

## **Agenda – Local Government and Housing Committee**

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Meeting Venue:

**Committee room 5**

Meeting date: 1 December 2022

Meeting time: 08.45

For further information contact:

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Committee Clerk

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### **Pre-meeting (08.45 – 09.00)**

#### **1 Introductions, apologies, substitutions and declarations of interest**

#### **2 Inquiry into Council Tax Reform – evidence session 1**

(09.00 – 10.00)

(Pages 1 – 27)

David Phillips, Associate Director, Institute for Fiscal Studies

Dr Rhys ap Iwilym, Senior Lecturer in Economics, Bangor University Business School

### **Break (10.00 – 10.10)**

#### **3 Inquiry into Council Tax Reform – evidence session 2**

(10.10 – 11.10)

(Pages 28 – 32)

Councillor Lis Burnett, Leader, Vale of Glamorgan Council

Councillor Dyfrig Siencyn, Leader, Gwynedd Council

Leah Whitty, Finance Policy Officer, Welsh Local Government Association

Jon Rae, Director of Resources, Welsh Local Government Association

### **Break (11.10 – 11.20)**

#### **4 Inquiry into Council Tax Reform – evidence session 3**

(11.20 – 12.20)

(Pages 33 – 43)



Dr Victoria Winckler, Bevan Foundation  
Andrew Dixon, Chairman, Fairer Share  
James Wood, Policy Manager, National Residential Landlords Association  
(NRLA)

## **5 Papers to note**

(Page 44)

### **5.1 Letter from the Minister for Social Justice in relation to housing Ukrainian refugees**

(Pages 45 – 49)

### **5.2 Letter from the Chair of the Children, Young People and Education Committee to all Committee Chairs in relation to the Welsh Government's Draft Budget 2023–24**

(Pages 50 – 52)

### **5.3 Response from the Minister for Finance and Local Government to the report on community assets**

(Pages 53 – 62)

### **5.4 Letter from the Chair of the Petitions Committee in relation to Petition P–06–1304 To review the emergency temporary housing policy which impacts our Communities**

(Page 63)

### **5.5 Letter from the Chair of the Legislation, Justice and Constitution Committee in relation to the Legislative Consent Memorandum (LCM) on the Levelling Up and Regeneration Bill**

(Pages 64 – 74)

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

## **7 Inquiry into Council Tax Reform – consideration of the evidence received under items 2, 3 and 4**

(12.20 – 12.35)

Document is Restricted

## **Response to the Senedd Local Government and Housing Committee’s Inquiry into Council Tax Reform**

*David Phillips, Institute for Fiscal Studies*

*Stuart Adam, Institute for Fiscal Studies*

### **Introduction**

1. This is a response to the Senedd Local Government and Housing Committee’s Inquiry into Council Tax Reform from David Phillips, Associate Director, and Stuart Adam, Senior Economist, from the Institute for Fiscal Studies.
2. David Phillips leads the IFS’s work on devolved and local government finance. Stuart Adam is a senior economist in the tax team. Together with IFS colleagues, they undertook analysis of the rationale for, and the potential impacts of, revaluing and reforming council tax in Wales, which was commissioned by the Welsh Government. The main report ([Revaluation and reform of council tax in Wales: impacts on different councils and household types](#)) was published in spring 2020 and an update of some of the analysis ([Updated analysis of the effects of revaluing & reforming council tax across Welsh local authorities](#)) published in summer 2022. This response draws on this work and we highlight where fuller explanation and analysis is available in them.
3. The views expressed are the views of the authors only. The Institute for Fiscal Studies has no corporate views.
4. We use the following terms:
  - i. A “pure revaluation” is a reform whereby properties are placed in bands based on their up-to-date values, but the structure of council tax (the number of bands and the relative tax rates applied to them) and the proportion of properties in each band across Wales as a whole remains unchanged.
  - ii. A “less regressive system” is a reform whereby, as well as placing properties in bands based on their up-to-date values, the structure of council tax is reformed to reduce the extent to which low-value properties face taxes that are a higher percentage of their value than high-value properties. (Currently, Band A properties attract council tax that is usually more than 3 times as high, as a proportion of their 2003 value, as Band I properties).
  - iii. A “fully proportional system” is a reform whereby properties are taxed at a flat percentage of their up-to-date value.

### **A. The potential impact of a council tax revaluation and revised council tax bands on local government finance and administration**

5. The effect of the revaluation and reform of council tax on local government finance will depend crucially on whether, and the extent to which, councils’ Welsh Government grant funding is updated to account for the changes in their tax bases.
6. For example, if the Welsh Government does not update grant funding at all, in order to raise the same total amount of funding as prior to revaluation and reform, each council would need to

raise the same amount of council tax as before. That would mean councils that see a fall in their council tax base (for example, due to more properties going down than up bands) would need to increase the Band D council tax rate they charge to maintain revenues and overall funding. Conversely, councils that see an increase in their council tax base (for example, due to more properties going up than down bands), would be able to reduce the Band D council tax rate they charge. A further implication of each council raising the same amount from council tax as prior to revaluation and reform is that the average bill faced by their residents would be unchanged too. This means that if grant funding is not updated, revaluation and reform would lead to a redistribution of council tax liabilities *within* councils' areas (e.g. from neighbourhoods where relatively more properties go down bands to those where relatively more go up bands) but not *between* council areas.

7. If the Welsh Government wishes to redistribute the council tax burden across Wales to reflect its revaluation and reform plans – so that councils' funding from the Welsh Government reflect an up-to-date assessment of their residents' ability to pay – it will therefore be important to adjust the Welsh Government funding provided to different councils to reflect changes in their tax bases. In particular, areas where the council tax base is assessed to be higher would need to have their grant funding reduced – they would become more reliant than presently on council tax for their overall funding. Conversely, areas where the council tax base is assessed to be lower would need to have their grant funding increased – they would become more reliant than presently on grant funding for their overall funding.
8. The Welsh Government, in its initial consultation on council tax revaluation and reform, stated that its preference was to fully adjust the grant funding it provides to councils. The changes to grant funding, and the changes to average council tax bills, that this would lead to will depend on the relative changes in property values in different council areas since the last revaluation (based on April 2003 prices) and the nature of any reform to the structure of council tax (for example the number of tax bands and relative tax rates applied to them).
9. Drawing on previous IFS research on the potential impacts of revaluation and reform of council tax in Wales (see references in paragraph 2, above), based on property values as of Q1 2022, and assuming that councils would want to maintain their spending levels, we might expect:
  - i. For a pure revaluation, tax bases would increase for those councils where property values have risen by more than average since 2003. These councils would see reductions in grant funding and increases in average council tax bills. We think this would apply to most councils in South East and North West Wales. Tax bases would decrease, grant funding increase, and average tax bills decrease for councils where property values have risen by less than average since 2003. We think this would apply to councils in North East Wales, as well as Cardiff and Swansea. The magnitude of the changes in grant funding would be less than £2 million for most councils, but could exceed £5 million in a couple of instances.
  - ii. For a less regressive system, in general, tax bases would increase for those councils where property values are higher than average, and/or have risen by more than average since 2003. These would see reductions in grant funding and increases in average council tax bills.
    - The impacts on specific councils (and households) would depend on the specific new banding and tax system chosen though. For the system we modelled (see

references in paragraph 2), which moved roughly two-thirds of the way from the current regressive structure to a fully proportional system, we think that tax bases and bills would increase and grant funding be reduced for Monmouthshire, the Vale of Glamorgan, Cardiff, and Mid, South West and North West Wales.

- Conversely, tax bases would decrease, grant funding increase, and average tax bills decrease for councils where property values are lower than average and/or have risen by less than average since 2003. Again, for the specific system we modelled, we think this would apply to councils in the Valleys and North East Wales. The magnitude of changes in grant funding would be larger for this reform, with many councils seeing changes in grant funding of more than £5 million, and in some cases over £10 million.

- iii. A fully proportional system would see qualitatively similar results to a less regressive system. Quantitatively the impacts would be larger, with bigger changes in tax bases, grant funding and average bills.

Further information on the potential impacts of revaluation and reform on tax bases, grant funding and average bills can be found in our previous reports.

10. As well as leading to a change in the level of tax bases, grant funding and average tax bills across councils, revaluation and reform would also have implications for how much influence councils have on their overall funding at the margin. In particular, councils with smaller tax bases (and lower average bills) following revaluation and reform of council tax (and adjustment of grant funding) would be able to raise less additional revenue from a given increase in their Band D tax rate. This would give them less scope to vary their funding at the margin – for example to offset cuts in grants from the Welsh Government. Conversely, those with bigger tax bases (and average bills) would have greater scope to vary their funding at the margin.
11. There may be several effects of revaluation and reform on the administration of council tax, including, but not limited to:
  - i. Councils would have to update their records of individual properties' tax bands, and potentially their systems for changes to the number of bands and tax rates applied to them.
  - ii. There may be additional appeals against the new bands, which would mostly create work for the VOA but would also require further updates to councils' records on properties' tax bands.
  - iii. Compliance may increase where average bills are reduced, and reduce where average bills are increased. Predicting overall impacts on compliance is difficult though.
  - iv. Councils will likely have to operate transitional arrangements to phase in changes in tax bills for those seeing particularly large changes. This should be designed to be as simple as possible to implement.
  - v. If the Senedd chooses to legislate for them, councils will have to operate 'deferral arrangements', allowing certain groups facing particularly large increases in tax bills (or particularly high bills) to defer council tax payments until sale, death or a fixed time has elapsed. Such schemes have been utilised in other countries to help the "asset rich, cash

poor” whom it is inappropriate to exempt from council tax, but for whom liquidity is a significant problem.

## **B. The potential benefits and disadvantages of regular property revaluations on local government administration, and the impact on those liable to pay council tax**

12. The key benefit of regular property revaluation is that it ensures that the tax applied to different properties reflects up-to-date relative property values, rather than relative values decades old. This helps avoid the unfair situation whereby two taxpayers living in properties of equal value get very different council tax bills simply because their properties used to be worth very different amounts decades ago. It also helps avoid the situation where councils’ grant funding is based not on the current relative property value of their residents’ property, but the value decades ago.
13. Related to this, if revaluations happen frequently, rather than decades apart, we would expect the changes in relative value to be smaller. This would mean that revaluations would lead to smaller, more manageable changes in tax bases, tax bills and grant funding. And it would reduce the need for transitional arrangements (even if they are required, fewer households would be subject to them).
14. Legislating for regular revaluations has several benefits.
  - i. First, it should make it more likely the revaluation actually takes place – an active decision is required to *not* do it. Frequent, regular revaluations should also be less controversial as they would become routine, minor adjustments rather than major changes that require ad hoc active decisions and political will-power.
  - ii. Second, it helps property buyers and occupiers plan for the future. In particular, if they know a revaluation is planned for the future, and the property they are buying is in an area where values have gone up a lot, they will know the council tax on that property may increase. This may affect how much they are willing to pay for it. Conversely, if they did not expect council tax to be revalued and it was, they may have ‘overpaid’ for that property given its now higher occupation costs.
  - iii. Third, councils and the VOA can also best plan for future revaluations if they are legislated for.
15. Regularly revaluing properties for council tax does entail some costs though.
  - i. First, there are the costs of the revaluation exercise itself. It is worth noting, however, that modern methods of valuation (e.g. using computerised statistical modelling) are likely cheaper to implement than traditional methods.
  - ii. Second, there are costs associated with the implementation of the revalued council tax bands, including transitional arrangements. However, as discussed above, such arrangements are likely to apply to fewer households if revaluation is done regularly.

## **C. The effectiveness of the framework for council tax discounts and exemptions, and how the system could be developed and improved**

16. Council tax includes a range of discounts, exemptions and premiums – some of which are mandatory, and some of which are discretionary.
17. The biggest single discount is the ‘single person discount’. This provides a 25% reduction in council tax bills for households with only a single eligible adult living in it. It originated in attempts to make council tax a hybrid between domestic rates and the poll tax, its two predecessor taxes. The idea was that, if council tax is half property tax and half poll tax, single people should pay only half as much of the poll tax part as couples – a reduction of a quarter of the total.
18. This structure has potentially significant distortionary effects. Under council tax, unlike the poll tax, the reduction for single-adult households depends on the value and tax band of the property. Less council tax is payable in total if a single person occupies an expensive, high-banded property and a couple a cheap, low-banded property than the other way around. This encourages inefficient use of the housing stock, with single-adult households living in bigger properties, and multi-adult households living in smaller properties, than they otherwise would. With property scarce, a discount that makes it scarcer for those who most need space does not look like sensible policy.
19. One option would be to remove the single person discount entirely. But if it were decided that one wanted to retain a single person discount (to maintain the idea of council tax being a ‘hybrid’ tax system or for some other reason), a simple improvement is available. Rather than the discount being based on the tax band of each property, it should be the same for all properties. For example, it could be set at 30% of the council tax payable on a Band A property. Because the cash value of the discount would not depend on the value of the property, it would no longer incentivise single people to live in bigger houses than they otherwise would.
20. Other discounts, premiums and exemptions can have similar distorting effects to the property market. For example, the exemption for students encourages households consisting only of students to live in larger properties than would otherwise be the case. Sometimes these distortions are the precise goal of the policy – to disincentivise certain types of use of property (for example, as second homes, or as long-term empty properties).
21. Discounts for properties adapted for use by disabled people, which take the form of a 1-band reduction in bill, rather than a percentage reduction like other discounts, add unnecessary complexity. If it is decided to retain these discounts, they could be replaced by percentage reductions – this is likely easier to understand and to administer.

**D. The case for changing the Council Tax Reduction Scheme which supports the most vulnerable low-income households, and scope for improving the system.**

22. The most striking thing about the CTRS in Wales is that it has not followed the path of localisation and cuts adopted in England. IFS research on [the impacts of localised council tax support schemes](#), published in 2019, found that the reforms in England had reduced working-age households’ total entitlements by 20%, but that councils were failing to collect one-quarter of the extra tax that they were asking for, as many of the 1.3 million households newly required to pay tax were going into arrears. While decisions about what to localise, where to find savings and how much support to provide to whom are ultimately political ones, these findings suggest



that the cuts made in England created posed compliance and financial challenges for both residents and councils.

23. Beyond that, we have little to say about the scope for improving the CTRS. Clearly non-take-up is one significant issue, and so directing efforts to improve that would be worth considering. We are aware of series of reports by Policy in Practice examining aspects of the CTRS in some detail.
24. At a national level, in principle there would be a good case for integrating CTRS into universal credit. But that is not within Welsh control, and would have been better done a decade ago when universal credit was being designed and CTRS was being devolved.

## Bangor Business School response to Senedd Local Government and Housing Committee Inquiry into Council Tax Reform

Dr Rhys ap Gwilym, Dr Sara Closs-Davies, Dr Helen Rogers, Dr Ed Jones  
11/11/2022



This paper lays out our response to the proposals for Council Tax reforms set out in the Welsh Government's consultation document, [A Fairer Council Tax](#), published in July 2022.

### Summary:

The Welsh Government's proposals represent a very modest set of reforms to the current Council Tax regime. As such, they fail to address the well-recognised faults of that regime to any significant degree.

### The case for reforming Council Tax:

[Adam et al \(2020\)](#) conclude that 'Council Tax is out of date, regressive and distortionary'. We concur with this view. In particular, we note:

1. The highly regressive nature of Council Tax.
2. The opaque nature of tax rates, as a result of,
  - i. out of date property valuations,
  - ii. subjective valuation methods, and
  - iii. banding.
3. The complexity of discounts, reliefs, and exemptions.

### The regressive nature of Council Tax:

The regressive nature of Council Tax is widely acknowledged and understood (see, for example [Ifan and Poole 2018](#)). The Consultation Document states clearly that the 'Welsh Government is committed to creating a fairer and more progressive council tax'. However, the current proposals are limited to increasing the number of bands and changing the tax rates for each band. Tax rates for the new bands are not discussed.

Of the options for reform considered by [Adam et al \(2020\)](#), a continuous proportional tax rate has the most significant impact in reducing the regressiveness of Council Tax. It is unclear, therefore, why the current proposals seek to retain banding.

We would encourage the consideration of a continuous and proportional tax rate allied with a tax-free allowance, in order to achieve a truly progressive property tax.

### Property valuation:

The current proposals involve implementing taxes in April 2025 based on valuations from April 2023, with a commitment to carrying out subsequent revaluations at least once every five years. The

proposals, therefore, suggest introducing the new regime based on valuations that are already 2 years out of date.

It is unclear why any future commitment to revalue are any more credible than those that have been made in the past. Changing the methods of valuation, to make use of hedonic pricing models, could hardwire currency of valuation into the system. However, the proposals do not address issues around the nature of the valuation methodologies to be used.

Property valuation methodologies have evolved significantly since the previous valuations of 1993 and 2003. In our view, the subjective survey methods used in the previous valuations are outdated. Hedonic pricing models should be used to provide cheap, less subjective and more timely valuations. These models are widely used in both the banking industry (to continuously update mortgage loan-to-value measures for regulatory compliance) and in the property industry (e.g. [Zoopla](#)). They can ensure consistency and transparency in valuation.

Continuously updated property valuations would foster a fairer tax system, so that taxpayers are compensated more quickly for having paid higher taxes when property values are high and paying less tax when property values reduce during a downturn in the property market.

Hedonic pricing models are dependent on high quality data (property characteristics and transactions data). However, we believe that the engagement of taxpayers in checking and confirming such data has the potential to improve understanding of valuations and subsequent tax liabilities. We believe that such an approach would be consistent with the [Welsh Revenue Authority's "Cydweithio, Cadarnhau, Cywiro"](#) philosophy.

We repeat here our recommendation (see [ap Gwilym et al 2020](#)) that a cadastral database for Wales should be established under the control of a single agency.<sup>1</sup> This would bring together the land registration, mapping and valuation functions within a single entity, as has been successfully achieved in Northern Ireland. The database should take advantage of modern GIS techniques, as well as the valuation methodologies discussed above. This would likely have significant benefits beyond local taxation in areas such as planning and agriculture, by ensuring consistency and compatibility of data.

There seems to be an implicit assumption in the current proposals that valuations would be carried out by the VOA. It is unclear to us whether the services currently provided by the VOA represent value for money, or whether the VOA is best placed to develop a hedonic pricing model or cadastral database for Wales.

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<sup>1</sup> A cadastre records information on public and private land ownership, rights and interests on the land, alongside information on the value of the land, the natural status of the land and the use of the land. It therefore has benefits beyond tax administration.

The main advantage of a cadastre is the information it provides to different users from one central source. It can play a central role in the public management and administration of land ownership relating to property and property issues e.g. identifying land use restrictions, planning applications, facilitating public access to local plans for citizens to engage and provide feedback, to guide infrastructure and construction projects, and the monitoring of land use. The disadvantage is the cost of the project of initially establishing a cadastre to provide these benefits.

Examples of effective cadastres include those in Denmark, Estonia and the state of Montana in the USA.

### Communication with taxpayers

It is crucial that taxpayers are provided with a clear and understandable explanation of how their council tax liabilities and property values have been calculated. Calculations should include granular data, such as number of rooms held, garage, etc. This allows taxpayers with the opportunity to understand, question and challenge their tax obligations and liabilities.

It is important that taxpayers are aware (and reminded) of discounts, allowances etc. available. This information could be sent to taxpayers as an attachment to their council tax bill document, at a time when they are most likely to check and challenge their liability, whilst also rescuing the amount of documents sent to taxpayers (too many documentations sent to taxpayers could lead to complexity).

Consultation is needed with representatives of the financially worse off and vulnerable groups in society to understand how council tax reforms may affect them. Consultation should also include social welfare advisory organisations across Wales who regularly help people with their tax liabilities and debt. Small local voluntary organisations should be approached as well as the well-known established advisory organisations so that a range of different groups in society and voices are heard.

### Discounts, reliefs, and exemptions:

The current proposals continue to rely on discounts, reliefs and exemptions. This is necessary because the proposals do not address the underlying regressiveness of Council Tax. In our view, a truly progressive council tax, as proposed above, would remove the need for the majority of these schemes.

Concerns around the impact of changes to property taxes on asset rich, income poor individuals represent a significant political obstacle to their implementation. Evidence is limited regarding the prevalence of such individuals, and as such appropriate transitional and/or deferral mechanisms are important in implementing such changes.

### Transitional arrangements:

A sudden shift from April 2003 to April 2023 valuations may well create a significant increase in council tax liabilities for some taxpayers. Thus, allowances must be made available for the financially worse-off and vulnerable groups in society during the early implementation period of this proposed tax reform change.

Such allowances could include (a) tapering the new council tax liability during the early years of implementation for the less financially well-off and vulnerable groups in society; (b) implementing early modes of communication with taxpayers and explaining to them their potential council tax liabilities well in advance of the tax liability due date, allowing time for taxpayers to plan and budget; (c) providing tailored 'time to pay' schemes whereby taxpayers spread any additional tax over a period of time according to their own individual financial circumstances and needs.

### Liability for property taxes:

Occupiers are currently liable for paying Council Tax. The current proposals are silent with regards to liability, suggesting that there would be no change.

There is overwhelming evidence (see, for example, [Hilber 2015](#)) that the economic incidence of property taxes falls on the property owner rather than the occupier. Changing the financial liability of property taxes to coincide with their economic incidence would significantly improve the transparency of the tax system. Shifting the financial liability from tenants to landlords would also mitigate against arguments in favour of widespread exemptions.

### Communities:

The consultation document states that the Welsh Government envisions a tax that connects people with communities.

Our view is that there tends to be a lack of awareness amongst the public of what Council Tax payments fund and whether or not they are used efficiently and effectively.

Clear communication about how council tax is used and spent in the local community can aid and improve acceptance and compliance of a tax, especially when it increases a taxpayer's tax burden. Current Welsh council tax bills usually contain a breakdown of the proportion of the tax used to pay for certain local services e.g., police, refuse etc. However, a retrospective analysis using clear and simple images (e.g., graphs, photos etc.) of how the tax was spent during the previous year on community-related matters might be more meaningful and powerful.

This could also improve a sense of community whereby taxpayers are made aware of how their money has contributed (made a difference) to help improve their local community.

The current proposals do not discuss ways to increase the accountability of local authorities. The vast majority of funding for LAs will continue to come from WG and the vast majority of LA spending will be on statutory services rather than those which most people view as 'local services'. However, control over tax rates is key to LA accountability, and the consultation document is silent on this issue.

### Conclusion:

The proposals set out in the Welsh Government's consultation document, A Fairer Council Tax, represent a very modest set of reforms to the current Council Tax regime.

Whilst updating the property valuations on which Council Tax is based is well overdue, the other proposals contained in the document are too modest to address the underlying weaknesses of the Council Tax system. This is tacitly accepted by the document in its commitment to "explore alternative approaches to the council tax for longer term consideration, such as a local land value tax or unbanded systems".

The innate regressiveness of a banded Council Tax is no longer defensible in our view. We do not see any justification in the document for failing to move to either a proportional system (as considered by Adam et al) or, preferably, a progressive system with a tax-free allowance.

Furthermore, the current proposals do not lay any foundations for future, longer-term, moves in the direction of progressivity or LVT. Our suggestions for modern valuation techniques couched in a comprehensive cadastral database would, in our view, lay these foundations.

## Local Government and Housing Committee: Council Tax Reform

Jon Rae, Director, Director of Resources

### **Welsh Local Government Association - The Voice of Welsh Councils**

The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level.

We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

### **We believe that the ideas that change people's lives, happen locally.**

Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

**Our ultimate goal** is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

### **We'll achieve our vision by**

- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce

### **Introduction**

This is an important and timely inquiry, and this briefing paper is mostly based on our response to the Welsh Government's consultation on "A Fairer Council Tax". This was discussed in some detail by the leaders who attended the WLGA Executive Board on the 30 September and has been considered by the Society of Welsh Treasurers and the Local Taxation Group; the latter made up of the revenues officers who will have to administer the transition to a new system.



Overall, there is broad support for the proposals to make the system of domestic local taxation fairer and it shows Wales at its best; consulting to make changes that would be more progressive relative to other parts of the UK. Apart from Northern Ireland we are the only country to have introduced a revaluation of council tax since it was introduced in 1993.

### **The potential impact of a council tax revaluation and revised council tax bands on local government finances and administration.**

In our consultation response to the Welsh Government, we agreed with the conclusion of the report commissioned from the Institute of Fiscal Studies (IFS) that council tax should be revalued and reformed. The primary reason is that the current system is out of date. No other system of taxation is based upon values that are nearly 20 years out of date. It weakens the credibility of the finance system. If the taxbase is not based on contemporaneous information, it weakens the social contract and the reputation of local government in respect of the communities that members represent.

We are worried that the exercise may be seen as a 'revenue raising' and will work with Welsh Government on the communications side. Furthermore, we believe the timing of the revaluation should be given careful consideration in terms of the prevailing economic conditions (and other factors) that may exist at the time

The current banding system is highly regressive in respect to property values and consequently incomes. The current banded structure has advantages in terms of ease of administration but the inequality of the proportion of tax paid relative to the values of the property is well documented. It is starkly exemplified by those properties at the opposing ends of the banding scale A and I. In the current banding system 57% of properties are in the bottom 3 bands but only 5% of properties are in the top 3 Bands (G to I). Most properties are in Band C. There is a long 'tail' in the distribution of properties not fully captured in 9 bands.

Ideally the system should be based on continuous valuations. This could be explored more. As the IFS note, this is currently a feature of the system in Northern Ireland and was recommended in an IWS paper authored by Gerry Holtham. If this isn't a practicable solution because of legislative constraints, then there should be more bands.

The IFS model 12 bands and perhaps a maximum of 15 should be explored to capture the long tail at the higher end of the distribution. Another source of regressivity is the proportional relativities between bands and this might be made more understandable if based on simple percentages rather the 'ninths' referred to under the current arrangements



The case for transitional arrangements was one of the issues discussed at the WLGA Executive Board on the 30 September 2022 and highlighted by leaders. If the banding remains broadly the same, then consideration should be given to limiting the number of bands that one household might rise to one in any one year as happened at the previous revaluation. Otherwise, a ‘capped’ increase, for example, of 10% in any one year assuming that the element of local decision can be ‘controlled for’ in the calculation. This should be funded outside the system and should be easy to understand from a taxpayer point of view, and easy to administer.

**The potential benefits and disadvantages of regular property revaluations on local government administration, and the impact on those liable to pay council tax.**

We agree with the Welsh Government that revaluations should be at least every 5 years, and where possible this should be written into law. A five-year revaluation allows for a reactive tax base sensitive to the financial climate without being too frequent and burdensome.

With more frequent revaluations there would be no need for the provisions that have the potential to reband properties at the point of sale, where significant work has been carried out. Existing owners who have invested in the property see no increase in their council tax, yet it can come as a shock to any new owners. A fairer option would be for property improvements to take effect at each revaluation, provided that happens every 5 years.

**The effectiveness of the framework for council tax discounts and exemptions, and how the system could be developed and improved.**

This list of discounts has clearly been developed over a long period of time and covers several circumstances; the number of categories has also grown since their introduction in 1993. We understand a working group has been convened around this issue. The group seeks to identify how each discount and exemption currently works, if they are appropriate and fit for purpose, if there is an evidenced case for change and whether Welsh Ministers have existing powers to make any changes. Proposals for changes to discounts and exemptions will be guided by the conclusions of the working group and will be consulted on in greater detail in due course.

In our response to the Welsh Government’s consultation, we did state that it should have full flexibility to set the statutory single adult and empty property discounts nationally. Setting it locally would cause too much disparity between local authorities and give rise to complaints around a perceived postcode lottery. Setting it nationally ensures fairness.





## **The case for changing the Council Tax Reduction Scheme (CTRS) which supports the most vulnerable low-income households, and scope for improving the system.**

CTRS should continue to be means tested and we understand the design of the scheme is the subject of a working group. The overriding principles should be that the scheme is simple to administer and be understandable to recipients of the discount. The approach taken to notification letters is an example of onerous process. Much has been said about the simplified approach of a banded scheme, yet these are anything but simple, they are not easily understood and include significant 'cliff edges' for recipients. The current system works well and just needs improving to ensure it continues to support vulnerable households and maximises data sharing opportunities between Local Authorities and Department for Works and Pensions.

Welsh Ministers should have a duty to set a national scheme to be administered locally by councils, which allows the Welsh Government to make in-year changes if required. Recent events such as the pandemic have shown us that the regulations are unable to adapt to changes that occur throughout the year. This is because the regulations are laid and approved and then the local authority is required to adopt that scheme by 31st January each year. No changes can take effect until the following set of regulations are laid. By Welsh Ministers setting a national scheme then they can make changes (with necessary consultation etc) and can react more effectively to any arising situation.

A review of the CTRS cannot be effective without the associated funding being revisited. The £244m Welsh Government allocates each year to local authorities falls way short of the actual cost of the scheme. Whilst accepting it is a joint responsibility and the rising costs of the scheme should have a bearing on council tax setting, rising caseloads and an ongoing national cost of living crisis is only going to make this situation worse.

### **Other issues we raised in the consultation response**

#### **Lack of committal alternative**

A fairer council tax system would make sanctions less likely, however alternative powers were going to be discussed once the loss of committal had taken effect. Following on from the pandemic we understand that Welsh Government is awaiting responses to their commissioned research and will be interested in the findings. Local Authorities find themselves in difficult situations with certain 'won't pay' debtors and all too often end up writing off significant amounts of debt which comes at the costs of all taxpayers.



**Greater data sharing powers**

Better data sharing, especially between the WRA / LA's/ HMRC would benefit all involved in public service delivery. Maybe as part of this government's commitment to 'make council tax fairer' this should be properly explored. We have seen over the last 2.5 years how quick local government can rise to a challenge (business grants, self-isolation payments, winter fuel, cost of living payments) and we would be happy to support any working groups to develop better working arrangements between all public bodies.

## Local Government and Housing Committee – Inquiry into council tax reform

The Bevan Foundation is Wales' most influential think-tank. We aim to end poverty and inequality by working with people to find effective solutions and by inspiring governments, organisations and communities to take action. We are grateful for the opportunity to submit written evidence to the Housing and Local Government Committee's inquiry into council tax reform. Our response addresses each of the terms of reference set out in the consultation document in turn, with our response on points 3 and 4 (deductions and the Council Tax Reduction Scheme) merged.

### The potential impact of a council tax revaluation and revised council tax bands on local government finances and administration.

Council tax revaluation is overdue in Wales and will help ensure that the tax people pay better reflects their wealth. We also believe that introducing more council tax bands would be a positive measure and would welcome any steps towards a system that is more finely grained.

Retaining a model of taxation that is primarily based on property value as opposed to income means that the system will continue to have unfair elements, however. For example, renters could see their council tax repayments increase despite them not receiving any financial benefit from the increase in the property price of the property they are renting. It is therefore vital that the Welsh Government continues to explore alternative approaches to the council tax for longer term consideration.

We have not undertaken detailed work on the impact of revaluation and revised council tax bands on local government finances and administration and therefore cannot offer any detailed comments on what the potential impact of reform is likely to be in this context.

### The potential benefits and disadvantages of regular property revaluations on local government administration, and the impact on those liable to pay council tax.

We believe that regular property revaluations will ensure council tax more consistently reflects property values. This is likely to be of benefit to those who are liable to pay for council tax, ensuring that the tax they pay more accurately reflects their wealth.

There is a need to consider the revaluation process alongside the annual council tax setting process. A household that sees their property rebanded from a Band C to a D would on average see their bills increase by 12% and a household that sees their banding increased from a Band D to Band E would see their bill increase by 22%. These represent significant increases in expenditure and could present a challenge for medium to low-income households that are not entitled to support through the Council Tax Reduction Scheme (CTRS). The average Band D council tax in Wales in 2022/23 stood 2.7% higher than in 2021/22, with the increase as high as 5% in Pembrokeshire. The combination of the annual uplift alongside the re-banding could push some households into financial stress.

Despite being in favour of regular revaluation we do believe that this work should not distract from the need to explore alternative approaches to the council tax for the longer term.

We have not undertaken detailed work on the impact of regular revaluation and revised council tax bands on local government finances and administration and therefore cannot offer any detailed comments on what the potential impact of reform is likely to be in this context.

## The Council Tax Reduction Scheme and council tax deductions

The current system of discounts, disregarded persons and exemptions are not fit for purpose. In our 2020 report, *Solving poverty: Reforming help with housing costs* the Bevan Foundation outlined how the current system does not target support effectively and its complexity can often lead households to miss out on support they are entitled to.<sup>1</sup>

One proposal for reform made by the Bevan Foundation at the time was to scrap the single person 25% discount on council tax with savings reinvested into the Council Tax Reduction Scheme (CTRS). In 2020/21 over 500,000 households received a 25% discount off their council tax, predominantly due to the single person discount. This figure included just over 210,000 who are also eligible for CTRS, meaning that there were approximately 290,000 households in Wales receiving a discount on their council tax regardless of their income, approximately 1 in 5 of all council tax eligible dwellings in Wales.

The inequity in the current system is emphasized when comparing the number of households in receipt of the single person discount with the number of couples with children who receive support towards their council tax costs. Across the board, there are approximately 290,000 people living in poverty in households where there is only a single adult or a single adult with a child. Whilst this is higher than the number who are eligible to receive CTRS, it is still considerably less than the overall number of households who receive a 25% discount.

By contrast, there are approximately 240,000 people living in poverty in couple households with children. Only around 23,000 of these households receive CTRS, with none eligible for the 25% discount. This means that whilst there are approximately 215,000 single person households receiving a discount despite not living in poverty, there are approximately the same number of couple households with children who receive no support at all despite living in poverty.

There are some arguments for retaining the single person discount. A single person household likely to put less demand on council services such as waste collection, for example, and therefore it may be viewed as fair for them to make less of a contribution. A stronger argument in favour of the reduction is that council tax accounts for a greater proportion of a single person's income than a couple household. This is on top of a single person having to spend a greater proportion of their income on other housing costs such as rent or energy payments. Indeed, this is one of the key reasons for why single person households are more likely to live in poverty than couple households. Providing a

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<sup>1</sup> <https://www.bevanfoundation.org/resources/solving-poverty-reforming-help-with-housing-costs/>

universal discount to single person households therefore may promote take up and help ease the pressure on some low income single person households.

This argument is undermined, however, by the evidence we gathered by the Bevan Foundation at roundtable discussions in 2019 and 2020. We heard that there are a number of households who are trapped in poverty who are not applying for CTRS as they think they are already receiving it in the form of the single person discount. This means that the single person discount may be leading to some households paying 75% of their council tax when in fact they do not need to be paying anything at all. The breadth of the discount may therefore, actually be curtailing the effectiveness of the more generous CTRS system. Abolishing the single person discount may therefore lead to greater clarity. Funds saved from the abolition could then be reinvested to increase the number of households eligible for CTRS, providing greater support to single people and families living on the margins of poverty than is currently the case.

The issues set out above are exacerbated by a lack of information that is publicly available around the single person discount and CTRS. For example, there is a lack of published information that allows someone to work out if they might be eligible for CTRS without them having to undertake the application process. The Welsh Government's own guidance also makes it difficult for households to understand whether they can be classified as a single person for the purposes of council tax.<sup>2</sup>

We also believe that there remain significant improvements that could be made to council tax debt collection practices. In our 2021 report, *Debt in the pandemic* the Bevan Foundation outlined how current debt collection practices exacerbated the challenges faced by some low-income households, for example making those who are in arrears liable for their outstanding bill in full or by charging additional fees.<sup>3</sup> We believe that such practices should be prohibited.

Alongside prohibiting unfair practices, we believe that more needs to be done to ensure preventative approaches are taken to council tax debt. If a household falls into arrears on council tax, we believe that a local authority's first action should be to assess what support might the household be entitled to. For example, should the household be receiving CTRS? Taking a preventative rather than an enforcement approach would significantly ease the stress faced by Welsh families.

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<sup>2</sup> <https://gov.wales/council-tax-discounts-and-reductions-information-leaflet>

<sup>3</sup> <https://www.bevanfoundation.org/resources/debt-in-the-pandemic/>



**Written Evidence to**  
**The Senedd's Local Government & Housing Committee**

**About Fairer Share**

Fairer Share is a cross-party campaign group fighting to raise attention to the problems of Council Tax in England and Wales. We believe that replacing both Council Tax and Stamp Duty / Land Transaction Tax with a Proportional Property Tax (PPT) provides a fiscally responsible and progressive measure that would provide needed relief for low and middle-income families and help create a fairer and more efficient property market. Stamp Duty is maintained for buy-to-lets, second homes and foreign-owned homes. There is a PPT surcharge rate for those fortunate to own a second or holiday home. To prevent any unfairly high tax increases, no one will have to pay more than £100 a month more than they currently do in Council Tax.

**1. The potential impacts of council tax revaluation and revised council tax bands on Government finances and administration**

To assess the feasibility of our proposal we have commissioned two reports looking into the practicalities of moving to a PPT. A necessary stage of this is revaluation and assessment of the impact on [local government finances](#) and revaluation.

The move to PPT would create a new source of revenue. There are three arguments in favour of councils receiving a direct share of the PPT revenue raised in their area. It would mean that:

- voters could hold local councillors to account for local tax and spend decisions;
- councils do not give-up revenue-raising power to national politicians; and,
- councils have incentives to pursue local growth so as to increase local tax revenues.

Significantly, with revenue based upon annually updated house prices, councils would retain a share of the uplift in house prices that their policies create.

These arguments can all be recognised within the design of PPT, along the following lines:

- PPT revenues are split into a council allocation and a central government allocation. A council and central government would each “own” a share of the PPT rate. The council allocation would ideally be large enough to encourage councils to pursue local growth initiatives.
- Councils are given power to flex the rate of PPT that gives them their PPT allocation. Councillors could make decisions to increase or decrease the rate on their PPT allocation, much like councillors can make decisions to vary Council Tax now.

Stability in PPT revenues would be desirable at both a local and national level. Should there be times when revenues from PPT drop significantly, the Government could step in with grants to fill the gap

Valuation was last completed in Wales in 2003 resulting in taxes failing to be proportionate to means. Yet in many places around the world including the Netherlands, USA, Canada and Australia revaluations take place on a regular basis. This would ensure that those who have benefited from higher house prices shall pay taxes proportionate to that increase.

Since PPT would decrease the size of the deficit, then it provides fiscal space to local authorities to either lower rates, or to increase funding elsewhere. This increase will be particularly helpful in addressing Wales' speculative property boom as it will discourage using housing as an investment, as opposed to a home. This means that there is no risk of hurting council finances by implementing a PPT.

Fairer Share's numbers for England indicate that 8.7 million households would be removed from property tax altogether, as the obligation to pay is transferred to the landlord. This would save tenants time and local councils £400 million in annual administrative costs. We would expect a commensurate saving in Wales.

## **2. The potential benefits and disadvantages of regular property revaluations on local government administration, and the impact on those liable to pay council tax.**

Fairer Share's modelling has focused on councils in England and would lead to a 0.48% PPT rate in order to recoup the foregone revenue from Council Tax and Stamp Duty. The equivalent PPT rate for Wales would be 0.62%. There is a 1.24% surcharge rate for those who own second homes or holiday homes in Wales. This is designed specifically to protect holiday communities.

Alarming, the tax base for Council Tax has not been revised in Wales since April 2003. Since then the average house has risen in value by 167%, equivalent to a 9% annual rise. However, this increase has not been distributed evenly. Where the average home in Gwynedd has increased in value by 173% (9.1% p.a.), in neighbouring Conwy the average house price has risen by 142% (7.5% p.a.). Given these differences are not accounted for in the tax rates, then a comparatively wealthier family in Gwynedd will likely be underpaying on their Council Tax relative to a less wealthy family in Conwy.

Perhaps more alarmingly is that Band I houses pay just 3.5x more than Band A homes, despite their properties now being at least 9x as valuable. This clearly points to an unfairness in the way Council Taxes are calculated, and ends up with the most vulnerable paying a higher share of their wealth than the most well-off individuals.

## **3. The effectiveness of the framework for council tax discounts and exemptions, and how the system could be developed and improved.**

The current system of council tax discounts is not fit for purpose. Take-up of Council Tax Reduction Scheme (CTRS) is likely to be as low as 55% of eligible households. This number continues to decline. There is also evidence that when households receive universal credit,

they become less likely to access CTRS even though they likely remain eligible. By placing the burden on potentially vulnerable individuals to access support, rather than providing it automatically it will always be a failed system with too many people falling through the cracks.

There are steps that can be taken to improve this. For example, some councils in England have put on all council tax documentation that help may be available. However, this will not ever amount to universal uptake, and people will always fall through the cracks. Only through fundamental reform to the regressive nature of Council Tax can a significantly fairer system be created.

Fairer Share's PPT would decriminalise non-payment of council tax, and introduce a system allowing individuals to defer their payments until they are in a more stable financial position. Given the PPT is already significantly more progressive than Council Tax, consequently resulting in tax cuts for most low-income families, then this would result in a substantial improvement from the current approach.

#### **4. The case for changing the Council Tax Reduction Scheme which supports the most vulnerable low-income households, and scope for improving the system.**

The problem with relying on Council Tax reduction schemes is that where they are opt-in they will never be sufficiently well distributed, and they also create additional administrative burdens on local Governments. It would be much more efficient to simply provide a single tax on property values, requiring little intervention on a case-by-case basis to ensure equitability. Moreover, the PPT removes the need for anything to exist given it would see much larger cuts to Council Tax than what is provided to those who do manage to access the reduction scheme.

Furthermore, by taxing holiday homes and investment properties fairly, at 1.24% of their property value, additional revenue will be raised allowing councils to provide even more targeted cuts and better funded welfare schemes to relieve poverty much more effectively than is currently done.

For example, an investment property worth £500,000 in 2003 in Monmouthshire would pay just £3,445.84 in Council Tax. Since then the average house has risen in price by 183% in Monmouthshire and we can assume that house is now worth £1,415,000. Under PPT's surcharge rate of 1.24% that property would pay £17,546 annually.

This additional revenue would go towards supporting vulnerable low-income households, support for the local community and encouraging a fairer distribution of wealth that works for local residents. If the owner does not wish to pay the additional tax, he or she can sell the property, thus facilitating a more efficient housing market.





Local Government and Housing  
Committee,  
Welsh Parliament,  
Cardiff,  
CF99 1SN

**Response to Local Government and Housing Committee inquiry into  
council tax reforms**

**Written Submission from the National Residential Landlords Association**

Thank you for the opportunity to respond to this consultation. The National Residential Landlords Association (NRLA) is grateful for this chance to give our view regarding council tax reforms in Wales. Our response to the consultation is as follows:

**About the NRLA**

The National Residential Landlords Association (NRLA) represents over 99,000 private-sector residential landlords in England and Wales. The NRLA provides support and advice to members and seeks to raise standards in the Private Rented Sector through our code of conduct, training, accreditation and the provision of guidance and updates on legislation affecting the sector.

**Deadline - Friday 11 November 2022.**

- 1) The potential impact of a council tax revaluation and revised council tax bands on local government finances and administration.

The NRLA does not think there would be any immediate impact on local government finances. However, a revaluation and a revision of council tax bands will require significant work between local authorities and the Valuation Office Agency (VOA). The NRLA discusses further issues around the VOA in our response.

Additionally, the Institute for Fiscal Studies highlights in their report<sup>1</sup> that a council tax revaluation, either a pure revaluation or a less regressive system will have a fall in tax bases under both systems for some local authorities.

- On a pure revaluation, where a system of 9 bands is retained, band thresholds are set so that nationally the same proportion of properties are in each band as now, and the same tax relativities apply to each tax. -
    - Overall, most local authorities would be set to have no or very small changes to their tax bases. The most significant estimated increases are in Isle of Anglesey (up 7%), Blaenau Gwent (up 6%), and Merthyr Tydfil (up 6%), while the biggest falls are in Flintshire (down 7%) and Wrexham (down 7%).
  - On a less regressive system with three additional bands (2 at the bottom and one at the top), and tax relativities that are more proportional to value but not fully proportional -
    - The report states that “It shows that the average tax relativity would increase most in Monmouthshire and the Vale of Glamorgan, reflecting both their high average property values (high value properties get taxed more under a less regressive system) and the effect of revaluation (which we estimated would see properties in these areas moving up bands). Average tax relativities would also fall in Northeast Wales, and most of the South Wales Valleys. In the former, that would largely reflect the impact of revaluation (given below average increases in property values).
- 2) Any reduction in local authority finances could negatively affect the support for social and private housing in the authority. Welsh Government should be wary of unintended consequences towards individual local authorities and their finances. The NRLA would also advise that any additional tax revenue from revaluation be ringfenced to support landlords and tenants in the Private Rental Sector (PRS). The potential benefits and disadvantages of regular property revaluations on local government administration, and the impact on those liable to pay council tax.

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<sup>1</sup> [https://ifs.org.uk/sites/default/files/output\\_url\\_files/Updated-analysis-of%252520the%252520effects-of-revaluating-%252526-reforming-council-tax-across-Welsh-local-authorities.pdf](https://ifs.org.uk/sites/default/files/output_url_files/Updated-analysis-of%252520the%252520effects-of-revaluating-%252526-reforming-council-tax-across-Welsh-local-authorities.pdf)

The NRLA thinks the Welsh Government should set new guidelines for the VOA as part of their ongoing work on creating a fairer council tax system.

The objectives should read as follows:

- To ensure fairness and consistency throughout the council tax system.
- To provide clearer guidance for the VOA that properties should not be disaggregated into multiple units for council tax, unless each individual unit is self-contained. This would prevent tenants in houses in multiple occupation from paying council tax, reducing potential costs on them.
- To create a more seamless council tax system where property owners can quickly identify and challenge their council tax band, where appropriate.

Introducing new council tax bands creates a risk for landlords renovating and extending properties for tenants. In some cases, this could incur further costs on tenants who are liable to pay council tax. Alternatively, if the landlord pays the council tax on the property, the landlord may find it necessary to increase the rent on the property.

- 3) The effectiveness of the framework for council tax discounts and exemptions, and how the system could be developed and improved.

Landlords are increasingly reporting that their HMOs are being targeted for disaggregation into multiple separate council tax bands by the Valuation Office Agency (VOA).

Under the council tax legislation, the VOA has long-held powers to disaggregate properties into multiple separate units for council tax. Where this happens, the property is split into various band A properties, increasing the total amount of council tax paid on the property by a significant amount.

While guidance does exist on disaggregation, it is too wide in scope, allowing the VOA to disaggregate the property without regard to the suitability of the unit as a self-contained dwelling. Instead, the test in law falls first on the nature of the tenancy agreement. Only if the property is let on a joint arrangement will the VOA generally have to consider the property characteristics before disaggregation.

In cases like this, it typically means that a tenant will become liable for paying the council tax after disaggregation, raising their costs by £1000-£1500 per

annum in most areas of the country. Normally, under a room only letting arrangement, responsibility for paying the council tax falls on the landlord under the hierarchy of liability as the tenants do not have a controlling interest over the entire council tax unit. After disaggregation, each room is an individual unit which the tenant does have the controlling interest for during the tenancy. As a result, they become liable for the council tax under the hierarchy of responsibility.

Room only agreements are common within HMO properties. Primarily because it allows landlords to access the common parts and fulfil their HMO management obligations, but also to ensure tenants are not tied to a contract with another tenant they may not know.

Unfortunately, while this is often the best option for the management of the tenancy and the relationship between tenants, should the VOA investigate, the council tax legislation will default to splitting the property into multiple separate units for council tax. This can often lead to lower-income tenants losing out, as the council tax bill for the room will be their responsibility under the hierarchy of council tax liability.

Welsh Government should take the opportunity to reevaluate the role of the VOA and its powers to disaggregate properties into multiple separate units for council tax. Focusing on the best outcomes for the tenants, this would be ensuring that HMOs are not disaggregated as standard, unless they are clearly self-contained dwellings designed for entirely separate living.

- 4) The case for changing the Council Tax Reduction Scheme which supports the most vulnerable low-income households, and scope for improving the system.

The NRLA believes that the Council Tax Reduction Scheme needs improved accessibility for service users.

Currently, the application is a large document and can be challenging to navigate as users bring all the necessary evidence together.

The NRLA proposes that local authorities can streamline and shorten the process in this digital age. For local authorities to make matters more difficult for low-cost households seems counterproductive.



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To conclude, improving accessibility for the scheme would go a long way in helping low-income households.

**Josh Lovell**

**Policy Officer (Wales)**

National Residential Landlords Association  
Cymdeithas Genedlaethol Landlordiaid Preswyl

# Agenda Item 5

## Local Government and Housing Committee

1 December 2022 – papers to note cover sheet

<b>Paper no.</b>	<b>Issue</b>	<b>From</b>	<b>Action point</b>
Paper 7	Housing Ukrainian refugees	Minister for Social Justice	To note
Paper 8	Welsh Government draft budget 2023–24	Chair of the Children, Young People and Education Committee	To note
Paper 9	Community assets	Minister for Finance and Local Government	To note
Paper 10	Petition P-06-1304 To review the emergency temporary housing policy which impacts our communities	Chair of the Petitions Committee	To note
Paper 11	Levelling Up and Regeneration Bill Legislative Consent Memorandum (LCM)	Chair of the Legislation, Justice and Constitution Committee	To note

John Griffiths MS  
Chair, Local Government and Housing Committee  
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[SeneddHousing@senedd.wales](mailto:SeneddHousing@senedd.wales)

18 November 2022

Dear John,

Following my appearance at Committee on 27 October where the Housing of Ukraine refugees was scrutinised, you requested some follow up information, which I am pleased to provide.

Firstly, you asked for figures on the number of Ukrainian refugees who have moved on from their initial accommodation, when information from the data platform is available. Our latest figures from the Ukraine Data Platform show that 698 Ukrainians allocated to initial accommodation are recorded as 'moved on'. Of these 508 have moved on within Wales, with a further 104 in other parts of the UK and 86 outside of the UK. We are actively working with all Local authorities and the Contact Centre to fully populate the data platform and this figure will increase over the coming weeks as more information about historical placements is added.

You asked for an update on the development and use of modular accommodation, including the cost per unit, and how they will be used in programmes to meet all housing needs.

Our Welsh Development Quality Requirement 2021 states:

“Modern Methods of Construction (MMC) is a preferred delivery solution. This includes various construction methods and technologies that can either replace traditional methods (e.g. using innovative technological or digital advancements), or complement them (e.g. producing components for hybrid construction that reduce resource required on-site and/or speed up assembly).”

This financial year the Transitional Accommodation Programme (TACP) is supporting 192 homes of modular construction. TACP grant funding of £16.5m is being made available to support this, with total costs £36m which equates to £187,500 per unit. Within the next 12 to 18 months a further 145 homes of modular construction will 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.

completed. TACP grant funding of £12m is being provided to support this, with a total cost estimated at £22.6m, which equates to £156,479 per unit.

It should be noted that costs per unit vary depending on the size of the homes being provided (i.e. number of bedrooms), type of unit being provided and site conditions. MMC can be between 8-14% more expensive per unit than traditional build approaches. However, they deliver a high quality product that has lower carbon emissions, is cheaper to heat and can be provided more quickly. To meet future housing needs, we need to ensure that homes are of a high quality, innovative and sustainable.

You asked about the reduction in discretionary housing payments. Discretionary Housing payments (DHP) are administered by the Department for Work and Pensions (DWP) to local authorities in England and Wales. DHPs are used by local authorities to mitigate the impacts of other welfare reforms including helping people affected by the benefit cap, local housing allowance changes and the bedroom tax. These payments help prevent tenants from getting into rent arrears and at a time when people are facing a cost-of-living crisis and private rents are increasing, affordability becomes extremely difficult.

In 2022-23, DHP funding in England and Wales was reduced by approximately 27% compared to 2021-22 – in Wales, this equates to £6,349,254 in 2022-23 (compared to £8,684,917 in 2021-22). In August, the DWP announced an additional £2m payable across all English and Welsh local authorities. This additional in-year funding amounts to £109,977 across all Welsh local authorities. Taking into account the mid-year allocation, DHP funding in 2022-23 is 26% less than funding in 2021-22. This reduction followed an 18% reduction in 2021-22 funding compared to 2020-21. Furthermore, DHP funding in 2022-23 is the lowest amount Wales has received since the commencement of the UK welfare reform policy.

In 2021-22, the Welsh Government topped-up DHP funding by £4.1m to mitigate the reduction in recognition of the importance of this fund, particularly in the context of COVID and other household financial pressures. In 2022-23, the Welsh Government provided £6m to Local Authorities for a Discretionary Homelessness Prevention Fund. This fund bolsters LAs funding to provide immediate support to prevent and relieve homelessness for both those on benefits and those at risk on low incomes but not on benefits. This can cover preventative measures such as offering a rent guarantee, paying for rent arrears as part of a package of action to sustain a tenancy, as well as topping up the Discretionary Housing Payments (DHP) funding.

This approach will therefore provide a more flexible option than simply topping up the DHP funding alone as it will give discretion for LAs to target the funding appropriately subject to their own existing legal framework and rules.



Following your request to see a copy of the letter sent to the DWP on local housing allowances, I also attach a copy of this letter. I hope that you find this information useful.

Yours sincerely,

A handwritten signature in black ink that reads "Jane Hutt". The signature is written in a cursive style with a long horizontal stroke above the first letter "J".

**Jane Hutt AS/MS**

Y Gweinidog Cyfiawnder Cymdeithasol  
Minister for Social Justice

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



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA/JJ/3066/22

Chloe Smith MP  
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10 October 2022

Dear Chloe

As the cost-of-living crisis continues to worsen, we are writing to follow on my correspondence to your predecessor Rt. Hon Thérèse Coffey MP in January and April this year to call on you urgently to increase the Local Housing Allowance (LHA) rates for those living on welfare benefits.

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

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

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

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[Correspondence.Julie.James@gov.Wales](mailto:Correspondence.Julie.James@gov.Wales)

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.

Furthermore, the substantial reduction in Discretionary Housing Payments (DHP) funding to Welsh local authorities in this financial year is compounding the issue. The reduction amounts to approximately £2.3m (27%) compared to the previous financial year. Whilst a further £2 million was allocated across all local authorities in England and Wales in early August, this additional funding only amounts to 2% of the total DHP award and its impact will be limited.

DHPs were originally increased to help mitigate the impact of the UK Government's welfare reforms and to help tackle poverty for those households most affected by welfare benefit changes. On that premise, we had expected an increase in funding particularly in the light of the continuing LHA freeze and the financial pressures that families are experiencing caused by the current cost-of-living crisis.

We would therefore urge you to reconsider LHA rates and DHP funding and take the immediate steps needed to address these significant concerns.

We look forward to receiving your response.

Yours sincerely



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



**Jane Hutt AS/MS**  
Y Gweinidog Cyfiawnder Cymdeithasol  
Minister for Social Justice

—  
**Children, Young People  
and Education Committee**

Chair of the Climate Change, Environment, and Infrastructure  
Committee  
Llyr Gruffydd MS

Chair of the Culture, Communications, Welsh Language, Sport, and  
International Relations Committee  
Delyth Jewell MS

Chair of the Economy, Trade, and Rural Affairs Committee  
Paul Davies MS

Chair of the Equality and Social Justice Committee  
Jenny Rathbone MS

Chair of the Finance Committee  
Peredur Owen Griffiths MS

Chair of the Health and Social Care Committee  
Russell George MS

Chair of the Local Government and Housing Committee  
John Griffiths MS

23 November 2022

**The Welsh Government's Draft Budget 2023-24**

Dear colleagues,

The Children, Young People and Education Committee recently considered how to approach its scrutiny of the Welsh Government's 2023-24 Draft Budget.

We have committed in our [Sixth Senedd strategy](#) to seek out opportunities to work with other Senedd committees where there are areas of shared interest and where it will improve scrutiny. We therefore asked officials supporting the Children, Young People and Education Committee to share any relevant written evidence we receive and briefing information with other Senedd committees to support holistic, joined-up scrutiny of the Draft Budget across the Senedd.

We have also asked officials to be mindful of where we may be coming to similar views to another committee about matters that straddle committees' remits, with a view to proposing joint recommendations if appropriate. During scrutiny of the 2022-23 Draft Budget, we and the Economy, Trade and Rural Affairs Committee made a joint recommendation relating to transparency of one particular funding stream - an important matter of principle for both committees. I believe the joint recommendation added weight to our shared views.

I would be very grateful for your reciprocal support on the above issues.

We also agreed that our scrutiny of the Draft Budget will include consideration of the following cross-cutting issues:

- the Welsh Government's so-called 'revised baseline': how clearly and accurately it presents changes in expenditure from one year to the next.
- how the Draft Budget impacts different groups of people and how well these impacts are taken into account in the Welsh Government's Strategic Integrated Impact Assessment (SIIA). The Welsh Government has assured us that the SIIA sets out the contextual evidence that supports its spending decisions. However, we do not believe that the SIIA published alongside the 2022-23 Draft Budget clearly demonstrated its compliance with its duties under the Rights of the Child and Young Persons (Wales) Measure 2011. We believe that a Child Rights Impact Assessment (CRIA) should be undertaken for the Draft Budget as a whole and published as a standalone document.

These issues, or closely related issues, may be relevant to your Committee's consideration of the 2023-24 Draft Budget. If so, I would welcome any opportunities for coordinated scrutiny. I have asked officials supporting the Children, Young People and Education Committee to pursue any such opportunities, depending on your views and those of your fellow committee members.

Yours sincerely,



Jayne Bryant MS  
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



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

Agenda Item 5.3



Llywodraeth Cymru  
Welsh Government

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

John Griffiths MS,  
Chair  
Local Government & Housing Committee  
[John.Griffiths@senedd.wales](mailto:John.Griffiths@senedd.wales)

24 November 2022

Dear John,

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

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

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

Yours sincerely,



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

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

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

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

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

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

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

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

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

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

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

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

**Recommendation 1.**

The committee recommends that:

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

**Response: Accept in Principle**

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

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

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

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**Recommendation 2.**

The committee recommends that:

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

**Response: Accept**

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

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

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### **Recommendation 3.**

The committee recommends that:

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

#### **Response: Accept**

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

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

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

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

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

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### **Recommendation 4.**

The committee recommends that:

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

#### **Response: Accept**

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

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

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### **Recommendation 5.**

The committee recommends that:

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

#### **Response: Accept**

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

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

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### **Recommendation 6.**

The committee recommends that:

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

#### **Response: Accept**

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

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

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### **Recommendation 7.**

The committee recommends that:

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

#### **Response: Accept**

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

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

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

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

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### **Recommendation 8.**

The committee recommends that:

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

#### **Response: Accept**

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

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

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### **Recommendation 9.**

The committee recommends that:

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

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

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

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

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

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## **Recommendation 10.**

The committee recommends that:

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

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

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

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

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

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

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## **Recommendation 11.**

The committee recommends that:

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

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

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

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

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

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

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## **Recommendation 12.**

The committee recommends that:

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

### **Response: Accept**

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

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

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## **Recommendation 13.**

The committee recommends that:

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

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

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

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

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

Feedback from this work will be shared with the commission.

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

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

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#### **Recommendation 14.**

The committee recommends that:

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

#### **Response: Reject**

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

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#### **Recommendation 15.**

The committee recommends that:

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

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

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

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

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

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## **Recommendation 16.**

The committee recommends that:

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

### **Response:**

#### **Accept in principle**

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

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

**Financial Implications:** None

John Griffiths MS

Chair

Local Government and Housing Committee

Tŷ Hywel

Cardiff Bay

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**Welsh Parliament**

Cardiff Bay, Cardiff, CF99 1SN

Petitions@senedd.wales

senedd.wales/SeneddPetitions

0300 200 6565

24 November 2022

Dear John

**Petition P-06-1304 To review the emergency temporary housing policy which impacts our communities**

The Petitions Committee considered the above petition at our meeting on 21 November, alongside correspondence from the Minister for Climate Change.

At the meeting members agreed to write to your Committee in order to bring this petition to your attention and agreed to consider this petition again once you have published your report into Homelessness and the Welsh Government response has been received.

Further information about the petition, including related correspondence, is available on our website at: <https://business.senedd.wales/ielssueDetails.aspx?IId=40250&Opt=3>.

If you have any queries, please contact the Committee clerking team at the e-mail address below, or on 0300 200 6454.

Yours sincerely



Jack Sargeant MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.





Llywodraeth Cymru  
Welsh Government

Huw Irranca-Davies MS

Chair, Legislation, Justice and Constitution Committee

seneddLJC@senedd.wales

25<sup>th</sup> November 2022

Dear Huw

Thank you for your letter of 2 November regarding the Legislative Consent Memorandum (LCM) on the Levelling Up and Regeneration Bill (the Bill).

I too share your frustration over the lack of engagement from the UK Government on areas within the Bill prior to its introduction. Whilst engagement has improved it remains disappointing that there are areas in the Bill for which we have little detail and placeholder clauses remain. This has complicated not only the devolution assessment of the provisions and their effect upon Wales, but also negotiations over potential amendments. I acknowledge the importance of the Senedd's scrutiny role in the legislative consent process and accept that this in turn limited the ability of all four responsible committees to carry out meaningful scrutiny of the LCM.

I have provided a response to your questions in full where I can in the annex to this letter (**Annex 1**) and will lay a revised LCM on the Bill as soon as possible.

The responses to the letter have been based on the Bill as introduced, and I intend to lay a supplementary LCM to the same effect. This will provide a clear picture of my position on the Bill. Amendments to the provisions within the Bill during its passage through the House of Commons and Lords will be laid as a separate LCM in accordance with standing orders. I fully support your request for a revised deadline to assess the provisions and understand the Minister for Rural Affairs North Wales and Trefnydd will discuss with the Business Committee once the revised LCM has been laid/at the earliest opportunity.

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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.

I am copying this letter to the Llywydd as Chair of the Business Committee, as well as the Chairs of the Climate Change, Environment and Infrastructure Committee, the Local Government and Housing Committee and the Economy, Trade and Rural Affairs Committee.

Yours sincerely



**Julie James AS/MS**

Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

## Annex 1 – Response to Questions set out by the Legislation, Justice and Constitution Committee

**Note: Unless otherwise stated references to provisions in the Bill are to the version of the Bill as introduced.**

1. ***Can the Minister explain fully the divergence of opinion between the Welsh Government and the UK Government as to whether Part 1 of the Bill requires the consent of the Senedd? What discussions has the Minister had with the UK Government in this regard?***
  - 1.1 For over two decades the Welsh Government, in line with its devolved responsibilities for regional **economic** development, worked in partnership to help address the long-term structural economic challenges in Wales and reduce geographical disparities between different parts of the United Kingdom (UK) and the European Union (EU).
  - 1.2 While the UK Government has failed to meet its manifesto promises of replacing EU funds in full and no power being lost to Wales, Welsh Ministers continue to seek a co-decision-making role on agreeing the outcomes and how funds supporting the Levelling Up agenda – including the Shared Prosperity Fund (the replacement to EU funds) – should be spent; this helps to ensure policy coherence and avoid duplication. Our Framework for Regional Investment in Wales remains an important policy document for that purpose. Improving policy coherence
  - 1.3 The Welsh Government is of the view that Senedd Cymru could pass equivalent provisions to those contained within Part 1 and place on Welsh Ministers identical obligations to set out how they propose to “reduce geographical disparities” in economic, social or other opportunities across Wales; supported by identical reporting, scrutiny, review etc. obligations.
  - 1.4 This is because the objective of “levelling-up” to significantly reduce geographical disparity in the UK is not a reserved matter. Whilst the Welsh Ministers would not introduce legislation in respect of England, the Senedd would have legislative competence to legislate to achieve the same outcome of “levelling-up” for Wales.
  - 1.5 The “levelling-up” missions are described in the Explanatory Notes to Levelling-Up and Regeneration Bill (the Bill), however, they are not contained in the Bill itself in respect of which the Standing Orders require an assessment as to whether a Legislative Consent Memorandum (LCM) must be laid before the Senedd. The missions read as high-level aspirational outcomes linked to specific areas – education, health, transport, employment and economic development. etc. Areas regarded as within the legislative competence of the Senedd.
  - 1.6 UK Government are of the view that Part 1 of the Bill does not require the legislative consent of the Senedd via a Legislative Consent Motion. The UK Government state that Part 1 does not modify the executive competence of the Welsh Ministers or the legislative competence of the Senedd, but do not address whether or not Part 1 makes provisions ‘for any purpose within the legislative competence of the Senedd. The UK Government is of the view that the UK Parliament can legislate to place duties upon the UK Government Ministers to set missions for the whole of the UK.
  - 1.7 Welsh Government officials have met with officials from the Department for Levelling Up, Housing and Communities, and will continue this engagement as the Bill progresses.

- 2. *Is the Minister able to provide more information regarding the Welsh Government's policy regarding the content of clauses 1-6 and the substantive reasons for its recommendation that the Senedd does not consent to these provisions?***
- 2.1 This Bill, if passed as currently drafted, would require future UK Governments to set longer term missions across a wide range of devolved matters, and actions to deliver against these missions could materially interfere with the policy objectives of the Welsh Government.
- 2.2 The Welsh Government does not agree the need for Part 1 of the Bill. Improving the well-being of everyone in Wales and addressing inequalities is the core mission of this Government and underpins the approach taken to the Well-being of Future Generations (Wales) Act 2015 (the WFG Act) passed by the Senedd in 2015.
- 2.3 The Welsh Ministers published their Economic Mission last year, clearly outlining our values and priorities which shape the decisions we are taking in supporting our economy here in Wales.
- 2.4 We aim to work to ensure our country is more prosperous, fairer and greener than ever before. In particular, our ambition is to create the conditions where more people, particularly the disadvantaged and young people, feel confident about planning their futures in Wales. Further to this we have set out a vision of what makes Wales an attractive place to live, study, work and invest, including the quality of life in an inclusive, open and green nation.
- 2.5 Our [Regional Economic Frameworks](#) set out the opportunities and challenges we face to improve the lives of people across Wales. They put collaboration ahead of competition, showing how we will act to maximise fairness for all and eliminate inequality at every level of society. They are an essential part of our commitment to a more focussed model of economic development - developing the distinctive strengths of our regions, supporting inclusive and sustainable economic growth and maximising opportunities to address national, regional and local inequalities, contributing to the well-being goals for Wales.
- 2.6 In Wales, we have through the WFG Act, a legislative framework to improve the economic, social, environmental, and cultural well-being of the whole of Wales for current and for future generations. The seven well-being goals were developed through a national conversation with the people of Wales and shaped and agreed by the Senedd.
- 2.7 This framework extends beyond just government and captures 48 public bodies, including public services boards and town and community councils. It recognises that both Government and public bodies have a contribution to make to achieving the well-being goals which reflects their powers and duties.
- 2.8 The provisions in clauses 1-6 of the Bill contain some of the elements that are already provided for through the WFG Act. This includes annual reporting, indicators and milestones and the setting of objectives to shape delivery.
- 2.9 In addition, the definition of "geographical disparities" in the Bill, as introduced, only makes specific mention to economic and social opportunities or outcomes. This misses the environmental and cultural opportunities and outcomes that are the

foundation of the WFG Act and well-being goals, and the strong views of the Senedd at the time that cultural well-being is an essential part of improving Wales.

**3. Can the Minister confirm why the LCM makes reference to clause 96 (street votes) requiring consent in the view of the UK Government, when this view is not reflected in the Explanatory Notes to the Bill?**

3.1 The reference to clause 96 of the Bill requiring consent in the view of the UK Government was included in the LCM in error. However, it is my view that as the clause is a placeholder clause and is not currently limited to England, that it falls within the legislative competence of the Senedd. We anticipate amendments will be tabled to the Bill to limit the application of clause 96 to England, which is why the UK Government has not identified it as requiring consent. We will correct this in the revised memorandum.

**4. Is the Minister in a position to seek clarity as to why the UK Government included clause 78 as requiring consent in the Explanatory Notes, when clause 78 is entitled "Power to require use of approved planning data software in England". Is clause 78 intended to apply in Wales or has the UK Government erroneously noted that it applies in Wales?**

4.1 We have not had any discussions with the UK Government on this particular point, therefore I am unable to clarify the UK Government's position on this. As introduced, we consider the application of clause 78 to apply to England only and therefore Senedd consent is not required.

**5. Has the Minister raised the inconsistency between the Explanatory Notes, immediately before paragraph 470, and the Bill at clause 77 regarding the title of clause 77, where the Explanatory Notes refers to England but the clause itself does not? Is the Minister confident that this clause applies in Wales?**

5.1 We have not had any discussions with the UK Government on this particular point. It is likely to be an error with the Explanatory Notes and we will raise it with the UK Government. The planning data provisions have the potential to apply to Wales in areas that are within the legislative competence of the Senedd. This is in a limited area in respect of regulations made under Part 5 (Environmental Outcome Reports). I am confident clause 77 has the ability to apply in Wales.

**6. Can the Minister provide further detail as to the new powers that are provided to the Secretary of State by Chapter 1 of Part 3, clause 96 and clause 112 and confirm what effect these powers would have in Wales, including any effect on the legislative competence of the Senedd and the executive competence of the Welsh Ministers?**

6.1 The planning data provisions in Chapter 1 of Part 3 of the Bill are intended to set approved data standards so that data held by relevant planning authorities is directly comparable. This would enable developers to work more efficiently across different authorities and, make it easier for the public to compare data across different authority areas. It would also facilitate growth and competition in the planning data software market through the creation of a common standard which suppliers would work to, enabling cross-boundary matters to be dealt with more efficiently.

6.2 The vast majority of 'relevant planning authorities', as defined in clause 81 of the Bill, capture bodies operating in England, or in non-devolved areas. The only area

within the legislative competence of the Senedd that will be affected by any planning data regulations will be in respect of any Environmental Outcomes Report Regulations made under Part 5 of the Bill. As drafted in the Bill as introduced, it would be the Secretary of State who would be making such Environmental Outcomes Reports Regulations (“EOR Regulations”), however negotiations are ongoing in respect of the Welsh Ministers having equivalent powers in devolved areas. We will ensure that the operation of these clauses relating to planning data are considered in the negotiations in respect of Part 5. As drafted in the Bill as introduced these provisions fall within the legislative competence of the Senedd to the extent they cover matters under Environmental Outcome reports. There is no effect on the legislative competence of the Senedd and no impact on the executive competence of the Welsh Ministers.

- 6.3 Clause 96 (Street Votes) is a placeholder clause which we anticipate will be replaced by substantive provisions during the passage of the Bill which will apply to England only. The clause provides very little information as to what the system would entail and we have not received any further information from the UK Government on this matter.
- 6.4 Clause 114 (Previously Clause 112) (regulations and orders under the Planning Acts) is merely a clarificatory amendment, providing an express power to make ancillary provision rather than having to rely on implied powers. There is therefore no substantive change. The provisions affect the executive competence of the Welsh Ministers to make regulations and orders under the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990 and the Planning (Hazardous Substances) Act 1990. However, as stated there is no change to the Welsh Ministers’ functions.

**7. *Can the Minister explain the reasoning behind her statement at paragraph 58 of the LCM that “Two areas, on planning data and environmental outcome reports, have potential benefits for Wales, but their current drafting means this benefit cannot be realised.” What are the potential benefits that are referred to? Why does their current drafting mean that such benefits cannot be realised?***

- 7.1 In respect of planning data, as explained in paragraph 6.1 above, common data standards would enable developers to work more efficiently across different authorities and, make it easier for the public to compare data across different authority areas. It would also facilitate growth and competition in the planning data software market through the creation of a common standard which suppliers would work to.
- 7.2 The repeal of the European Communities Act 1972 means the Welsh Ministers no longer have regulation making powers in respect of strategic environmental assessment and environmental impact assessment. The only exception to this is section 71A of the Town and Country Planning Act 1990 which this Bill would repeal. We are therefore unable to improve the operation of these regimes, for example, in respect of electronic communications, or the types of projects which should be subject to assessment.
- 7.3 The drafting in the Bill as introduced for both the planning data provisions and environmental outcome reports does not provide the Welsh Minister with regulation making powers. We will therefore be unable to make any changes to improve how the provisions work and there would remain the risk that the Secretary of State makes regulations affecting Wales that undermine the current approach in these areas, which are specifically tailored to the circumstances and needs of Wales.

- 8. Can the Minister provide further information in relation to the statement at paragraph 59 of the LCM that “the current drafting of powers on digital data does not accord with our desire to legislate for Wales.” In what way does the current drafting have this effect? Is the reference to “digital data” a reference to planning data?**
- 8.1 The drafting in the Bill as introduced for the planning data provisions in Chapter 1 of Part 3 enables the Secretary of State to make regulations in respect of planning data requirements for environmental outcome reports. In line with our principles for consenting to UK Bills, I consider the Welsh Ministers should have equivalent powers to make regulations in respect of environmental outcome reports for devolved plans and projects, which would consequentially require similar powers in relation to planning data. The Bill, as introduced, does not give the Welsh Ministers those powers.
- 8.2 The reference to “digital data” should be a reference to “planning data” and I will correct this in the revised LCM.
- 9. The LCM does not clearly conclude whether it is appropriate for each of the clauses in Chapter 1 of Part 3, clause 96 or clause 112 to be included in the Bill, nor does it provide a clear recommendation as to whether or not consent should be given to these provisions. Can the Minister confirm the position in this regard?**
- 9.1 I recommend consent should be withheld to those clauses of Chapter 1 of Part 3 that are within the legislative competence of the Senedd (clauses 75, 76, 77, 79, 80 and 81) because they directly relate to the operation of environment outcome reports provided for in Part 5 of the Bill. I cannot support the current approach in Part 5 because of the risk of regulations affecting Wales that undermine the current approach in these areas, which are specifically tailored to the circumstances and needs of Wales.
- 9.2 I also recommend consent should be withheld to clause 96 as it is likely to introduce an unnecessarily bureaucratic approach to public engagement. We are committed to ensuring public involvement in shaping the places in which they live. This needs to be done in a strategic and coordinated manner, which reflects the plan-led system in Wales.
- 9.3 Finally, I recommend Senedd consent should be given to clause 114 (previously clause 112) as the provision only seeks to clarify the extent of general powers to make statutory instruments, which is an issue common to England and Wales. Paragraphs 22 and 23 of the LCM explain this technical legal amendment. While it is possible for the Senedd to make this change, the minor technical nature of the change to make the existing legal position clearer, means in my view the benefit of effecting the change through this Bill outweigh the policy presumption against doing so.
- 9.4 I will make this clear in the revised LCM.
- 10. Can the Minister confirm the specific clauses that are referred to in paragraphs 58 and 59 of the LCM?**

10.1 The reference to planning data refers to the clauses identified at paragraphs 14 to 19 of the LCM (Clauses 75, 76, 77, 79, 80 and 81 of the Bill). The reference to the area of environmental outcome reports refers to the clauses identified at 24 to 35 of the LCM (clauses 116 to 130 of the Bill). I will make this clear in the revised LCM.

**11. Can the Minister confirm which clauses are referred to as “the clauses in relation to planning” in paragraph 64 of the LCM? Does this include clause 112?**

11.1 The reference to the clauses relating to planning included those identified at paragraphs 14 to 38 of the LCM and include clause 112. I will make this clear in the revised LCM.

**12. Can the Minister seek confirmation from the UK Government as to how the planning provisions will work in practice, to include providing an analysis of the clauses in relation to planning and explaining how Welsh authorities will be impacted by the provisions of the Bill in real terms? Can the Minister confirm who, in Wales, is considered a ‘relevant planning authority’ for the purposes of this Chapter?**

12.1 The provisions in Chapter 1 of Part 3 of the Bill as introduced primarily apply in relation to England and only apply in Wales in two limited circumstances. Firstly, in relation to the Secretary of State acting in non-devolved areas, for example National Strategic Infrastructure Projects (NSIPs). Secondly, in respect of the Secretary of State’s functions under Part 5 of the Bill (Environmental Outcome Reports).

12.2 The provisions in Part 5 are currently being negotiated with UK Government. As such, we are unable to confirm who, in Wales, could be considered a ‘relevant planning authority’ for the purposes of this Chapter, as this will depend on the outcome of those negotiations.

12.3 Similarly, it is difficult at present to outline how the provisions will work in practice. This is dependent on the type of regulation the UK Government proposes to bring forward, by way of tabled amendment, of which we have no detail at this current time.

12.4 I will update this Committee and the other scrutiny Committees as appropriate once I have more information.

**13. Can the Minister confirm which provisions in Part 5 of the Bill relate to reserved matters and which relate to devolved matters, as referred to in paragraph 49 of the LCM?**

13.1 The provisions that could be included in EOR Regulations cover a wide range of areas, both in terms of defining ‘relevant consents’ and ‘relevant plans’. Examples of existing regulations relating to environmental impact assessments which apply solely in Wales include agriculture (e.g., the Environmental Impact Assessment (Agriculture) (Wales) Regulations 2017) and planning (e.g., the Town and Country Planning (Environmental Impact Assessment) (Wales) Regulations 2017). Other examples of existing provisions are listed in clause 130 of the Bill as “existing environmental protection legislation”. We will work with the UK Government to ensure all relevant Wales only legislation is also included.

13.2 The reservations that may be relevant when considering the provision that could be made under Part 5 of the Bill include reservation 184 of Schedule 7A to Government of Wales Act 2006 (GOWA) (planning), although provision could be



made in relation to other planning matters and infrastructure projects that fall below the thresholds for nationally significant infrastructure projects NSIPs. Other examples of relevant reservations include reservation 97 (oil and gas) and reservation 99 (nuclear energy). Despite the existence of relevant reservations, substantive provision could still be made in devolved areas including planning, transport, water, agriculture, land drainage and others.

**14. With reference to paragraph 58 of the Bill, can the Minister confirm the detail of the potential benefits that she envisages to an improved system of environmental planning reports and whether discussions have taken place with the UK Government with a view to realising these benefits in the Bill? Can the Minister also confirm what is meant by “planning outcome reports” in paragraph 58?**

14.1 Planning outcome reports” should be a reference to “environmental outcome reports” and I will correct this in the revised LCM. Discussions have taken place between my Officials and their counterparts in the UK Government with a view to realising the benefits explained in my answer to your question seven.

**15. Can the Minister explain how the current provisions mean that the Welsh Ministers have lost their ability to make Welsh regulations in relation to environmental outcome reports?**

15.1 Clause 130 (2) omits section 71A of the Town and Country Planning Act which is the current executive power of the Welsh Ministers to make provision in respect of the consideration of the likely environmental impacts of proposed development.

**16. Can the Minister state whether or not support is given to the provisions in Part 5 being included in the Bill, as is required by Standing Order 29.3(iii), and whether or not consent should be given?**

16.1 I recommend consent is withheld for the provisions in Part 5 as introduced for the reasons set out in my answer to your question 7. I will update the LCM accordingly.

**17. Can the Minister provide an update as to any discussions that have taken place with the UK Government regarding clauses 96 and 187?**

17.1 No discussions have taken place with the UK Government regarding clause 96.

17.2 My officials have been proactively and regularly liaising with their counterparts in the UK Government to understand the UK Government’s intentions for Clause 187.

**18. Has the Minister discussed clauses 80 and 121 of the Bill with the UK Government and sought to amend the provisions to require that, at the very least, the UK Government has to obtain the consent of the Welsh Ministers before making planning data regulations or environmental outcome report regulations containing provision which is within Welsh devolved competence? What has been the outcome of these discussions?**

18.1 Discussions between officials are exploring the possibility of equivalent powers for the Welsh Ministers to make EOR Regulations in general for devolved plans and projects from the starting point the Bill as introduced is unacceptable in relation to the Secretary of State being able to make regulations in devolved areas. Discussion on possible alternative clauses for clauses 80 and 123 (previously 121) to overcome these objections has not taken place. I await sight of any proposed replacement

clauses that better reflect Welsh devolved competence. Unless and until such new clauses are produced, my recommendation remains that legislative consent should be withheld to the provisions on planning data regulations and environmental outcome reports.

**19. Does the Minister have any views on the inclusion of the Henry VIII powers at clauses 129 and 191 of the Bill? Has the Minister discussed clause 129 and/or clause 191 with the UK Government to seek their amendment or removal? What has been the outcome to date of such discussions?**

- 19.1 Clause 129 is unacceptable in my view, in that it is part of the environmental outcome report provisions on which I have provided my view above (see paragraph 9.1). There has been no ministerial discussion about these provisions to date. Now that the rearrangement of portfolios within UK Government has settled, I will be seeking to meet my counterpart at the earliest opportunity.
- 19.2 Consent should similarly be withheld in relation to clause 191 due to the lack of equivalent powers for the Welsh Ministers to make regulations in respect of devolved matters.

**20. Can the Minister provide any view on the financial implications of this Bill for Wales?**

Clause 1 - 6 (Levelling up missions)

- 20.1 The effect of the provisions is to place a duty on the UK Government to set, and report annually on progress towards achieving, levelling up missions to reduce geographical disparities across the UK. The requirement to report on the delivery of levelling up missions, and the parliamentary scrutiny of progress against these missions is a cost to the UK Government and will have no effect on Wales. The effect of the levelling up actions undertaken by the UK Government to deliver these missions is outside of the scope of the Bill.

Placeholder clauses:

Clause 96 (Street votes) and Clause 187 (Vagrancy and begging)

- 20.2 Where provisions are placeholder provisions the clause does not contain the necessary detail for me to identify whether there will be any financial implications on Wales. I will update the Senedd as appropriate once the substantive provisions are tabled.

Part 3 (Planning)

- 20.3 The changes to the planning system under Part 3 will all have familiarisation costs associated with the change. This one-off cost will be experienced by local authorities, businesses (including small and medium sized enterprises), and the Third Sector where they engage in the system.

Clause 75,76,77,79,80,81 (Planning data)

- 20.4 The changes to the provision, processing and requirements of planning data will have financial costs for Welsh local authorities and those engaged in specific parts of the planning system in Wales. The provision as currently drafted only has effect in Wales on two limited areas. Firstly, in relation to the Secretary of State acting in non-devolved areas, for example for NSIPs. Secondly, the provisions currently apply in respect of the Secretary of State's functions under Part 5 of the Bill (Environmental Outcome Reports).

20.5 Therefore, where a NSIP, or Environmental Outcome Report is triggered they will be subject to the requirements. In other areas the standards do not apply. This will create a potential dual system of planning data in Wales that will create inconsistency, increasing costs for users of the planning system. It would therefore not fully realise the benefits identified in the Bill through a transition to digital planning system as it will not apply to the whole system in Wales.

Clause 112 (Regulations and Orders under the Planning Acts)

20.6 This clause concerns technical legal amendments to the general powers to make statutory instruments contained in The Town and Country Planning Act 1990, The Planning (Listed Buildings and Conservation Areas) Act 1990 and The Planning (Hazardous Substances) Act 1990. The amendment is a minor technical legal amendment aimed at making the legal position clear. There are no financial consequences as a result of the change.

Clause 116-130 (Environment outcomes report)

20.7 The provisions in the Bill currently provide for one overarching power to make provisions in respect of environmental outcome reports to accompany both strategic plans, and relevant project consents. The new system of environmental outcomes reporting has potential for efficiency savings through the simplification of consenting.

Clause 186 (Review of governance etc of Royal Institution of Chartered Surveyors (RICS))

20.8 This clause will enable the Secretary of State to commission periodic reviews of RICS that will give government information about the governance and performance of RICS, in order to satisfy itself that RICS performs in the public interest. There are no costs to Wales.