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Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

17 January 2023

Dear Peredur,

Further to the Draft Budget scrutiny session held on 14<sup>th</sup> December, please find below the further information I agreed to provide; some relating to my portfolio and some relating to other Ministerial portfolios.

### **Vacant Land Tax**

Welsh Ministers have been pursuing the devolution of powers for a vacant land tax since 2018, because of the potential of such a tax to help deliver our housing and regeneration ambitions. The mechanism for devolving new tax powers is set out in the Wales Act (2014).

A vacant land tax would have a limited scope, applying only to land in Wales. It would not reasonably be expected to have a material impact outside of Wales, hence very clearly aligned to devolved responsibilities. Our ambitions for tax powers are not limited to a vacant land tax, but securing powers for a VLT will ensure the process works and set appropriate precedents for how it operates in future. If we are not able to secure the powers for this tax, it is very difficult to believe the process as currently provided for can deliver any new tax powers for Wales.

The UK Government continues to seek further information on the operation of such a tax rather than its suitability for devolution. We have always been clear, the UK Government has a legitimate interest in whether the powers are suitable for devolution but it is for the Senedd, not the UK Government, to be concerned about how those powers are used. In light of our experience of trying to navigate through this process with the UK Government, it is clear to me that the process is not fit for purpose.

I will be seeking to progress this issue with the UK Government through the new inter-governmental relations arrangements and I will keep the Committee informed of developments.

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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.

## **Social Homes**

We are committed to supporting local authorities to deliver their housing ambitions. To enable this, we established the 'Scale and Pace' programme in 2020 to support the 11 stock retained local authorities to deliver new homes. Local authorities now have access to the Social Housing Grant and are actively using it to support their programmes. However, a number of additional homes are provided without central assistance and through direct borrowing funded through rental income.

Working with the sector, we have developed and published a renewed Housing Revenue Account (HRA) guidance manual. The manual provides clarity for councils and their tenants on what the HRA can and cannot be used for. This work includes the removal of the 'borrowing cap' in 2019 which previously imposed borrowing limits. Authorities now have significantly more freedom to determine their level of borrowing reflecting their priorities. Much of this borrowing is through the Public Works Loan Board (PWL) offering loans for up to 50 years. We know that increases in the cost of borrowing impact on housebuilding, and this will include local authorities as a result of Public Works Loan Board interest rate rises.

## **Retail, Leisure and Hospitality Rates Relief Scheme 2023-24**

The Retail, Leisure and Hospitality Rates Relief Scheme for 2023-24 will provide support for eligible occupied properties by offering a discount of up to 75% on non-domestic rates bills. The scheme will apply to all eligible businesses, however the relief will be subject to a cap in the amount each business can claim across Wales. The total amount of relief available is £110,000 across all properties occupied by the same business.

Businesses occupying more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties, within the cap of £110,000 per business across Wales.

Businesses will be required to make an application to their local authority for this relief scheme. The application includes a declaration that the business meets the eligibility criteria and confirms that the amount of relief they are seeking across Wales does not exceed this cap. Where 75% of liability across a business's properties exceeds £110,000, businesses are required to specify which properties they would like the relief to apply to. Businesses may choose which properties they seek relief for.

A very similar relief scheme, providing 50% relief which is subject to a cap of £110,000 per business across Wales, is being provided in 2022-23. Guidance on the current scheme is published at the following link and similar guidance for the 2023-24 scheme will be published soon: <https://businesswales.gov.wales/non-domestic-rates-retail-leisure-and-hospitality-rates-relief-wales-2022-23>.

## **Primary Care Actions**

A range of national actions to support the rebalancing of the health and care system into a locally accessed wellness service is led through the Rebalancing Care Programme, the Strategic Programme for Primary Care and the Six Goals for Urgent and Emergency Care. From 2023-24 the Planned Care Programme will begin to drive the implementation of national care pathways, designed to move from an episodic, medical model of care to a whole person and lifetime social model with more emphasis on self-care, prevention, and local services.

Key actions to help bring local services together to collaborate through clusters and to deliver better access to the right professionals include:

- *General Medical Services* –the Welsh Government is investing over £17million in General Medical Services (GMS) through the GMS contract agreement for 2022-23. This agreement was announced on 28 October 2022 as a result of tripartite negotiations between Welsh Government, NHS Wales and GPC Wales and sees contract changes which will improve services for patients and reduce the administrative burden for GPs, enabling them to focus on providing high-quality care.
- *Community Pharmacy* – there is continued investment via the Community Pharmacy Contractual Framework to provide the Clinical Community Pharmacy Service and Community Pharmacy Independent Prescribing Service across Wales, supporting people to have access to free advice and treatment in the community, often without the need to wait for an appointment.
- *Integrated Health and Care Centres* – the Programme for Government commitment to develop integrated health and social care community hubs and centres provides an opportunity to support the delivery of seamless services through creating local single points of access and co-location of staff and services delivering integrated care pathways. Projects will be fully aligned to the principles of the Primary Care Model for Wales and A Healthier Wales: Long Term Plan for Health and Social Care (2019), in providing a whole system approach that demonstrates integration of health, social care, local authority and voluntary sector services.
- *Dentistry* – funding of £167.7million is allocated to health boards for the provision of NHS dental services per annum. This is supplemented by the Patient Charge Revenue giving a total budget of just under £202million. The dental budget has been increased in line with the Doctors and Dentists Review Body recommendation for 2022-23 with no reduction proposed in the Draft Budget for 2023-24. We are currently working on a programme of reform in dentistry which aims to move from a system based on achieving Units of Dental Activity (UDA) to a system that can address inequalities by focusing on the risks and needs of patients but built on a foundation of prevention. This approach will improve access and quality of services.

### Private Finance Initiative Schemes

Please see below a list of the PFI schemes in Wales that are ending in the next five years:

Scheme Name	Procuring Authority	Operational End Date
Lloyd George Avenue and Callaghan Square	Welsh Government	18/12/2025
Chepstow Community Hospital	Aneurin Bevan Health Board	01/02/2025
Day Surgery Unit Nevill Hall Hospital	Aneurin Bevan Health Board	01/07/2024
Energy Management Nevill Hall Hospital	Aneurin Bevan Health Board	18/12/2026
Staff Residences Royal Glamorgan Hospital	Cwm Taf Health Board	01/10/2028

I hope you find the above helpful, and please let me know if you require any further information.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive style with a period at the end.

**Rebecca Evans AS/MS**

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