommodation for older people and people with dementia; supported living for adults with physical and learning disabilities and/or Autistic Spectrum Disorder (ASD) and mental health problems; close to home accommodation for children with complex needs; intermediate care settings, such as short term assessment settings for children with complex needs/on the edge of care, step up/step down and reablement settings, moving on accommodation; associated small scale investments e.g. in digital care technology.

Increasing the scale and pace of investment in specialist housing and accommodation will help to meet the needs of an ageing population and increasing opportunities for independent living will make a significant reduction in the need for out of county/country placements.

Our main aim will be to increase the existing stock of housing with care by building approximately 930 units over a three year period. The majority of these units will be Extra Care housing for older people and people with dementia. The remainder will be in small scale developments to provide supported living accommodation for adults with a learning disability and/or ASD and others. These are tenanted social housing units which will count towards the **20,000 low carbon social housing for rent** target.

We will also invest in small scale residential accommodation for children with higher needs in order to bring children back from, or avoid, out of county/out of country

placements, as well as intermediate care settings in the community e.g. step up/step down. This objective also supports the Programme for Government commitment to fund regional residential services for children with complex needs ensuring their needs are met as close to home as possible and in Wales wherever practicable.

In addition to providing new accommodation, we will increase our investment in adaptations so that people can remain independent in their existing home. Adaptations are an effective way to improve the health and wellbeing of older people, and disabled adults and children. They can prevent falls, reduce hospital admissions and facilitate discharges, reduce reliance on care, avoid the need to move into residential care and significantly improve quality of life and wellbeing for individuals, their families and carers.

Our investments in the Integrated Care Fund and our Adaptations programmes will support delivery of the Programme for Government commitment to **“Support innovative housing development to meet care needs”**.

Programme outcomes impact on health and social well-being, with economic benefits during construction stage and ongoing support for jobs in the Foundational Economy in line with the Well-being of Future Generations Act. The programme meets all 5 ways of working sustainably – the impacts are long term and cumulative; it is a preventative intervention that maintains well-being, reduces hospital admissions and reduces reliance on residential care; it integrates a number of key Government policy areas relating to housing, health, social care and economic recovery; requires collaboration between partners through the RPBs and involves all stakeholders and beneficiaries in key decisions. The programme is also designed to have significant positive impacts on equalities and Welsh language agendas and is strongly aligned with WFG Act and A Healthier Wales objectives.

All accommodation supported by the programme must meet Welsh Government housing quality and sustainability standards, including new low carbon requirements. A Town Centres first approach will ensure beneficiaries are close to services, reducing the need for travel. Additionally, new cross directorate governance arrangements to be put in place, alongside strengthened programme and project management arrangements and benefits realisation. An independent evaluation will be scheduled for Year 3, 2024-25.

Housing and accommodation projects will be subject to social housing funding application and assessment processes, including technical scrutiny and the Standard Variability Model (to determine grant intervention rates). This will provide consistency across the Housing and Regeneration directorate.

Funding will be allocated in year to projects which are investment ready, regardless of where they are located, with a view to equalising investment across the regions over the course of the programme.

Alignment with the social housing programme will bring forward a greater number of projects with blended SHG and ICF funding, increasing the number of pipeline projects and contributing to achieving the **20,000 low carbon social rented homes** commitment.

Homebuy - Capital allocation of £2m in 2022-23, £2.5m in 2023-24, and £4m in 2024-25.

Our Homebuy scheme is designed to support shared equity home ownership and is available on existing homes. Homebuy primarily supports people who would like to purchase an existing home, within their community, but do not have the full financial resources to be able to do so, thus supporting people from lower socio economic backgrounds. The scheme is a tried and tested scheme which has been offered by Welsh Government, on a small scale, for many years and is popular in rural areas, where new build homes are not readily available.

Building on previous investments of £9.7m into 178 Homebuys during the last term of Government, this draft budget commits to investing £7.5m in a further 85 Homebuys over the next 3 years, subject to market conditions. The investment will initially facilitate availability of the scheme in the proposed second homes pilot area, with the scheme becoming more widely available in other areas of Wales. Work is already underway with Gwynedd Council, and its delivery agent, Grwp Cynefin, to tailor the scheme to better meet local needs within the pilot area.

The Programme for Government sets out clearly our commitment to address the issue of affordability in areas where there are high instances of second homes and develop a ***Welsh Language Communities Housing Plan*** of which Homebuy forms a part, and is the only offer around homes for purchase. We are taking a three-pronged approach to address the challenges facing communities with high levels of second homes in Wales, Homebuy will form part of the package to address issues of affordability through targeting and tailoring existing housing programmes. We will invest £7.5m in circa 85 Home Buys over the next 3 years, depending on housing market conditions.

The scheme offers support of 30 – 50% of the purchase price of a home, which is repaid on the sale of the home. It is open to all, and managed by local authorities and Registered Social Landlords (RSLs) who can place additional requirements on applicants such as the need for a local connection. Thus the scheme is seen as key to supporting the work on mitigating the issues of affordability in some communities often exacerbated by high volumes of second homes.

Major Repairs Allowance and Dowry Gap Funding - Capital allocation of £108m in 2022-23, £108m in 2023-24, and £108m in 2024-25.

An independent evaluation of WHQS (June 2021) states that WHQS has significantly enhanced the quality of Welsh Social Homes since 2002. Ceasing support would mean standards of housing for some of Wales most vulnerable homes would decline and Ministers would be exposed to reputational risk such as that recently featured in England, where the spotlight is focused on homes unfit for habitation.

£108m per annum is spent via Welsh Housing Quality Standard (WHQS) to support social landlords to provide good quality warm social homes, to some of Wales' most vulnerable households. This is 35% of WHQS works to achieve and maintain the standard, the sector put in 65%. Any reduction in funding means landlords would spend

more to maintain existing homes to the WHQS standard, compromising their ability to deliver new homes and building safety measures.

The new WHQS standard which is due to go live in 2022, following formal consultation, is a statutory requirement for all social landlords in Wales and it is anticipated that this will incorporate an increased energy efficiency standard and decarbonisation standard.

WHQS2 will focus on decarbonisation of social housing whilst WGs Optimised Retrofit programme will facilitate test and learn to inform long term wider retrofit of all homes, across all tenures in Wales. On-going WHQS 2 investment from 2022 together with Optimised Retrofit Programme funding will continue to boost local prosperity through SME growth, and supply chain development.

Dowry contractual arrangements to Large Scale Voluntary Transfers are extant for 30 years in total, with most stock transfer RSLs having 15-20 years remaining on their agreement with WG. Breaching the agreement would risk immediate Judicial Review.

Residential Decarbonisation Revenue allocation of £0.6m in 2022-23, a further £1.4m in 2023-24, and a further £0.5m in 2024-25. Capital allocation of £72m in 2022-23, £92m in 2023-24, and £92m in 2024-25.

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 PFG commitment to decarbonise residential homes through retrofitting. Total cost of decarbonising the housing stock based on WSA estimates is circa £15bn, of which more than £10bn is for the social housing stock and for homes in fuel poverty.

Revenue funding will be utilised help support the establishment of a Housing Net Zero Performance hub to provide independent support for the Welsh housing sector. The hub will be run as a 'For Good' business model and:

- bring together expertise in research and development in the fast moving field of decarb;
- provide technical know-how;
- retrofit advice and expertise specific to housing;
- allow access to suitable qualified individuals and SMEs certified to carry out surveys and decarb activity; and,
- act as a learning vehicle to generate data on the schemes supported, in order to share with other organisations. This will help the housing sector across all tenures know what works, and just as importantly - what doesn't.

Revenue funding will be used to help support the development of the decarbonisation agenda for housing and the delivery of the ORP programme. Revenue funding will also be utilised to cover the additional staff costs required to deliver the capital investment arising from the retrofitting homes. Without this funding the PfG deliverables will be not be achieved. Spending significant capital investment needs appropriate skills and oversight to ensure funding activity is in line with highest standards of corporate governance and risk management. It is key that significant capital investment delivers value from the public purse.

In line with the PfG commitment to “**Decarbonise more homes through retrofit, delivering quality jobs, training and innovation using local supply chains**”, revenue funding will accelerate landlords’ access to independent support in time for the launch of the new Welsh Housing Quality Standards decarb standard in 2022, thus rapidly increasing the pace of decarbonising the housing sector and retrofitting more homes.

Capital funding will predominantly be used to support the social housing sector, through the Optimised Retrofit Programme, which will facilitate test and learn to inform long term wider retrofit of all homes, across all tenures in Wales including the development of a Building Renovation Passport and then undertaking the measures required to enable the decarbonisation of homes across Wales. Our ambition is to ensure that all social housing landlords participate in this scheme over the next three years so that they can integrate the decarbonisation agenda within their planned maintenance programmes.

The ORP programme will offer gap funding to landlords to help facilitate the decarbonisation of the housing stock. Any reduction funding contribution is likely to mean delays in steps being taken to tackle the decarbonisation agenda – thereby impacting the timeline for legally binding climate change targets and the PfG commitment to decarbonise more home through retrofitting

The continued grant funding will mean the tools, strategies and foundational economy benefits started in the current ORP programme will continue to be developed and sustained at a level needed to build the opportunities to deliver against the Cabinet’s green economic recovery commitments. Furthermore, without this continuity and growth the business sector, landlords and private owners will face significant difficulty in meeting decarb targets.

Investment in WHQS and optimised retrofit across Wales’ housing must be seen against the backdrop of significant benefits to well-being, cost savings in services and local economic growth. Investment in over a million homes this decade has the potential to generate large economic returns as well as reducing our emissions and levels of fuel poverty.

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. Our strategy and investment will prioritise social housing, demonstrating best practice, developing supply chains and skills that will stimulate the market and inform strategy for owner occupied home retrofit programmes. It requires social landlords, their tenants, SMEs, funding bodies and other key stakeholders to work together to achieve mutually beneficial outcomes.

Our investment in Major Repairs and Residential Decarbonisation will support delivery of the Programme for Government commitment to “**Continue to improve existing homes, helping us tackle fuel poverty, create much needed jobs, training opportunities, and supply chains**”. Investment in Welsh Housing Quality Standards and optimised retrofit across Wales’ housing must be seen against the backdrop of significant benefits to well-being, cost savings in services and local economic growth. Investment in over a million homes this decade has the potential to generate large economic returns as well as reducing our emissions and levels of fuel poverty.

Market Housing Capital allocation of £10m in 2022-23, £25m in 2023-24, and £25m in 2024-25.

The draft budget 2022-23 makes available £60m of capital funding over three years to our Empty Homes Fund, to provide loan or grant funding to bring 2,400 difficult empty homes back into occupation. Through this grant, we want to tackle the difficult empty properties that are persistently empty and not those only temporarily (for example, in a good state of repair and on the market). We will make funding available to cover the cost of remedial works to make a property habitable. We will also consider if the funding should be conditional upon the applicant living in the property for a minimum of 5 years.

Whilst this government is committed to social housing, the Minister for Climate Change has been clear that there is a continued need in Wales for market housing, it is crucial to the creation of mixed tenure housing sites in order to achieve truly sustainable communities.

Annex A

EXTRACT FROM CLIMATE CHANGE MAIN EXPENDITURE GROUP (MEG)				
RESOURCE BUDGET				
MEG	BEL	2021-22 Final Budget £000's	Changes £000's	New Plans Draft Budget 2022-23 £000's
Climate Change	Homelessness	21,907	9,240	31,147
	Total Homelessness Prevention Action	21,907	9,240	31,147
	Housing Policy	4,884	1,587	6,471
	Housing Support Grant	166,763		166,763
	Total Independent Living Action	171,647	1,587	173,234
	Total Housing Policy SPA	193,554	10,827	204,381
	Building Safety	3,545	5,000	8,545
	Total Building Safety Action	3,545	5,000	8,545
	Residential Decarbonisation	0	773	773
	Total Achieve Quality Housing Action	0	773	773
	Total Housing Safety, Regulations & Standards SPA	3,545	5,773	9,318
	Housing Finance Grant	13,100		13,100
	Total Increase the Supply & Choice of Affordable Housing Action	13,100	0	13,100
	Housing Programme Revenue Funding	1,073		1,073
	Total Housing Revenue Funding Action	1,073	0	1,073
	Regeneration	560	1,556	2,116
	Cardiff Harbour Authority	5,400		5,400
	Total Regeneration Action	5,960	1,556	7,516
	Total Homes and Places SPA	20,133	1,556	21,689
	Land Release fund ¹	276	1,844	2,120
Total Land Division Action	276	1,844	2,120	
Total Land Division SPA	276	1,844	2,120	
	EXTRACT FROM CLIMATE CHANGE MEG TOTAL RESOURCE BUDGET	217,508	20,000	237,508

¹ Budget in FLG MEG at Final Budget 2021-22

EXTRACT FROM CLIMATE CHANGE MAIN EXPENDITURE GROUP (MEG)

CAPITAL BUDGET				
MEG	BEL	2021-22 Final Budget £000's	Changes £000's	New Plans Draft Budget 2022-23 £000's
Climate Change	Rapid Response Adaptation Programme	17,660	0	17,660
	Private Rented Sector (PRS)	0	500	500
	Total Independent Living Action	17,660	500	18,160
	Total Housing Policy SPA	17,660	500	18,160
	Building Safety	20,000	55,000	75,000
	Total Building Safety Action	20,000	55,000	75,000
	Major Repairs Allowance & Dowry Gap Funding	108,000	0	108,000
	Residential Decarbonisation & Quality	0	72,000	72,000
	Total Achieve Quality Housing Action	108,000	72,000	180,000
	Total Housing Safety, Regulations & Standards SPA	128,000	127,000	255,000
	Social Housing Grant	299,999	10,001	310,000
	Land for Housing	0	10,000	10,000
	Total Increase the Supply & Choice of Affordable Housing Action	299,999	20,001	320,000
	Market Housing	0	10,000	10,000
	Home Buy	0	2,000	2,000
	Total Increase the Supply & Choice of Market Housing Action	0	12,000	12,000
	Integrated Care Fund	40,000	22,340	62,340
	Total Integrated Care Fund Action	40,000	22,340	62,340
	Regeneration	41,808	-21,808	20,000
	Total Regeneration	41,808	-21,808	20,000
	Total Homes & Places SPA	381,807	32,533	414,340
	Land Release fund	10,560	-560	10,000
	Total Land Division Action	10,560	-560	10,000
Total Land Division SPA	10,560	-560	10,000	
EXTRACT FROM CLIMATE CHANGE MEG		538,027	159,473	697,500
TOTAL CAPITAL BUDGET				

**Budget figures in 21-22 exclude Financial Transaction Capital budgets for comparative purposes*

Agenda Item 3

Local Government and Housing Committee

21 January 2022 – papers to note cover sheet

Paper no.	Issue	From	Action point
Paper 2	Forward work programme	Minister for Climate Change	To note
Paper 3	Forward work programme	Minister for Climate Change	To note



13 January 2022

Dear John,

Thank you for your letter of 14th December regarding the Public Services Ombudsman for Wales report: Homelessness Reviewed: an open door to positive change.

Whilst the Welsh Government will not be responding formally to the report as its recommendations are focused on local authorities, I have written to the Public Services Ombudsman to thank him for the report and to say that we will, of course, continue to build its findings into our thinking as we deliver on the [Ending Homelessness Action Plan](#), launched in November last year:

All of the areas the Public Services Ombudsman for Wales has invited Welsh Government to consider will form part of our work to deliver on the plan over the course of this government term.

The Committee will be aware, and as the Ombudsman's report acknowledges, the investigation was undertaken at a time of considerable change in homelessness services. The inclusive 'no-one left out' approach we have taken since the start of the pandemic, and which continues today, has changed the landscape of how homelessness services operate, and has accelerated the transformation required to achieve our long term goal of ending homelessness in Wales. Our commitment to this work is clear in the Programme for Government, which contains a commitment to reform housing law and implement the Homelessness Action Group's recommendation to fundamentally reform homelessness services to focus on prevention and rapid rehousing. Taking action to end homelessness also forms part of the Cooperation Agreement with Plaid Cymru, as the Committee will know. As I set out in my response to the Ombudsman, and as you note in your letter, the report is therefore very useful in providing valuable evidence and insight to inform the work we are currently taking forward to transform homelessness services in Wales, including legislative reform.

Partnership working

The Ending Homelessness Action Plan sets out the high level actions we will be taking over the next five years to achieve fundamental reform. A key part of these actions are to be

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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.

undertaken by, and in partnership with local authorities. Together we will be working to re-shape services around a rapid rehousing approach, shifting the focus of our policy, practice and resources away from the provision of temporary accommodation towards long-term, settled homes. An important part of supporting this work is the Rapid Rehousing Transition Guidance for Local Authorities, which we issued at the end of 2021. This will help local authorities to develop a robust plan to support every person who presents as homeless, and to drive forward our aim to make homelessness rare, brief and un-repeated.

Furthermore, at the start of the pandemic, we established a team of Relationship Managers to work closely with every local authority in Wales with the aim of strengthening partnership working and supporting and improving delivery of homelessness prevention policy and legislation. This has been key in maintaining an open and honest dialogue with local authorities around the issues they have faced throughout the pandemic. As part of the transformation agenda, we are continuing to work with local authorities and the WLGA to examine how we can further strengthen the support we offer to both local authorities and our wider delivery partners.

Legislative reform

I have been very clear that there will be no going back to the pre-pandemic model of delivery and recognise there will need to be a transitional period before we can undertake wider scale legislative reform. As such, my officials are considering the short term legislative and policy mechanisms needed to continue with our inclusive 'no-one left out' approach post-pandemic, including any additional guidance or clarifications to supplement the existing Code of Guidance. As set out in the Action Plan, we also plan to publish a Green Paper later this year setting out the longer term policy and legislative mechanisms needed to support this change. The findings in the Ombudsman's report will be particularly useful in helping to shape and inform aspects of these proposals.

Funding

The pandemic has given us an opportunity to transform homelessness services and begin the adoption of a truly inclusive approach to ensure no-one is left without a home. To support this, we were able to maintain the 2021-22 funding for the Housing Support Grant (HSG) in the latest Draft Budget 2022-23, published on 20 December. In 2021-22 the HSG received a significant increase of £40m, over 30%, taking total funding to £166.763m, recognising the importance of housing support as part of the preventative agenda.

I was also pleased to have been able to provide local authorities with indicative funding for 2023-24 and 2024-25, to provide them with certainty over funding for future years to support their planning. This sustained increase will help deliver the transformational change required to achieve our long term goal of ending homelessness in Wales.

The draft budget also includes an additional £15m in 2022-23 in the Homelessness BEL, and a further £5m to this BEL in each of the following 2 years (so £25m uplift over the 3 year period). This funding supports the Government's commitment to supporting those who need to access temporary accommodation during these difficult times and our longer term ambitions to fundamentally reform homelessness and move to a rapid rehousing approach.

I would like to thank the Committee for its continued interest in this area and look forward to working together on it in the future.

Yours sincerely

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

John Griffiths MS
Chair
Local Government and Housing Committee

10 January 2022

Dear John

Thank you for your letter of 9 December following your meeting with Ben Beadle, Chief Executive Officer of the National Residential Landlords Association (NRLA).

Tenancy Hardship Grant (THG)

The uptake of the THG has been lower than anticipated and, as a consequence, I have asked my officials to consider what action could be taken to communicate the scheme more widely. Action is currently being taken both locally and nationally to promote the scheme more widely to both tenants and landlords. This has included filming a panel of key stakeholders and I am grateful for Ben's involvement in this, along with Citizen's Advice, Shelter Cymru and PropertyMark. Promotional material is being developed from this panel and will be shared on social media in the near future. I have also asked my officials to consider what further support is needed for tenants who are in rent arrears.

In addition, local authorities are carrying out targeted local promotion and advertising campaigns as well as continuing to contact local landlords and agents to publicise the scheme. They are monitoring the impact of promotional activities and sharing information on successes with other local authorities.

Rent Smart Wales have promoted the THG directly to landlords through newsletters and were instrumental in a direct mail-drop to private rented sector properties in two local authorities in December. The success of the mail-drop will be monitored and, if successful in driving up numbers of applicants, it will be rolled out to other local authorities.

I can confirm that as at 15 December 2021, 189 THG applications have been received. There have been 70 grants awarded, which brings the total amount of grants paid to £158,638.81. A number of applications are still being progressed, and 65 applications have been redirected to DHP as a more appropriate funding stream.

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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.

The majority of tenants turn directly to their local authorities for housing support. It is therefore preferable that tenants continue accessing the THG via this route rather than through Rent Smart Wales. The expertise available within the local authorities ensures that tenants are quickly supported to access not only THG, but the wide range of other support available which may be appropriate for their needs.

Developing a Welsh housing survey

I recognise that Wales does not have a dedicated survey focused on wider housing topics. The last survey we conducted specifically on housing was the Welsh Housing Conditions Survey 2017-18. We do, however, have the annual National Survey for Wales which incorporates a number of housing topics as required. The Welsh Government also makes use of administrative data from a wide variety of sources such as Rent Smart Wales to help strengthen the evidence base. Access to sources of administrative data is constantly being widened; this supports officials to improve the evidence base in the PRS, and wider housing arena, on which policy is based.

Officials will be considering the business case for a future housing survey during 2022.

We have a number of housing-related expert evidence groups that are regularly consulted. These groups include the Housing Conditions Evidence Programme Board and related Technical Advisory Groups, of which NRLA and other housing organisations are members, and the Housing Information Group.

In order to support the delivery of our Programme for Government commitments in relation to the private rented sector, it will continue to be a priority area for research and evidence. In the current and previous government term, research that specifically focused on the private rented sector included:

[Evaluation of the Private Rented Sector Leasing Scheme pilot](#)

[Understanding tenant experiences in the private rented sector](#)

[Evaluation of Rent Smart Wales](#)

[Rent to Own – Wales: research with private rental sector tenants](#)

[Research into letting agent fees to tenants](#)

[Understanding the characteristics of low income households most at risk from living in cold homes](#)

Support for low income renters

I agree wholeheartedly with the NRLA's concerns regarding the number of private renters in Wales whose Universal Credit is insufficient to meet their rent payments. I have written to the Rt. Hon Thérèse Coffey MP, highlighting the affordability and accessibility issue for tenants in the private rented sector, and asking that the decision to cap Local Housing Allowance be reconsidered. I attach a copy of that letter for your information.

I can assure you that I will continue to raise these issues with the UK Government.

I am committed to ensuring that access to private renting is fair, and one main aspect of this is the affordability of rent. The Co-operation Agreement with Plaid Cymru makes clear our intention to publish a White Paper on new approaches to making homes affordable, affordable rents for local people on local incomes, and a right to adequate housing. This paper will explore the role rent control could have in making the private rental market more affordable.

Yours sincerely



Julie James AS/MS

Y Gweinidog Newid Hinsawdd

Agenda Item 6

By virtue of paragraph(s) ix of Standing Order 17.42

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