



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

# Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cydraddoldeb, Llywodraeth Leol a  
Chymunedau](#)

[The Equality, Local Government and  
Communities Committee](#)

29/03/2017

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Gareth Bennett <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	UKIP Cymru UKIP Wales
Janet Finch–Saunders <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig Welsh Conservatives
John Griffiths <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Sian Gwenllian <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru The Party of Wales
Bethan Jenkins <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru The Party of Wales
David Melding <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig (yn dirprwyo ar ran Janet Finch–Saunders) Welsh Conservatives (substitute for Janet Finch– Saunders)
Rhianon Passmore <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Jenny Rathbone <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Joyce Watson <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour

**Eraill yn bresennol**  
**Others in attendance**

Claire Bennett	Dirprwy Gyfarwyddwr, Llywodraeth Leol: Trawsffurfio a Phartneriaethau, Llywodraeth Cymru Deputy Director, Local Government Transformation and Partnerships, Welsh Government
Mark Drakeford	Aelod Cynulliad, Llafur (Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol) Assembly Member, Labour (Cabinet Secretary for Finance and Local Government)
Lisa James	Dirprwy Gyfarwyddwr, yr Is–adran Democratiaeth Llywodraeth Leol, Llywodraeth Cymru Deputy Director, Local Government Democracy, Welsh Government
John Rees	Rheolwr Bil, Llywodraeth Cymru Bill Manager, Welsh Government

Carl Sargeant	Aelod Cynulliad, Llafur (Ysgrifennydd y Cabinet dros Gymunedau a Phlant) Assembly Member, Labour (Cabinet Secretary for Communities and Children)
Katie Wilson	Cyfreithiwr, Llywodraeth Cymru Lawyer, Welsh Government

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol  
National Assembly for Wales officials in attendance**

Osian Bowyer	Y Gwasanaeth Ymchwil Research Service
Steve Davies	Cynghorydd Cyfreithiol Legal Adviser
Chloe Davies	Dirprwy Glerc Deputy Clerk
Naomi Stocks	Clerc Clerk
Elizabeth Wilkinson	Ail Glerc Second Clerk

*Dechreuodd y cyfarfod am 09:15.  
The meeting began at 09:15.*

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau  
Introductions, Apologies, Substitutions and Declarations of Interest**

[1] **John Griffiths:** Welcome to this meeting of the Equality, Local Government and Communities Committee. Our first item today, item 1, is introductions, apologies, substitutions and declarations of interest. May I declare that I am a member of the Unite and Community trade unions? Are there any other declarations of interest?

[2] **Jenny Rathbone:** I'm a member of Unite and former shop steward for ACTT, of blessed memory.

[3] **John Griffiths:** Any others?

[4] **Joyce Watson:** I'm a member of Unite.

[5] **Gareth Bennett:** I'm a former member of Amicus.

[6] **Sian Gwenllian:** Rwy'n aelod o **Sian Gwenllian:** I'm a member of the Undeb Cenedlaethol y National Union of Journalists. Newyddiadurwyr.

[7] **John Griffiths:** Okay. We will have one substitution later, when we reach the right-to-buy item on the agenda. David Melding will substitute for Janet Finch-Saunders.

09:16

**Craffu ar waith Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol:  
Diwygio Llywodraeth Leol  
Scrutiny of the Cabinet Secretary for Finance and Local Government:  
Local Government Reform**

[8] **John Griffiths:** We move on, then, to item 2, scrutiny of the Cabinet Secretary for Finance and Local Government with regard to local government reform. Welcome to the meeting this morning, Cabinet Secretary. Would you like to introduce your officials for the record, please?

[9] **The Minister for Finance and Local Government (Mark Drakeford):** Thank you very much, Chair. I have Lisa James and Claire Bennett with me this morning, both senior officials working in the local government department.

[10] **John Griffiths:** Diolch yn fawr. If it's okay with you, we'll move straight into questions, Cabinet Secretary. Perhaps I might begin by asking you to explain the reasons why the Welsh Government in the fifth Assembly has fundamentally changed its approach to local reform compared to that of the previous administration?

[11] **Mark Drakeford:** Chair, I won't start by taking issue with you—that would be a bad start to the morning, wouldn't it—but I think the word 'fundamentally' would not be a word that I would maybe accept completely, because a great deal of what our White Paper contains is material that was there in the White Paper and the draft Bill published in the last Assembly. What we sometimes forget is that a great deal of what was proposed then was welcomed by local government and was largely uncontroversial. There was one significant aspect of those proposals that was the opposite, and which had a lot of controversy attached to it, and, in that way, we have taken

a different approach. The reason for doing it is simply that those proposals, having been tested, didn't find support in local government itself, they didn't find support in other parts of the National Assembly, and, when I became the local government Minister, the First Minister said to me, 'Well, we tried that, and it couldn't be brought off. So, now the problems haven't gone away—the same issues that were there before remain to be addressed, but we need to find a different way of taking them forward'. So, my aim from the beginning has been to try to see if it's possible to craft a consensus—a consensus with local government, with its partners as far as possible, to take account of the views of other political parties who have in many ways shared ambitions for wanting to make sure that our local authorities are able to do the important jobs that they do successfully in the future, and then to find a different set of proposals to take us forward. That's what the White Paper represents.

[12] **John Griffiths:** Okay, Cabinet Secretary, thank you for that. Previously, in terms of the previous administration's proposals, it was emphasised that there was a real urgency in terms of the need for reform, and a timing set out in terms of an expectation that all councils would be merged by 2019–20. Are you able to tell committee this morning what sort of timetable you've set for your reform proposals?

[13] **Mark Drakeford:** Chair, I was struck from the very first round of discussions that I had with local authorities by a message that was very consistently conveyed to me that a three-year period of uncertainty had been corrosive for local authorities, that it had made it more difficult to recruit some senior staff to some very important positions, and that local authorities are staffed by people, not at the very senior end, but by people who have families and mortgages and futures that they are trying to map out, and that uncertainty was not conducive to those individuals also feeling that they could go on committing their futures to local government.

[14] So, I've been very alert to the need to try and bring all of this to a conclusion. If there is criticism of the current White Paper process, then there are some voices who say that we've taken it all too quickly—that we should have extended the period of consultation to the other side of the local authority elections. But my view has been that I began this conversation immediately after our elections. I began it with a group of people—chief executives, leaders and other people who are prominent in local government—and I wanted to bring that conversation to a conclusion with the people who've been engaged in it very actively over recent months. So, that's why we've set a response deadline of 11 April to respond to a need to

move this forward.

[15] Now, what I say to local government is this: that if we can sustain a sense of broad consensus, if there is a way forward that we are all prepared to compromise around and take forward together, then I will be in a strong position to argue around the Cabinet table for a local government Bill in the second year of this Assembly. And, as you know, the First Minister generally makes a statement on the legislative programme for the following year at the end of June, the beginning of July. That's the culmination of a process around the Cabinet table. You will know very well that there are always more bids than there are places in the programme; it's a competitive business. And my message to local government always is that I'm unlikely to win an argument for a local government Bill if I've only got half a Bill to bring forward, if there's still a big aspect that we haven't got agreement around.

[16] So, my ambition from the White Paper process is that, when we've had local government elections and the dust settles a bit and we've got new people in place, I will have another round of discussions with people. I will hope to be able to reflect on the consultation, come to a set of final conclusions and then be in the strongest position to argue for a local government Bill. If I succeed, then, in the second year of this Assembly term, I will be coming to this committee, no doubt, seeking to bring forward legislation to give effect to some of the proposals we'll be talking about this morning.

[17] **John Griffiths:** Okay, diolch yn fawr. We'll move on, then, to some questions around regional working, and Jenny Rathbone, I believe, has some questions.

[18] **Jenny Rathbone:** Regardless of the outcome of the consultation with your Cabinet colleagues, we already have the Well-being of Future Generations (Wales) Act 2015, which obliges local authorities and other public bodies to collaborate together. How much is this going to, in any case, drive the agenda?

[19] **Mark Drakeford:** Regional working lies at the heart of the White Paper, and that is the way in which we have shaped a different consensus that allows us to make some progress in creating a newly resilient future for local authorities in Wales. The future generations Act has been a lens that we've applied to the whole of the process. So, one of the key goals—one of the seven goals in the Act—is a more resilient Wales. And I've used that language

right from the very beginning in my discussions with local authorities. What I would like to see is a set of arrangements that make local authorities more resilient to meet the very real challenges that will be there in the future.

[20] I think there are three different ways in which our proposals for regional working build resilience into the system. I think there will be greater financial resilience, because I think there are some economic efficiencies that will be gained by working regionally. I think there will be some resilience in staffing. You'll know that we have some very fragile services in local authorities, where, if somebody leaves or retires or is no longer available, there's almost nobody standing behind them to carry on the service that is provided, and, when we do that regionally, we will be able to share staff in a more effective and resilient way. And I think there will be some quality resilience as well. I think doing things regionally will produce better quality in some of our services. So, resilience, which is one of the seven goals, is one of our key drivers for these proposals.

[21] **Jenny Rathbone:** There's a map in your consultation document, which shows the different regions and existing arrangements to some extent. By how much do you think this is determining the way forward? Is this just for things like economic development and planning, or could you envisage, in the future, health and education also being delivered along these large footprints?

[22] **Mark Drakeford:** Well, Chair, the maps show some of the overlapping arrangements that we currently have in relation to regional arrangements in Wales, and my aim in the White Paper is to propose mandatory and systematic approaches to regional working in the future. And both of those words are important. So, we identify the three big footprints—economic development footprints—as the place where we will mandate local authorities coming together to discharge economic development, regional transport and regional land use planning. And that's been one of the most easily agreed parts of the arrangements so far. There's very little suggestion that I have come across that, if you're going to do some of those things successfully, you need a footprint sufficiently large to do it. So, that will be the Cardiff capital footprint for the south-east of Wales, the Swansea city region for the south-west of Wales, and the North Wales Economic Ambition Board footprint for the north of Wales.

[23] We then say that we will have some guided flexibility below that for regional arrangements in relation to a larger series of things. Social

services—very likely to be on the health board footprint, because that’s what the regional arrangements currently require. But education improvement, additional learning needs, public protection, promotion of the Welsh language—those are all things that are identified in the White Paper as being strong candidates for regional working in the future, but where there will be some flexibility within the economic development footprint to take account of existing local arrangements, and to allow that bigger footprint to take the lead in organising and overseeing those other arrangements.

[24] **Jenny Rathbone:** Do you have any concerns about these overlapping maps, as to whether it will cause confusion for the citizen and for you and your officials in terms of tracking exactly what’s happening and how well people are doing?

[25] **Mark Drakeford:** I think, Chair, that is a very proper question, and it is an anxiety for me. But, as I say, if you look at the map we have now in Wales, it’s already overlapping and confusing, and one of the things that chief executives particularly say to me they are looking to in this new way of working is a simplification of the number of forums that they have to attend, and their senior staff have to attend, with overlapping agendas and marginally different responsibilities. So, I think it’s something that we’ve got to continue to work at. I’m looking to the consultation to assist with some ideas in this area. There’s a tension sometimes between wanting to have simplification and still to remain flexible enough to allow local arrangements to be responsive to local needs. So, it’s an issue that we have to just keep working away at. I still think at the end we will have a simpler system than we’ve got now, that it will be easier for people to understand, and that it will work more efficiently and effectively than the one that, currently, as I say, is cluttered, overlapping, difficult to understand, and soaks up a lot of time.

[26] **Jenny Rathbone:** To what extent do you think this regional collaborative, integrated working, as per the future generations Act, is a precursor to making people feel comfortable about merging with other organisations?

09:30

[27] **Mark Drakeford:** I don’t look too far down the telescope, really, because I am focused at this point at trying to resolve the immediate issues to create the consensus I’ve talked about to try and bring forward a set of proposals that deal with the here and now. What we have done in the White

Paper, as you will see, is we have taken the advice of the WLGA and some others and have taken the opportunity to put into the White Paper a—I always get these terms mixed up, so I'm going to ask Claire—

[28] **Ms Bennett:** Combined authority.

[29] **Mark Drakeford:** A combined authority model. So, our preferred model to begin with is the joint planning model that local authorities are familiar with, which we call a joint governance committee. That's how we want the system to start. But the WLGA and others have said that, as co-operation and collaboration under that model matures, so it might be that some local authorities will want to move to the combined authority model where functions aren't just pooled together but are located at that level. A combined authority is able to employ staff by itself, have budgets itself and can precept in some way by itself. So, I can see there will be ways in which this model could mature in the future. But I think there's more than one possible way that that could happen, and my focus, as I say, for now, is on the immediate need to try and craft a way forward that will take us through and move us ahead from where we are now, and then there'll be different possibilities that the future will hold.

[30] **John Griffiths:** Jenny, before you go on, I think Sian would like to come in at this point.

<p>[31] <b>Sian Gwenllian:</b> Buaswn i'n licio jest mynd yn ôl at y map, rwy'n meddwl. Roedd Jenny'n cyfeirio at y map yma, onid oedd, sydd, o beth rwy'n ei weld, yn cynnig ardaloedd y cydbwyllgorau llywodraethu o ran datblygu economaidd, cynllunio strategol a thrafnidiaeth—ie?</p>	<p><b>Sian Gwenllian:</b> I would just like to go back to the map, I think. Jenny was referring to this map, wasn't she, which, from what I can see, proposes the areas of the joint governance committees in terms of strategic planning, economic development and transport—yes?</p>
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[32] **Mark Drakeford:** Ie.

**Mark Drakeford:** Yes.

<p>[33] <b>Sian Gwenllian:</b> Y tri maes yna y byddai'r cydbwyllgorau yn eu rheoli yn yr ardaloedd yma. Mae gen i ychydig bach o broblem o ran yr ochr datblygu economaidd, oherwydd beth sydd gennym ni yn fan hyn, yn</p>	<p><b>Sian Gwenllian:</b> Those are the three areas that the joint committees would operate in those regions. I've got a bit of a problem in terms of the economic development side, because what we've got here, certainly in</p>
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sicr yng Nghaerdydd, Abertawe ac yn y gogledd, ydy ardaloedd y mae Llywodraeth y Deyrnas Unedig wedi eu cynnig ar gyfer Cymru ar gyfer twf economaidd, ac ardaloedd ar gyfer gwneud bidiau ar gyfer arian ar gyfer cynlluniau ac ar gyfer yr *infrastructure*—y cynlluniau trafniadaeth ac yn y blaen—a dim, o angenrheidrwydd, yr ardaloedd sydd yn bwysig ar gyfer datblygu economaidd.

[34] Mae yna wahaniaeth rhwng datblygu isadeiledd mewn ardaloedd—ac rwy'n gweld bod hyn yn gwneud synnwyr o ran yr isadeiledd—ond o ran datblygu economaidd, mae gennych chi ardaloedd hollol wahanol o fewn yr ardaloedd yma. Yn ninas-ranbarth Caerdydd, er enghraifft, mae gennych chi ardaloedd o gwmpas y brifddinas ac wedyn mae gennych chi ardaloedd mwy difreintiedig i fyny yn y Cymoedd ac yn y blaen. Mae *approach* datblygu economaidd ar gyfer yr ardaloedd hynny yn gorfod bod yn wahanol i'r ardaloedd dinesig, a'r un peth yn y gogledd—mae'r *approach* yn wahanol. Felly, fy mhryder i efo hwn ydy ein bod yn cael ein tynnu i mewn i un ffordd o feddwl ac efallai bod ardaloedd gwahanol yn cynnig eu hunain ar gyfer datblygu economaidd sydd yn rhoi'r pwyslais efallai ar y gwledig ac efallai ar yr ardaloedd difreintiedig. Rwy'n fflagio hynny i fyny'n gynnar, achos roeddech yn dweud bod neb llawer wedi amau hwn. Rwy'n meddwl

Cardiff, Swansea and in the north, are areas that the UK Government has proposed for Wales for economic growth and areas to make bids for funding for schemes and for infrastructure—transport schemes and so forth—and not necessarily areas that are important in terms of economic development.

There is a difference between developing infrastructure in areas—and I see that this makes sense in terms of the infrastructure—but in terms of economic development, you have completely different areas within these areas. In the Cardiff capital region, for example, you have areas around the capital city and then you have areas that are more disadvantaged in the Valleys and so forth. The economic development approach for those areas has to be different from the city areas, and it's the same in the north—the approach is different. My concern, therefore, with this is that we are being drawn into one way of thinking and perhaps different areas offer themselves up for economic development that places the emphasis on the rural areas and the disadvantaged areas. I'm just flagging that up early now, because you said that nobody had questioned this much. I think that some of my fellow Members have raised this concern in the Chamber.

bod rhai o fy nghyd–Aelodau  
Cynulliad wedi codi'r pryder yma yn y  
Siambur.

[35] **Mark Drakeford:** I listened very carefully to what Sian has said and to what others are saying on that. I don't think it would be fair on myself to say that those three regions are simply ones that the UK Government has devised. They happen to be, identically, the WLGA's regional arrangements and they are agreed arrangements with the Welsh Government and with local authorities as well.

[36] The message I have had back from local authorities, including local authorities in north Wales, is that although there are obviously different economic drivers in different parts of north Wales, it is still important to think of the economy of the whole of north Wales in a way that allows you to think of development across the six local authorities in a single plan.

[37] Now, there will be different emphasis within it and there will be different drivers at different parts of it, just as there will be in south Wales, but you still need to have a plan that allows you to see economic development on that wider scale if you're to make the most of the different possibilities that exist in different parts. So, quite certainly, the Cardiff capital deal is predicated on the projects that will come forward benefitting the whole of the 10 authorities, using Cardiff's economic strength in some things, but making sure that those strengths are used to benefit people in other parts of the Cardiff capital region.

[38] So, I'm very happy to look at the points that have been made and to think seriously about them, but I wouldn't want to give the impression that the footprints that have been identified for economic development purposes don't have a well-worked-up rationale for them and one that has been, I think, pretty strongly supported by those who would be responsible for discharging those responsibilities on the ground.

[39] **John Griffiths:** Okay, thank you for that. Jenny.

[40] **Jenny Rathbone:** How much effort do you think is going to be spent looking at new staffing structures rather than getting on with new ways of delivering services? This is always a danger when you have change.

[41] **Mark Drakeford:** It is, and I think it's one of the ways in which the

advice that I was getting from local authorities themselves and the trade unions who represent staff—. One of the reasons why they are attracted to this model in a way that they were not particularly keen to support the previous model is that this model does not involve massive upheaval for thousands and thousands of staff who would find themselves, under the previous model, being employed by new authorities. The vast bulk of staff in this model will remain employed by the authority that they are employed by today.

[42] There will be changes at the managerial level. I don't myself believe that, if you had a regional social services for Gwent, let us say—one of the more obvious examples, because you've got a single health board covering the whole of the old Gwent area—I don't think you would need five different directors of social services. So, I think, at that regional level, there will be changes for people, but one of the advantages of this model is that that sense of upheaval is much more diluted.

[43] **Jenny Rathbone:** Okay. And lastly, the Government has said that these regional working arrangements will provide scope for sharing Welsh language capacity so that those who wish to have their services delivered in Welsh will be better able to do so. I just wondered why that's dependent on the local government reforms.

[44] **Mark Drakeford:** Mae rhai nodiadau gyda fi fan hyn am yr iaith Gymraeg ac effaith yr awgrymiadau o ran yr iaith Gymraeg. Os ydych yn fodlon, rwy'n mynd i gyfeirio at y nodiadau sydd gyda fi jest i esbonio yn union beth rydym yn trio ei wneud ym maes yr iaith Gymraeg o dan y Papur Gwyn.

**Mark Drakeford:** I do have some notes here on the Welsh language and the impact of suggestions on the Welsh language. So, if you're happy, I will just refer to the notes that I have just to explain exactly what we are seeking to do in terms of the Welsh language in the White Paper.

[45] Y disgwyliad yw y bydd y rhan fwyaf o drefniadau gweithio rhanbarthol yn disgyn o fewn ardaloedd y pwyllgor llywodraethu ar y cyd mwy o faint. Fodd bynnag, mae'r Papur Gwyn yn cydnabod efallai y bydd cyfleoedd ar gyfer gweithio ar draws ardaloedd ar sail

The expectation is that most regional working arrangements would fall within the area of the larger joint governance committees. However, the White Paper recognises that there may be opportunities for working across areas where collaborative working is the correct approach.

gweithio cydweithredol lle mai hynny yw'r dull cywir.

[46] Er enghraifft, mae'r Papur Gwyn yn tynnu sylw at ddatblygu strategaeth economaidd ieithyddol ar gyfer siroedd Ynys Môn, Gwynedd, Ceredigion a sir Gaerfyrddin, fel yr argymhellwyd yn adroddiad y gweithgor ar yr iaith Gymraeg a llywodraeth leol, a gyhoeddwyd y llynedd.

For example, the White Paper highlights the development of a linguistic economic strategy for the counties of Anglesey, Gwynedd, Ceredigion and Carmarthenshire, as was recommended in the report of the working group on the Welsh language and local government, which was published last year.

[47] Byddai hyblygrwydd o ran trefniadau gweithio rhanbarthol yn caniatáu i ddull o'r fath gael ei ystyried. Byddai gweithio rhanbarthol yn cynnig cyfleoedd i awdurdodau lleol ddatblygu gwasanaethau cynaliadwy. Byddai'n gyfle i rannu gallu iaith Gymraeg i sicrhau bod y rheini sydd am dderbyn gwasanaethau drwy gyfrwng y Gymraeg yn gallu gwneud hynny. Caiff hyn ei alluogi drwy rannu arbenigedd proffesiynol wrth gynllunio a chomisiynu gwasanaethau, rhannu staff sy'n darparu gwasanaethau a rhannu gallu iaith Gymraeg corfforaethol fel gwasanaethau cyfieithu, er enghraifft.

Flexibility in terms of regional working arrangements would allow for such an approach to be considered. Working regionally would offer opportunities for local authorities to develop sustainable services. It would be an opportunity to share Welsh language capacity in order to ensure that those who wish to receive services through the medium of Welsh can do so. This will be enabled through sharing professional expertise in planning and commissioning services, sharing staff that provide services and sharing corporate Welsh language capacity such as translation services, for example.

[48] Dyna nifer o bethau ble, ar hyn o bryd, mae pob awdurdod lleol yn trio gwneud popeth ar ei ben ei hun. Yn y dyfodol, o dan yr awgrymiadau sydd yn y Papur Gwyn, gallent ddod at ei gilydd, rhannu adnoddau, rhannu staff a chryfhau—dyna'r bwriad—y gwasanaethau maent yn

That's a suite of issues where, at the moment, all local authorities are trying to do everything in isolation. In the future, under the recommendations in the White Paper, they could be brought together, staff could be shared, and the intention is to strengthen the services they can

gallu eu rhoi drwy gyfrwng yr iaith Gymraeg—wyneb yn wyneb â'r cyhoedd ond tu ôl y gwasanaethau hefyd. provide through the medium of Welsh—both in face-to-face contact with the public, but also behind the scenes too.

[49] **John Griffiths:** Okay, thank you. Bethan.

[50] **Bethan Jenkins:** Roeddwn i jest eisiau mynd yn ôl at y pwynt y gwnaethoch i Jenny Rathbone ynglŷn â *dilution* yr effaith ar staffio ac mai rheolwyr a fydd yn cael eu heffeithio yn y lle cyntaf. Nid wyf am fynd heibio'r broses yma heb ddeall yn iawn pa fath o waith rydych chi wedi ei wneud o ran asesu'r impact yn hynny o beth. Felly, a oes yna ryw fath o ymchwil yr ydych chi wedi ei wneud ynglŷn â faint o reolwyr fydd efallai yn gweld eu swyddi yn newid neu'n cael eu torri? Beth fydd yr impact lleol? Achos rwy'n credu taw dyna beth oedd lot o'r consyrn y tro diwethaf. Efallai nad yw'r contractau yn mynd i newid ac efallai nad yw'r rheolwyr yn mynd i newid o ran y cyngor maent yn gweithio iddo, fel yr ydych chi wedi'i ddweud yn flaenorol, ond mae'n mynd i gael impact ar y lefel o swyddi mae'n siŵr. Felly, rwy'n credu ei bod yn bwysig i ni ddeall hynny cyn ein bod ni'n parhau â'r drafodaeth er mwyn i ni gael rhyw fath o ddarlun cliriach. O leiaf byddai'n fy helpu i fel rhywun nad oedd yn rhan o'r drafodaeth flaenorol yn y Cynulliad diwethaf fel mae rhai Aelodau eraill wedi bod.

**Bethan Jenkins:** I just wanted to go back to the point you made to Jenny Rathbone regarding the dilution of the impact on staffing and that managers will be affected in the first instance. I don't want to go past this process without fully understanding the sort of work you have undertaken in terms of assessing the impact in that regard. So, is there some sort of research that you've undertaken regarding how many managers that perhaps will see their jobs changed or cut? What will be the local impact? Because I think that's what a lot of the concern was the last time. Perhaps the contracts aren't going to change and perhaps the managers aren't going to change in terms of the council they work for, as you have said previously, but it is going to have an impact on the level of jobs, surely. So, I think it's important that we understand that before we continue with the discussion so that we have some clearer picture. At least that would help me as somebody who wasn't part of the previous discussion in the last Assembly, as some Members were.

[51] **Mark Drakeford:** Wel, **Mark Drakeford:** Well, Chair, that Gadeirydd, mae'r gwaith yna yn mynd work is ongoing in the Workforce

ymlaen yn y Workforce Partnership Council, ble mae Llywodraeth Cymru yn dod at ei gilydd gyda'r undebau a'r bobl sy'n cyflogi pobl sy'n gweithio yn y maes. Mae grŵp arbenigol o'r WPC—mae Julie James yn arwain y grŵp yna, sy'n canolbwyntio ar drio helpu i greu egwyddorion a ffordd ymlaen sy'n rhedeg ar draws Cymru i helpu lle mae pobl yn symud o un swydd i swydd arall ar ôl y newidiadau sydd wedi mynd ymlaen yn y maes yn barod ac a fydd yn mynd ymlaen yn y dyfodol hefyd. Mae'r undebau yn y WPC wedi bod yn siarad am wneud gwaith rhanbarthol hefyd i drio cynrychioli pobl ar lefel ranbarthol a thrafod pethau gyda'r bobl sy'n rhedeg yr awdurdodau lleol ar y lefel ranbarthol. Felly, rydym ni wedi dechrau paratoi. Nid ydym wedi gwneud pethau'n fanwl eto, achos Papur Gwyn sydd gennym ar hyn o bryd. Rydym ni mas yn siarad â phobl. Os bydd hwn yn mynd yn Fil yn ail flwyddyn y Cynulliad yma, bydd rhaid i ni ddod ymlaen gyda *regulatory impact assessment*, a dyna lle y byddwn yn rhoi mas yn fwy manwl nifer y bobl lle gallwn weld swyddi'n symud at lefel ranbarthol ac effaith hynny ar nifer o bobl sy'n mynd i fod yn yr awdurdodau lleol i gyd yn y dyfodol. Felly, rydym ni wedi dechrau, ond mae lot fwy o waith i'w wneud.

Partnership Council where the Welsh Government comes together with the trade unions and the employers in this area. There is an expert group in the WPC—Julie James leads that group—which focuses on assisting in putting in place principles and a way forward that would operate across Wales to assist where people are moving from one post to another following the changes that have already been made in this area and others that will be made in the future. The unions in the WPC have been talking about doing some work regionally and representing people on that regional level and discussing issues with those running the local authorities at the regional level also. So, we have started to make preparations. We haven't done things in detail as of yet, because we have a White Paper at the moment. We are out there talking to people. If that does become a Bill in the second year of this Assembly, then we will have to bring forward a regulatory impact assessment and that is where we will set out in more detail the number of people where we would anticipate jobs moving to a regional level and the impact that would have on the number of people within the local authorities in the future. So, we have started that, but there is a great deal more to be done.

[52] **John Griffiths:** Cabinet Secretary, in terms of the Public Services Staff Commission, could you explain to the committee why that will no longer be on a statutory basis?

09:45

[53] **Mark Drakeford:** Well, Chair, I looked carefully at the Public Services Staff Commission when I came into this post. I looked very carefully at the remit letters that had been provided to it by my predecessor, and it seemed very clear to me that the primary purpose—not the sole purpose, but very much the primary purpose—of the staff commission was to prepare for much more significant changes in how people would be employed in the future under the model that was discussed in the last Assembly, where there would have been thousands of people who would have ended up being employed by a different organisation to the one that they are employed by today.

[54] In the circumstances of this White Paper, I did not feel that the need for that sort of guidance would be on the scale that was originally envisaged. The staff commission costs nearly £0.75 million a year. I have to be absolutely convinced, if I'm spending money on that scale, that it is focused on the most urgent priorities that the Government has. We are reviewing the workforce partnership council itself, which is where the Public Services Staff Commission has its primary reference point, and I think there was a feeling around that table that we needed to reshape the resource. So it's not to say that there won't be a resource of the sort, but that we needed to reshape it so that it was better able to respond to the circumstances that the White Paper sets out, rather than the ones that were on the table in the last Assembly.

[55] So, my decision has been to bring the workforce partnership council [correction: Public Services Staff Commission] to an end at the end of March of next year. It always had a sunset clause attached to it, but this brings it to an end before the original date. I will issue a remit letter to it very shortly for the next 12 months, and part of its work will be to prepare for the sort of staff changes that this White Paper envisages. And then I think we will be able to reorientate the resource that the commission represents so that it is more clearly aligned with the priorities that the workforce partnership council itself will want to pursue in the future.

[56] **John Griffiths:** Thank you for that. Sian, did you want to come in at this stage?

[57] **Sian Gwenllian:** Jest i fynd yn **Sian Gwenllian:** Just to go back to ôl at faterion y Gymraeg. Rydw i'n issues on the Welsh language. I

croesawu'r syniad o gydweithio ar faterion economaidd, strategol o gwmpas y Gymraeg, ac y bydd modd i gynghorau'r gorllewin gydweithio. Mae gennyf bryder ynglŷn â'r effaith tymor hir ar ddod â chynghorau at ei gilydd i weithio ar lefel rhanbarthol, o gofio, yn y gogledd-orllewin yn enwedig, fod gan Gyngor Gwynedd weithlu cwbl ddwyieithog, ac, ar hyn o bryd, mae'r cyngor yn gweithredu drwy'r iaith Gymraeg. Ac mae hwnnw'n un o'r rhesymau bod y Gymraeg mor gryf yn yr ardal yna. Mae unrhyw fath o wanio ar y sefyllfa yna yn mynd i beryglu'r iaith Gymraeg, ac mae'n rhaid inni fod yn hollol ymwybodol o hynny, rydw i'n meddwl.

welcome the idea of collaborating on economic and strategic matters around the Welsh language, and that there'll be a way for the authorities in the west to collaborate. I have a concern regarding the long-term impact of bringing councils together to work on a regional level, given, in the north-west especially, that Gwynedd Council has a completely bilingual workforce, and, at the moment the council operates through the medium of the Welsh language. And that is one of the reasons why the Welsh language is so strong in that area. Any sort of weakening of that situation is going to endanger the Welsh language, and we need to be completely aware of that, I think.

[58] **Mark Drakeford:** Well, Chair, I absolutely understand the point. It was rehearsed explicitly in the report that Rhodri Glyn Thomas produced. And I think that report says that you can argue this in two ways: you can, and rightly, point to the dangers that would be there, if there were to be a dilution of the standards and the service that is currently available through the council in Gwynedd; or you can try and look it from the other side of that same coin and say that the purpose of such an arrangement would be to level up the service that is provided in other places, to take Gwynedd as an example and a lead in that area, and to strengthen the others. I completely understand the point that Sian is making. You've got to be alert to the danger here, as well as to the possibility. But the report, in the end, comes down in favour of saying that if we want to not simply safeguard the Welsh language, but to strengthen its ability and to normalise the ability of people to be able to use it in their daily lives, then bringing those local authorities together that have a strong sense of the economic advantages of Welsh language services, and using the Gwynedd experience to strengthen it elsewhere—that's the ambition that that report sets out. It's not unaware of the danger that it could act differently, but I think it tries to be optimistic, and tries to be ambitious, and says we've got to try and grasp that opportunity, if we're able to, and create that in Anglesey down through

Gwynedd, Ceredigion and *sir Gaerfyrddin*, to level up what we're able to achieve there.

[59] **Sian Gwenllian:** Ond i fod yn **Sian Gwenllian:** But to be realistic—realistic, mae'n rhaid—

[60] **Mark Drakeford:** Ond yn **Mark Drakeford:** But realistic and aware of the dangers and the risks as well, of course. hefyd, wrth gwrs.

[61] **John Griffiths:** Okay, and Janet.

[62] **Janet Finch-Saunders:** Thank you. I think it's fair to say, leading up to even the previous Minister's work on local government reform, one of the fundamentals required was some efficiency savings. How do you actually see this model going forward and achieving those efficiency savings? That's one question.

[63] Then, of course, a huge criticism of the last plan was that there haven't been any cost-benefit analyses of the actual moving things forwards, and I'm just wondering how you're going to address that, because as with anything of such magnitude as this, you have to have some kind of cost-benefit analysis. We know already, even without any mergers or anything, that there's £151 million of savings—that's from the KPMG report—that could be achieved now, as we stand, through local authorities, and doing things slightly differently. That model hasn't been moved forward, really. Nobody seems to be taking any notice of the advice in that report. That's another question.

[64] And also, when it comes to voluntary mergers, Conwy and Denbighshire, for one, came forward and were just thrown, rejected out of hand. I'm not seeing that kind of enthusiasm coming forward now. It's almost like some local authorities think the heat is off in terms of voluntary mergers, and that is where—. It has been identified that, you know, there was a business case made that some savings could be made. How do you intend to address that? All those questions in one—sorry.

[65] **Mark Drakeford:** No, not at all. Thank you, Chair. Well, let me start by agreeing with the first point that the Member made. Next year's budget for local authorities is the best they will see in this five-year term, and I've said that to them absolutely explicitly. I've said it repeatedly on the floor of the

Assembly. It is an 18-month period in order to prepare for much more challenging times ahead, and the next two years are going to be difficult years for local authorities in terms of the budgets that the Welsh Government has at our disposal, and the inevitability that the cuts that we see in our budgets will have an impact on our ability to go on providing money for them. So, financial resilience and trying to create conditions in which some economic efficiencies can be made has absolutely been at the heart of our thinking in bringing forward regional arrangements, where we think those efficiencies will be there to be achieved.

[66] We will bring forward—. I'm following in this way, Chair, the pattern that was followed last time. There was a White Paper published in February of 2015, followed by a draft Bill. Well, I hope to be able to publish a full Bill—if I'm in a position to do so—and it's when the Bill is published that we will publish a full regulatory impact assessment alongside it. It will have to do what Janet has said. It will have to show what the costs of the changes are, and where the efficiencies and benefits are to be gained from it. We will have to do that, and I look forward to being able to present it to you, and to hopefully convince you that it gives a fair account of where these proposals drive both those aspects.

[67] In terms of voluntary mergers, I was interested in the phrase that Janet used, that 'the heat is off', because, in a way, maybe I would agree with that because I don't want to—. I think the way that voluntary mergers need to happen is that they've got to be genuinely voluntary, and they've got to come forward from local authorities themselves. I don't put voluntary mergers into the White Paper on the basis that I am going around Wales telling people that they have to voluntarily merge, because I don't think the word 'voluntarily' sits very easily there. But I do want to make it clear to local authorities that where there are proposals that they themselves believe would be in the interests of their local populations, the Welsh Government wouldn't simply be neutral in that; that where there are proposals that they bring forward that are properly tested with their local populations, with the people who work for them and so on, and where they are convinced that this will be in the interests of their local populations, the Welsh Government will look to be supportive of those proposals.

[68] But I think we will go further with them if they are seen as genuinely led by local authorities themselves—if the 'voluntary' word in 'voluntary mergers' is real. I think that will get us to a better place than the, sort of, pretend voluntary merger in which the heat is put into the system by the

Welsh Government. That's not the way I plan to do it. I think it would be fair, probably, to say that the electoral cycle has held back some of those discussions at local level. It's not an easy point for local authorities to be talking to each other about that. I'm hopeful that when the elections are over and the dust settles a little, that where there are local authorities who think this would be in their best interests, those conversations will resume.

[69] **Janet Finch-Saunders:** Whilst we're on this section can I just ask, Mr Chairman, about timescales? Clearly, you know, there's been massive opinion that this needs to—. You know, local government reform needs to move forward, and move forward quickly. How well do you find that the timescales of 2019–20 will sit with your models of local government reform?

[70] **Mark Drakeford:** Well, we're on a different timetable, inevitably, but as I said in my earlier answer, I'm very alert to the views that have been repeatedly conveyed to me that we've got to get on with this job. That's why I've decided to bring the consultation to an end in April, because I think that gives me the best fighting chance I have of being able to bring a Bill forward next year. If I'd said that the consultation wouldn't end until after the new authorities were in place, I would have missed that bus. I think I'd still be coming here in September talking about consultation. By that time, the second year's legislative programme would be fixed and I don't think I'd be in it.

[71] **John Griffiths:** Okay. Briefly, Janet, we have to move on.

[72] **Janet Finch-Saunders:** Yes, I know. Just a tiny point on the consultation. Certainly, in my constituency, there is very little mention there about local government reform—people are not aware of it. For this to work, you've got to take the people with you. How do you intend to actually make our citizens far more informed about it? We're all doing our part—well, I'd like to think that I am anyway. But how are you, as a Welsh Government, taking this forward? Because, to some, it's going to seem as though their services are going centralised and regional as opposed to the delivery of more local services and that's a big ask.

[73] **Mark Drakeford:** Well, I agree we'll need to take citizens with us on the journey. At this point in it I think that there are at least three different ways in which we should be trying to engage people in the ideas. The Welsh Government itself, we have done a series of things to try and make sure that information is available to people. I have very much asked local authorities

themselves to promote the consultation, to make sure it's available on their websites, that they let people know about it. And then, as I said in the Chamber before, I think political parties have a responsibility as well through all the networks that we have, all the people that we speak to and are involved with, to make sure we use our networks to get people's views collected as part of the process.

[74] **Ms Bennett:** And we also have an opportunity, sort of, on a practical level, once the consultation's complete and the way forward is known, to actually start working with the individual service areas that will be delivered regionally and for them to work with the citizens who receive those services. So it becomes much less abstract and much more actually about, 'How might that service be delivered effectively?', 'How would regional working benefit it?', and, 'How do you ensure that the services that are about a person doing face-to-face work with and supporting a citizen still feel like that?' Because regional working doesn't change that basic relationship and I think, when it's more tangible and you're clear which services you're talking about, and then thinking about how they're going to work in practice, that allows a much more meaningful conversation with citizens than what can feel like quite an abstract sort of concept at the moment.

10:00

[75] **Mark Drakeford:** Chair, just briefly to say—. Claire has reminded me of one very important part of the proposal I haven't mentioned at all yet: we'll retain the 22 local authorities as the front door that the citizen walks through. So, although there will be a regional service behind it, the door you'll go to and the place you go to will be the place you've become used to for the last 25 years, nearly. So, it'll be at that local level that your face-to-face contact will happen. Behind the front door, there'll be a different arrangement. Whether the citizen—. Well, I'll give you the example that I had before of the National Adoption Service. It's only three years ago that every local authority ran its own adoption service, and, if you were an adoptive parent, the only children you were likely to be thought of as being a potential parent for would be the local authority's own list. Now, if you go through the door of Conwy County Borough Council thinking you might want to be an adoptive parent, behind the front door will be a regional service where you could be linked to a child in other parts of north Wales. Do you need to know that as a citizen? Does that trouble you? I think you just get a better service. And yet the face-to-face part of that service remains at that local level. Now, I think there's more to it than that, and I think your question earlier on was

slightly wider than that. But at the level that Claire's just mentioned—that face-to-face engagement—I think it will not change that much as far as the individual is concerned.

[76] **John Griffiths:** Okay. We've moved on to financial matters, and I think Rhianon has some questions.

[77] **Rhianon Passmore:** Thank you. You've touched upon some of these issues already, so I'll try and not overlay them again. To what extent do you feel that the drivers behind this new White Paper—which is definitively on a different page on many different levels, but to what extent do you think that savings are a driver, and to what extent do you feel that collaboration is a driver?

[78] **Mark Drakeford:** Savings definitely are a driver. As I've said, the financial outlook for local authorities in Wales is going to be very difficult, and they will have to find ways of organising services more efficiently. Regional working will allow that to happen, we believe, and savings will be the result. So, savings are definitely—financial resilience, as I put it, is one of the drivers in the White Paper.

[79] 'Collaboration' is an interesting term, Chair. Of course, collaboration is very important as far as regional working is concerned, and I've done my very best to take a very collaborative approach with local authorities in drawing up these proposals, but the proposals go beyond collaboration. And some of the tensions that there will be—I expect that we'll see some of them in the responses to consultation—are that some local authorities have tried to persuade me that if we here at the National Assembly were to agree regional working as the way forward, we should then say, 'But we'll leave it up to you.' You know, we set the principle 'work regionally in future', and local authorities say, 'Leave it up to us now; we'll get on and we'll do it for you; there's no need for you to tell us how it's to be done.' And these proposals go beyond that. They are mandatory. Once we have agreed what the footprints are and what the services that are to be discharged on those footprints are to be, then that will be a statutory requirement of local authorities. So, it's beyond collaboration, isn't it? It is underpinned by a new legislative requirement that you will work in that way and that's because, as I've said before, there were too many examples that local authorities themselves told me about where voluntary collaboration had got to the point just where it was to happen, only at the last minute for one of the authorities involved to decide it wasn't quite right for them, they broke off, and two

years' worth of collaboration unravelled in a few weeks. We can't afford to have that in the future.

[80] **Rhianon Passmore:** Thank you. In regard to the ability for this new model in the new White Paper moving forward to be able to mature, to offer flexibility, and to move into a combined authorities model, starting with the new joint governance committees, how do you feel that they're going to be adequately financed in the initial period, because there was very much concern with the old mooted proposals around how much it was going to cost, on a very different scale, albeit without the 22 local authorities?

[81] **Mark Drakeford:** Well, Chair, this is one of the parts of the White Paper where I feel I've been much influenced by the views of local authorities and senior professional staff, treasurers in local authorities, the advice that I've had from them as I've gone around Wales. So, the joint governance committee is the model that is best understood in Wales, is most frequently used in Wales. There's a lot of experience of it already. One of the things that will be different in the future is that we will legislate, I hope, to create a common rulebook for joint governance committees, because although they are very familiar to local authorities, and they work in this way already, every time a new committee of this sort is formed, the rules are slightly different, the remit is slightly different, their working practices are slightly different, and I think, if we're going to have systematic regional working in Wales, then we need a common rulebook, which I think will put the legislative ground more firmly under the feet of these regional arrangements.

[82] How does money then flow in the way that Rhianon's question asked? Well, the way that the current system works is by pooled budgets. Local authorities themselves come together and they decide how much money each one of them is going to put on the table. And they've done that very successfully. With our education consortia, in which every local authority in Wales puts money on the table, they've arranged it themselves. Now, what I've said in the White Paper is that I think that should be the starting point for the joint governance committees. I think we should say to local authorities, 'You have the responsibility to pool money now for these mandatory, shared purposes, and you have demonstrated that you have the maturity to make these decisions for yourselves.' However, the law will have in it a fallback default mechanism for when that does not prove possible, so you have to have a tiebreaker, don't you? If they can't agree, you have to have a formula that kicks in to make sure that the joint governance committees do have the funds they need. I'd much rather local authorities did it by agreement. I think

we should encourage the belief that they are capable of doing that, and then we have fallback arrangements when that cannot be achieved.

[83] **Rhianon Passmore:** Do you think that this White Paper strikes the balance between what's mandatory and systematic and what is co-construction and a jointly agreed way of working in the future?

[84] **Mark Drakeford:** Well, I hope so. I listen very carefully to what people say in response to it. As I've explained, I haven't been willing to go to what I believe to be one end of the spectrum, in which we simply set out some principles and then leave people to get on with it. I think that it is right that we make some mandatory changes and that we make some legislative changes to give substance to these new ways of working. But I do want a relationship with local authorities in future in which the Welsh Government is interested in strategic matters, key outcomes that we want to secure through local authorities, which we agree with them, and then we are more willing to allow local authorities to use their own democratic mandates, the fact that they are out there closer to the ground than we can be, to decide on the how they will do things. So, you know that the White Paper is constructed on a series of menus, choices, that local authorities will be able to make as to how they organise themselves and how they go about their business in future.

[85] So, I think it's a more mature relationship. It's a difficult relationship. I'm well aware, and I no doubt fall into it often enough myself—. I've heard many Assembly Members here talking about wanting to have a different sort of relationship in which we allow local authorities to get on with the business, until the local authority in their area does something that they don't like, when they immediately want to ask a Minister here what the National Assembly is doing about it. [*Laughter.*] So, I'm not saying it's an easy relationship to bring off, but that would be my ambition for it.

[86] **John Griffiths:** Okay. Can I—

[87] **Rhianon Passmore:** Can I just ask a final question very quickly?

[88] **John Griffiths:** Very quickly.

[89] **Rhianon Passmore:** In regard to medium-term financial planning—local authorities are currently undertaking MTFPs, as we stand—do you feel that they have enough space in terms of one-year planning to be able to continue that, moving forward?

[90] **Mark Drakeford:** My ambition in setting this year's budget was that I would have been able to lay a three-year revenue budget. But, in the circumstances of Brexit, the reset of the fiscal framework and so on, in the end that wasn't possible. We did lay a four-year capital budget for local authorities. I will go into next year's budget planning round—again, my ambition would be to give them the certainty that they need to be able to do more in the MTFP—the medium-term financial plan—space, and I recognise the difficulty that's caused for them when that certainty isn't available.

[91] **Rhianon Passmore:** Thank you.

[92] **John Griffiths:** Thank you for that. Moving on to accountability and scrutiny, Sian Gwenllian.

[93] **Sian Gwenllian:** Diolch—**Sian Gwenllian:** Thank you—  
 cwestiynau am atebolrwydd, craffu a questions on accountability, scrutiny  
 thryloywder. Fel yr ydych chi'n and transparency. As you know, I  
 gwybod, mae gen i bryder penodol have specific concern in that area  
 yn y maes yna ynglŷn â'r cynigion with regard to the current proposals.  
 presennol. Felly, a fedrwch chi jest Could you just explain, first of all,  
 esbonio i ddechrau sut fydd y how regional decisions will provide  
 penderfyniadau rhanbarthol yn for proper scrutiny and accountability  
 darparu ar gyfer craffu priodol ac to the electorate?  
 atebolrwydd i'r etholwyr?

[94] **Mark Drakeford:** Well, Chair, consistent with what I just said a moment ago about providing choices for local authorities about the way that they will conduct scrutiny in the future, what the White Paper proposes is a menu that local authorities would be able to choose from in scrutiny arrangements for the new regional ways of doing things. The three choices would be: local authorities could continue to have their separate scrutiny arrangements, in which each one of them individually scrutinises the regional activities, or they could decide to come together in a standing regional scrutiny committee, in which they come together to do that, or they could decide to form task and finish—you know, single purpose—scrutiny committees if there was something happening at the regional level where they felt that they ought to come together in that way. Consistent with what I've said about regarding local authorities as best placed to make those judgments, the White Paper says that those would be choices for them to make.

[95] We already have examples where local authorities are doing this—Rhondda Cynon Taf and Merthyr have come together to form a single scrutiny committee as far as their public services board is concerned, Gwynedd, Powys and Ceredigion come together to form a scrutiny arrangement as far as the mid-Wales health collaborative is concerned, and five local authorities in south-east Wales form a single scrutiny committee for Prosiect Gwyrdd purposes. So, this wouldn't be completely new territory. Where local authorities are collaborating already, they have collaborative scrutiny arrangements to face it. I think the White Paper puts out a set of arrangements that would allow local authorities to be responsive to the needs of their own areas in doing so.

[96] **Sian Gwenllian:** A beth am **Sian Gwenllian:** And what about atebolrwydd i'r etholwyr? accountability to the electorate?

[97] **Mark Drakeford:** I've agreed with Sian regularly that that is a nut that we do our best to crack here, and I hope there will be further ideas as part of the consultation to help us to do it. I think there are a number of ways in which that answerability will be there. We retain the 22 local authorities—people will have councillors who they will have elected, and those councillors will be a lot closer to them than in the arrangements that were proposed in the last Assembly, where we would have had much larger and probably remoter local authorities, with fewer councillors to represent you. So, you will still have local representatives quite close to home who you will be able to go to for accountability and answerability purposes.

[98] I think that the way that we construct our joint governance committees, in being clear that the responsibility for making regional decisions will lie at that level and people will not be going back to their local authorities to ask for permission to make decisions, but they will be going back to be held accountable by those local councils, to answer questions and to explain why the decisions have been made—I think it is quite possible to make that quite clear in the way that councils conduct their business when those regional levels of decision making are being rehearsed, questioned and held accountable at that council level.

10:15

[99] **Sian Gwenllian:** Ond, wrth **Sian Gwenllian:** But, of course, you gwrs, rydych chi yn symud yr are moving the accountability one atebolrwydd un haen yn uwch, ac level higher, and perhaps many other

efallai sawl haen hefyd wrth wneud hynny. Ar hyn o bryd, mae cynghorwyr lleol yn rhan o'r cyngor, ac mae penderfyniadau terfynol yn cael eu gwneud gan bob aelod o'r cyngor yn y cyngor hwnnw. Mi fydd hwn yn wahanol, ond bydd? Hynny yw, ni fydd gan yr unigolyn yr *access* uniongyrchol yna at y bobl a fydd yn eistedd ar y cydbwyllgor, neu pa drefniant rhanbarthol bynnag fydd ar gyfer y gwahanol haenau. Ac felly, rydw i'n credu bod angen cadw'r system yn syml i ddechrau, fel nad oes gormod o haenau gwahanol a gwahanol bobl yn cymryd penderfyniadau, ond rydw i hefyd yn meddwl—ac nid ydw i'n gwybod beth ydy eich barn chi am hyn—a ddylem ni fod yn edrych, mewn rhyw fath o ffordd, at ethol aelodau'r cydbwyllgor, er enghraifft, ethol y cadeirydd, fel bod pobl yn glir pwy yw cadeirydd yr haen ranbarthol?

[100] **Mark Drakeford:** I think that's a very interesting idea. It is what happened in the Cardiff capital region board. Ten leaders make up the board, so that's very clear; you know who it is. And they, themselves, then elected a chair for it, so that person is known and they were elected by their peers, in that sense. So, I think that is a very interesting—

[101] **Sian Gwenllian:** Ond i fynd â fo cam ymhellach, model arall fyddai bod yr etholwyr yn ethol y cadeirydd, bod gennych chi 10 arweinydd, ond bod gennych chi, wedyn, unarddegfed person yn cael ei ethol gan y bobl yn yr ardal, fel bod gennych chi'r atebolrwydd clir yna.

**Sian Gwenllian:** But taking it a step further, another model would be that the electorate elect the chair, that you have 10 leaders, and that you then have an eleventh person who is elected by the people in the area, so that you have that clear accountability.

[102] **Mark Drakeford:** Wel, mae **Mark Drakeford:** Well, that's an idea,

hynny yn syniad, wrth gwrs, rydw i'n fodlon ei ystyried. Nid ydw i wedi meddwl am bethau fel yna ar hyn o bryd. Un rheswm yw, fel yr oedd Sian wedi'i ddweud, ein bod ni eisiau treial creu system sy'n eithaf syml, hefyd, heb ormod o gymhlethdod ynddi hi. Mae beth mae Sian Gwenllian wedi ei ddweud yn deg. Mae'r disgrifiad mae Sian wedi'i roi yn un rydw i'n cydnabod. Mae lot o enghreifftiau gyda ni, ar hyn o bryd, o ble mae pethau yn rhedeg fel hyn.

[103] The education consortia are already—. You know, there is that one step removed in the way that Sian described. I won't bore you again by telling you about my own early history of representing South Glamorgan County Council on the police authority, where I would go back to the council once a month, and there would be questions at the council, asking me how I had represented South Glamorgan electors on that regional police authority arrangement. So, you wouldn't be inventing this from scratch, by any manner or means, and it's been done reasonably successfully. The challenge is a real one.

[104] **John Griffiths:** Okay. Sian, we have to move on. I think Bethan has a brief question.

[105] **Sian Gwenllian:** Can I just have one?

[106] Y drafferth efo beth rydych chi newydd ei ddisgrifio rŵan ydy—ac rydw i wedi bod mewn sefyllfa tebyg yn cynrychioli Gwynedd ar awdurdod consortiwm addysg, lle mae gofyn i fi fod yna efo het Gwynedd, ond mae hefyd angen i fi fod yna efo'r het rhanbarthol, beth sydd yn dda ar gyfer y rhanbarth cyfan—. Sut mae'r bobl sydd yn eistedd ar y cyrff yma yn mynd i fedru bod yn gwneud y rôl ddeublyg yna?

The problem with what you've just described now—and I've been in a similar situation representing Gwynedd on an education consortium authority, where I need to be there with my Gwynedd hat on, but there is also a need to be there with the regional hat, so, what is good for the whole region—. How can the people who sit on these bodies do that dual role?

[107] **Mark Drakeford:** Wel, mae pobl **Mark Drakeford:** Well, people do that yn gwneud hynny bob dydd, yn fy marn i. on a daily basis, in my view.

[108] If you are a member of a local council now, you are elected for a ward. But, if you are a member of the cabinet, you are having to balance, often, what is right for your own ward against what is right for the whole council. Members right around this table get to the National Assembly to represent different constituencies, and, inevitably, when you are on the floor of the Assembly, you are there—quite properly—to represent your constituency and to speak up for it. But, when we make decisions about legislation and so on, we're all of us having to think about what is right for Wales.

[109] **Sian Gwenllian:** In theory.

[110] **Mark Drakeford:** It's a tension, isn't it? It's a tension, but I think it's one that's inherent in the political process. You're right to—. You always have to think about the people who sent you there, but you have other responsibilities as well, in which you're trying to hold that tension together.

[111] **John Griffiths:** Okay, thanks for that. Bethan, very briefly.

[112] **Bethan Jenkins:** I think this is the perfect opportunity to think about doing things differently, and I wonder whether you've engaged with organisations like the Democratic Society about trying to look at new ways of engaging with the public. Because my concern with just saying to local authorities, 'Do what you want in this' is that my view of what happens in consultation is that quite a lot of the local authorities will analyse themselves as doing it well, but, when you ask the ombudsman or an external body, it will come out very differently, because they look at it from a different perspective. I worry, if we're going to confine ourselves to things that have always happened, that it might not lead to the change that we want to see in any new set-up. Why not throw everything out on the table and think of entirely new ways of working, so that, if it's not in the White Paper, it can be in the Bill, so that at least then it's—? I just feel sometimes that the way that engagement is done is not actually true engagement, and there are opportunities in this to do that more effectively.

[113] **Mark Drakeford:** Chair, I'm all in favour of us taking a radical view of these things and having the widest pool of ideas possible. One of the reasons

for the menu approach is that you can add ideas to a menu. If you just decide, 'This is the way it's to be done', then it's much more difficult to take that sort of wider look at different possibilities. I'm very happy about the idea that, if there are different ways of doing things and more imaginative ways of doing things, creative ways of doing things, they can come forward through the White Paper and they can come forward through the Bill. I think the menu way of doing things allows those ideas to go on being added to the mix of possibilities as well, so there'll be lots of opportunities still, as these things make their way through this committee and through the Assembly, for us to try to widen the pool of possibilities, and I'm absolutely in favour of doing that. We haven't had a chance this morning to talk about electoral arrangements—

[114] **John Griffiths:** We're just about to come onto them, actually, Cabinet Secretary. [*Laughter.*] In that case, let me bring in Joyce Watson.

[115] **Joyce Watson:** I'm going to ask you whether the Wales Act 2017 will provide the powers that will be required to take forward the proposals within the White Paper for electoral reform.

[116] **Mark Drakeford:** Well, Chair, they will indeed. We don't have them yet, because the Wales Act doesn't come into force, and won't come into force, until around Easter 2018. But one of the things that I am very keen on, and very much in the spirit in which Bethan spoke, is for us to use those opportunities to think as imaginatively as we can about the way we organise elections here in Wales. I have had a sort of seminar-type meeting with people who've got very different ideas about how we can do that.

[117] I think there's a real job of work for us to bring the way we conduct elections into the twenty-first century to align them with the way that people live other parts of their lives. We have a desperately old-fashioned way of expecting people to take part in our democracy, and that puts off a lot of people and makes it more difficult for them to participate. I hope we will be able to use the White Paper and the Bill to begin with the widest possible canvas of ideas, and then we want to narrow them down, inevitably, to a set of possibilities for Wales. But, it is, I think, a major opportunity for us to do things in a way that has yet to be done elsewhere in the United Kingdom.

[118] **Joyce Watson:** Can I dig a bit deeper? If you thought re-organising local government was a big challenge and there was lots of opposition, I think trying to change the electoral system will make that look quite easy by

comparison. So, I suppose my question would be this, and it's twofold: I think there's a big issue about the access to voting, so I'm assuming you're looking at the access to voting and the opportunities and changes that could be put quite simply in place to meet people's lifestyles, and I want to know whether that's part of what you're thinking, then there's the system of voting and whether you're thinking of any changes within that.

[119] **Mark Drakeford:** Well, Chair, I think Joyce Watson's absolutely right to separate the two things in that way. So, there's a series of possibilities about just the way that we conduct elections. Again, I just want the biggest range of ideas at this stage—so, voting at weekends, voting in supermarkets. [*Interruption.*] Online—yes. The seminar that we had—. It was interesting—Bethan, I think you would've been interested in it. There was a group of young people who came, and I thought that they would be absolutely in favour of online voting. Some of them were, and some of them were very hesitant about it—you know, 'If you don't want President Putin voting for you—.' I shouldn't say that, should I? [*Laughter.*] But the fact that security in online voting is not as advanced as maybe we would need to be in order to rely on it completely—. But online voting, certainly, I think, should be in the mix. I've already, Chair, been attracted to mobile voting booths. If ice cream vans can turn up in your street and ring a bell to tell you they're there, I don't see why a voting booth couldn't do the same—voting at libraries, you know, all those sort of things. I think that's where I'd like the biggest mix of ideas at this stage and then we would work through them and we would do our best to choose the best of them.

[120] In terms of voting systems, the White Paper makes a very specific proposal to extend the franchise to 16-year-olds. So, that would be a big change. Consistent with the menu approach, it suggests that, just as following the Wales Bill, this institution will be able to decide our voting system, so local authorities should be able to choose the voting system that they believe suits their needs and circumstances best. It puts two into the White Paper: first-past-the-post as we have now, or proportional representation in the form of single transferrable vote. It would be for local authorities themselves to make that decision in that menu-type way.

[121] **Joyce Watson:** Could I—? That's a fundamental change, if they decide to change it. It's also a fundamental discussion. And it really goes to the heart of democracy in terms of how that decision will be arrived at. Because, if it is the case that it's those who are elected that are voting for the next electoral system, it could be fraught with difficulties for those individuals,

but it could also be fraught with difficulties in terms of taking people with you. So, have you thought any further?

[122] **Mark Drakeford:** Well, what we've used, Chair, is the New Zealand experience, because this is the approach that has been taken in New Zealand. A Labour Government in New Zealand, about a decade ago, put what's called permissive proportional representation, which is what this is, on the statute book. It allows local authorities to choose for themselves. If you've chosen it for the next election, you can't change back for the election after. You've got to have at least two cycles in the system that you have chosen. Over time, an increasing number have chosen the STV form, but I think it's about half and half [correction: eight] in New Zealand now. Only one local authority that opted to change its system of voting has subsequently changed back to the previous one. But the case for it is that it allows local organisations who are closest to their populations and their geographical and other circumstances to choose the system that works best for them, in the way that we will be able to choose, as an institution, the system that we think works best for us. I think the point Joyce makes is a really interesting one, about the fact that the system would be chosen by people who have been elected under an existing system, and I have no doubt that there will be views as part of the consultation that this part of the White Paper will evoke.

[123] **John Griffiths:** I'm afraid we have no further time, I'm sorry. Thank you very much, Cabinet Secretary, and your officials, for answering our questions, giving evidence today. You will be sent a transcript to check for factual accuracy in the normal way. We may write to you with some further questions. Diolch yn fawr. The committee will take a very quick—literally, two minute—comfort break. Please come straight back. [*Interruption.*] Okay, three minutes.

*Gohiriwyd y cyfarfod rhwng 10:29 a 10:34.  
The meeting adjourned between 10:29 and 10:34.*

**Bil Diddymu'r Hawl i Brynu a Hawliau Cysylltiedig (Cymru): Sesiwn  
Dystiolaeth 1—Ysgrifennydd y Cabinet dros Gymunedau a Phlant  
Abolition of the Right to Buy and Associated Rights (Wales) Bill:  
Evidence Session 1—The Cabinet Secretary for Communities and  
Children**

[124] **John Griffiths:** We'll move into public session. May I welcome

everybody back for item 3 on our agenda today, the Abolition of the Right to Buy and Associated Rights (Wales) Bill, and our first evidence session with the Cabinet Secretary for Communities and Children and his officials? This Bill was introduced to the Assembly by the Cabinet Secretary on 13 March this year, and referred to us by the Business Committee. We launched a public consultation on the Bill on 17 March, and we will be taking oral evidence from a range of stakeholders over the coming weeks. Welcome this morning, Cabinet Secretary. Would you like to introduce you officials for the record please?

[125] **The Cabinet Secretary for Communities and Children (Carl Sargeant):** Bore da. Good morning, Chair. Thank you for the opportunity to come to committee this morning. I'll ask my team to introduce themselves. Katie.

[126] **Ms Wilson:** I'm Katie Wilson. I'm from legal services.

[127] **Mr Rees:** I'm John Rees. I'm from the housing policy division in Welsh Government, and I'm the Bill manager.

[128] **John Griffiths:** Thank you all. If it's okay with you, Cabinet Secretary, we'll move straight into questions.

[129] **Carl Sargeant:** Yes, of course.

[130] **John Griffiths:** If I may begin, could I initially then ask what impact this Bill will have, in your view, on the supply of social housing in Wales?

[131] **Carl Sargeant:** Directly, in terms of supply, it doesn't add anything to it. But what it does do is preserve current stock levels, and, longer term, the investment that will be made by registered social landlords and local authorities—it will protect the investment that they make in the future. So we think, in terms of numbers—the regulatory impact assessment indicates around 300; we lose around 300 properties per annum. There's a peak and trough around that, but it averages out around 300. So, our intention is, over a five-year period, that that would save 1,500 homes from being lost from social housing into another market.

[132] **John Griffiths:** Okay, and how do you expect the Bill to affect applications made by tenants under the right to buy, or indeed the right to acquire, prior to abolition?

[133] **Carl Sargeant:** The Bill itself will have no effect in terms of anybody that makes an application up until the day of abolition, which will be around 12 months after Royal Assent. So, any time up to then, eligible members [correction: tenants] who are able to apply the right to buy or right to acquire will be able to do so up until that date.

[134] **John Griffiths:** Would you anticipate a spike in applications prior to abolition? And if so, what impact is that likely to have?

[135] **Carl Sargeant:** Well, we're assuming there's going to be a spike, just on the premise that people will now see a deadline date of the potential for ending. Therefore, if there was an interest in this, it will just push them into that space. There is nothing we can do about that spike. We anticipate it potentially could increase up to 50 per cent on top of the numbers that we currently have. But that's the way it is. There's nothing really we can do about that, other than—. I'd even consider reducing the amount of subsidy to a lesser lever so it makes it less attractive. But I think I'm trying to be as fair as we can be, understanding that these are rights of individuals and we are allowing people to do that in a reasonable amount of time up until that date. So, possibly there may be a spike, and there may not be, but we are anticipating that there is a potential for one.

[136] **John Griffiths:** Right. I'll bring in David Melding at this point.

[137] **David Melding:** Just on this point of the right to buy, that right will continue for a year, or possibly more, but certainly a minimum of a year before the Act comes into force. Is that to actually complete a sale, or to make an application for the right to buy?

[138] **Carl Sargeant:** To make an application. So, up to the day of abolition, a person can apply. And that will not be a holding position, it will be a genuine application. In theory, there is around about—. Because there are statutory processes involved in that where individuals and authorities have to reply within a certain period. It's probably, from that date of application, subject to the last day of the twelfth month—there probably will be another twelve-month space where people will be able to do that.

[139] **David Melding:** I think that's a helpful clarification.

[140] **John Griffiths:** Okay. Thank you for that. In terms of social landlords selling dwellings on a voluntary basis in the future, will the Bill impact on

that in any way?

[141] **Carl Sargeant:** No.

[142] **John Griffiths:** Okay. And similarly with sheltered housing or adapted housing; any impact from the Bill in those areas?

[143] **Carl Sargeant:** There are already exemptions in current law that don't allow the sale of specially adapted properties such as disabled properties or specially adapted, costly buildings. So, there are already exemptions that would still not apply to the principle of the right to buy.

[144] **John Griffiths:** Okay.

[145] **Joyce Watson:** Could I ask, sorry—?

[146] **John Griffiths:** Yes, Joyce.

[147] **Joyce Watson:** On that, we do hear about adaptations being put in and then taken out, so I'm interested in just that question.

[148] **Carl Sargeant:** And that happens. I think we're getting better at that. This goes back to a different discussion, I suppose, Chair, in terms of the DFG grant—the disabled facilities grant—that goes into local authorities. There is a register now, which looks at properties that have been adapted. North Wales has got a great one, actually. I celebrate lots of things across the country, and north Wales sometimes features in that, in being at the forefront. They've got a collective register across all authorities, looking at what disabled facilities are enabled in buildings. So, rather than not understanding that a new tenant put in a walk-in shower, the tenant leaves, taking the shower out, and then it happens again six months later—that's just silly—it's understanding what your stock is about. But as I said, there is already a provision that prevents—there are exemptions in current law around preventing the right to buy on those properties if they are adapted. It's a slightly different question, but I can see there is a link there. We will continue that process.

[149] **John Griffiths:** Okay. And Bethan.

[150] **Bethan Jenkins:** Sorry if I haven't understood. What if somebody moves out of that exempt property and there isn't a need then for that property—?

I'm assuming there would be a need, but just in a situation where there wouldn't be, would there still be an exemption forever, or would there be a clause put in to say, 'Well, actually, after that period of time it could be not part of the exemption'?

[151] **Carl Sargeant:** Well, the exemption is based upon the property. Usually what happens is, rather—. So, before, what would happen is they would rip the disabled adaptation out, effectively. What happens now is, usually, they leave them in and wait for a suitable tenant—they look for a suitable tenant to go into those spaces, but the exemption still applies to that property. But, if they were to remove that—if they were to remove the adaptation, then of course, that would remove the exemption.

[152] **Bethan Jenkins:** Would you see that some social landlords might put more adaptations in as a way of not qualifying for this—so that they would be exempt from this piece of law so that there would be difficulty then in maintaining the housing stock because the social landlord has seen where they can keep those houses from being—?

[153] **Carl Sargeant:** I can't see the logic in that. First of all, it's costly to put adaptations in, and by putting adaptations in, it protects the sale of—. So, that is to prevent sale for the right reasons. We're moving to the right-to-buy process, which effectively does the same, so it will protect those as well. So, it won't be an exemption out of the right to buy, it will be a process of continuation.

[154] **Bethan Jenkins:** Okay. I understand.

[155] **John Griffiths:** Thanks for that, Cabinet Secretary. We will move on, then, to Jenny Rathbone.

[156] **Jenny Rathbone:** Sticking with this 12-month period that will exist after the Bill has passed, what are you—? I represent an area where there's a huge shortage of housing of all types, so the price is inflated. What would you do to prevent property speculators moving in en masse in that 12-month window and offering tenants what they would deem to be fabulous sums of money to take up that right to buy?

[157] **Carl Sargeant:** We are concerned about that and we will be looking to issue advice to landlords and authorities about informing people about the risks in purchasing your own home as well, despite what—they're not loan

sharks; they're professionals in most terms—encouraging people to speculate and buy. But there isn't a lot we can do about that, apart from giving people the relevant information to understand.

[158] **Jenny Rathbone:** So, there's nothing we can do to prevent property speculators giving people the money and then shifting them out of the area in order to then exploit the value of that property.

[159] **Carl Sargeant:** Well, that's the same now.

[160] **David Melding:** Yes, but there are all sorts of controls—*[Inaudible.]*—suddenly sell the property and you can recoup the amount.

[161] **Carl Sargeant:** There are provisions about the eligibility for application to the right to buy, but the principle of hawkers is not new.

10:45

[162] I think what's really important is that we furnish people with the right information about the risks involved in purchasing a home or selling the home on. I think I'm right in saying, John, about the discount issue and about the ability to recall the discount if sold within a certain period of time. Could you just clarify that?

[163] **Mr Rees:** At the moment, it's illegal to have deferred resales, isn't it, Katie, where somebody gives a tenant the money to buy the property and then looks to take the property off them after five years when they haven't got to repay the discount. That's not allowed under the current law.

[164] **Ms Wilson:** Yes. Currently, if you were to resell the property after using the right to buy within five years, you have to repay the discount, and there are existing provisions that say if you enter into a resale agreement or some kind of option agreement, the duty to repay the discount arises at that point you enter into the agreement. So, that's to disincentivise the benefit of the discount, which shouldn't be passed on, then, to any type of speculator.

[165] **Mr Rees:** Just to butt in, sorry, the information note that we propose to issue after abolition to tenants to tell them about the effect of the Bill would include information that you don't have to pay anybody for advice on the right to buy and be very wary if somebody tells you about the right to buy ending—make sure that you get the proper advice. There's also advice up on

the Welsh Government website now about the right to buy to tell tenants to be wary of people who suggest that they ought to think about buying their homes, to make sure it is the right thing for them to do. There are warnings at the moment and there will be in the information sheet that we send out.

[166] **Jenny Rathbone:** I'm sure there are, but, unfortunately, I don't think many tenants are looking at the Welsh Government website when they're entering into what looks like an attractive agreement, so there's clearly work that we're going to have to do to minimise the risks.

[167] **Carl Sargeant:** I don't discount the Member's question, but there are legislative processes in place currently. I share the Member's concern that there will be people who are trying to circumnavigate the system if they feel it appropriate.

[168] **Jenny Rathbone:** Okay, thank you. Just moving on, given that local authorities can already apply to suspend the right to buy in their particular area, why is this Bill necessary?

[169] **Carl Sargeant:** First of all, it was a manifesto commitment. It went out to the public as a manifesto proposal that was supported by the way the vote went and we were able to form a Government. I know some people may question that process, but in terms of 'Do you have the right to do this now?' I think we do, and we have a mandate to do that. Secondly, we've seen long term the haemorrhaging of stock. I've said this in the Chamber: I don't actually believe that the principle of the right to buy was fundamentally wrong. I think it was just flawed on the basis that, if we were to sell a property and reinvest that money to build a property on all occasions, we wouldn't have to do that now. But we've haemorrhaged thousands of social housing—over 40 odd per cent of social housing in Wales has gone.

[170] **David Melding:** [*Inaudible.*]

[171] **John Griffiths:** We can't have conversations ad hoc around the table, I'm afraid.

[172] **Carl Sargeant:** It was 45 per cent, sorry, Chair, it wasn't 40 per cent. It was more than that, just for clarity. But I'm more than happy to take a question in a second, if I may. But the principle is we've haemorrhaged a lot of stock. Irrelevant of which Government was in power, we haven't been able to keep up with the amount of stock that exited and develop—. We are now

on a programme of new build. The issue of the temporary suspension is one of five years or longer. They are already identifying pressures. Carmarthen was the first one to go into voluntary abolition [correction: temporary suspension]—that was around two years ago. What they've done by that process is started a build programme, and that build programme protects them. In five years' time, subject to the ending of that provision—although they could reapply—but what it would do is allow those people who had new houses, who've lived in them for five years, to now buy that stock. I don't believe that's fundamentally right, because we have to build a cohort of new stock in order to do that. A future Government in 20 years' time, when we may be awash with social housing, a mixture of tenures, another Government might come along and say, 'We're going to change this now', and it might be the right thing to do, because we're building stock and selling stock, enabling people to get onto that property market.

[173] But what we've done as part of the suite of tools we have here—. So, we've got the ending of the right to buy but we've also introduced other areas where people can get into the housing market. Some of the financial schemes that we're offering—actually, there are some comparisons, in terms of discount value, with right to buy—we're offering subsidy in other methods to mortgage.

[174] So, we're not writing people off here in terms of the ability to get into home ownership. But, in terms of social housing, we will need that for the future and the temporary provision helps as a temporary Order. We've got the mandate to do this longer term and I think it's the right thing to do.

[175] **John Griffiths:** Okay, let me bring David Melding in at this stage.

[176] **David Melding:** I'm grateful for your indulgence, Chair. Our research note does say that the social housing stock has fallen from 300,000 in 1980 to 230,000 in 2016. I realise that social houses have been built in that period, but I sometimes think when you say, 'Because 140,000 have been sold, we've gone down by 45 per cent', it is somewhat misleading. Not that the reduction from what we had in 1979, by 70,000 in the total stock, is insignificant, but I think it does qualify the statistics perhaps in an appropriate way.

[177] Can I just ask—? When you said that—. It was very revealing, I think, and, from my point of view, encouraging and pragmatic that you said that you weren't against the principle of right to buy, but you thought the

application and the fact that it's a 35-year-old policy now—and it may be right to examine this again in the future, when we know what's happening to housing stocks and we get to a level that could be more efficiently managed if you brought back the right to buy. So, why not have a sunset clause in this Bill? Have you thought about that?

[178] **Carl Sargeant:** I haven't thought about that. I think what was—. Can I first of all clarify the numbers? I think that's really important. I certainly would not wish to mislead this committee or any—

[179] **David Melding:** Oh, I didn't say you were misleading. I think the stats as they are—what you've said is right, however, the wider context does qualify them somewhat.

[180] **Carl Sargeant:** We can look at how we present those figures, but the fact remains, since 1981 to the numbers we have today, we've had a 45 per cent reduction in the numbers of social housing stock—they are de facto. So, I hope that is reflected in the committee's report.

[181] You're right, I've said that, fundamentally, the right-to-buy product was conceptually right, it's just the fault line was not replacing the stock as we sold them. In England, for every one that was built, seven were sold. So, it was just fundamentally not sustainable. Now, I'm not saying which Governments did what in that process, but it just doesn't work and that's why we've got to do something about that today.

[182] The sunset clause—I haven't considered that, because I think this is really a long-term provision. You just don't turn on the supply of housing. You and Members will know that, in order for us to develop a long-term proposal of investment, confidence in the market, we're talking probably 15 to 20 years before we start to have some real significant growth in terms of replacement of stock. We're looking at 20,000 units over this term of Government. That doesn't go anywhere near the 140,000 that we've lost.

[183] So, I think there is an opportunity for a Government in years to come, if they wish, to repeal this Act. That's a matter for them. I wouldn't oppose that principle either, if that was the right thing to do and we were matching sales with growth.

[184] **David Melding:** A sunset clause, however, would match, basically, the right to buy suspension Measure, wouldn't it? Because that was for five or

possibly 10 years, which in itself is a sort of hard-wired sunset clause, I suppose. So, why are you not applying that principle in this Bill?

[185] **Carl Sargeant:** The Measure was supported through the Assembly to be taken forward on a temporary measure. We've now come to—. Our view is that it is right and proper, for projection of long-term sustainability of this, to end the right to buy. If you were to push me for a sunset clause, I would suggest that we put a sunset clause in at around 30 years, which seems to defeat the object of a sunset clause.

[186] **David Melding:** Well, it's not what you did in the Measure, or your predecessor did—it was five or 10 years.

[187] **Carl Sargeant:** We're not talking the Measure now; we're talking about this piece of legislation. I genuinely believe that this is a long-term plan—this is not a quick fix to the social housing situation. This has been going on for a long time and we've got to have a long-term protective investment in our communities. I think, if the committee felt that a sunset clause was appropriate, I wouldn't oppose it, but it would be a long-term—it would be 30 years or so before we put a sunset clause, which sort of defeats the object.

[188] **John Griffiths:** Okay. Jenny.

[189] **Jenny Rathbone:** In the explanatory memorandum, you state that the cost of replacing social homes is higher than the value of the sales. I wonder if you could explain why that is, given that the maximum discount is now £8,000. Why does the sale not reflect the cost of building a new home?

[190] **Carl Sargeant:** It's development cost versus sale price. The land cost is a significant influence on the cost of the property. Once you've sold it, you've got to provide new land, and, as time goes on, things generally go up, not down. There's a discount already applied to this, so there is already a gap in terms of what you sell the property for to what the new property would cost. So, it's never like for like. So, when you built a house five years ago, to build the same house on different land today is often more costly to do.

[191] **Jenny Rathbone:** But why doesn't the house that's being sold—? Why doesn't the price reflect the value of the land that it's sitting on?

[192] **Carl Sargeant:** That's how the market is derived: the market will place

a value on the property irrespective of what the land costs. It's what the person is prepared to pay, what the market cost is. But, if we want to build new properties somewhere else, there is a land cost again. This is the conundrum we're in here. I'm trying to find, alongside of all of these tools that I've got in the kit around housing, an innovative approach to development. So, I'm looking at lower cost homes, longer term in energy efficiency, et cetera, and lower cost build costs. Is there something that we can do with land ownership without sale of land? Can we lease land? Can we lease public-owned land, which lowers the cost? But the reality of sales and build versus new build and sales—they just don't match up, because of the—. The threshold of discount affects that more, because of the value of discount. It just doesn't help the situation on balancing the books.

[193] **Jenny Rathbone:** Okay. Obviously, there's obviously a wider question about how we break through the monopoly control that six large house builders have over the building of homes, which has an impact on the quality, the embracing of new ways of building, et cetera. How can we do a made-in-Wales option?

[194] **Carl Sargeant:** Yes, and I'm encouraged by the opportunity in innovation in Wales. I launched a project about two months ago, an innovation programme, where we've offered up to a £20 million starter for businesses that come to us with a solution for building homes that are, hopefully, Welsh-branded, made-in-Wales solutions—so, energy-efficient, longer term cheaper to build. So, for my £20 million that's on offer, what more do I get than I would traditionally? I'm flabbergasted—that'd be an interesting translation word, wouldn't it—by the amount of innovation that's come forward to my team already, the amount of shared working between housing associations, public sector bodies, and innovators in housing delivery coming together. I'm really excited about the opportunities there. I've already started to talk to some registered social landlords, indeed in Cardiff, about opportunities that that has presented. I think we've got to move—. If we do the same, we get the same, but there's a chance here to do something Welsh.

[195] **Jenny Rathbone:** Okay. I mean, that's all very exciting, but just to go back to those areas that have had suspensions the longest, like Carmarthenshire and Swansea, what evidence—can you quantify where that has enabled the increase in housing supply, and are they using these modern methods of building?

11:00

[196] **Carl Sargeant:** Well, it's a little bit early to look at that. Carmarthen went two years ago, Flintshire was only last month. I announced—I signed off another one today. What it has done, it allowed Carmarthenshire to start to rebuild with confidence, and that's one of the issues, I think, leading from the very first question that the Chair asked me about—what does this Act create? Well, it doesn't actually create something directly; it stops exiting of stock. But what it has done is give authorities the confidence to build, knowing that that will stay in the public realm. I think, Carmarthenshire, I opened the scheme—I'm not sure if it was with Joyce Watson, actually—of 39 bungalows in Carmarthen, and they've already started looking at provisions to develop more.

[197] One of the issues around evidence on suspension—so the temporary suspension of the authorities that have gone already—is not just about looking at the stock pressure, but there has to be an offer about, 'So, what are you going to do about that stock pressure? We'll stop the haemorrhaging of further stock. Are you going to build any more?' So, there has to be a positive offer in that as well. So, there are authorities—I've got another two I'm aware of that are looking to seek temporary suspension already, and they've got some exciting plans for further development. I can't share those details with you.

[198] **Jenny Rathbone:** Okay. So, it will still be possible for local authorities to apply to the Minister to suspend the right to buy during the interim period before the Bill comes along.

[199] **Carl Sargeant:** Yes. I'm expecting possibly two to come forward, an additional two to come forward. However, I think the closer we get to the abolition, the work involved in doing this, and the evidence base behind that, because there is an engagement process—again, with communities, it becomes, 'Is it worth doing? Should we just wait until the Bill comes into force?' But they are allowed to apply, yes.

[200] **Jenny Rathbone:** Okay. And could you just tell us what the impact of the Housing (Wales) Measure 2011 is, in terms of preserving the amount of social housing stock?

[201] **Carl Sargeant:** The issue around total numbers, as I said, it's too early to tell yet. We do know that the overall number is around 300/350 homes

per year that go out of the stock. Of course, the effect of the Measure, therefore, is protecting an amount of those. We will probably have figures. I'll see if we've got the figures—I'm more than happy to share with you—about those local authorities that have moved into temporary suspension, what their haemorrhage rates were in terms of locally. I think we've got those stats. If I have, I'll share them with committee, just to give you a flavour of potentially what would that look like for Carmarthen. So, did Carmarthen lose 20 a year? Well, that's what we're protecting.

[202] **John Griffiths:** Could I just ask, Cabinet Secretary, before we move on: in terms of tenants currently living in an area where the right to buy has been suspended, did you give any consideration to allowing those tenants a further opportunity to buy their home?

[203] **Carl Sargeant:** Yes. And what we want to apply is a consistent approach to delivery of the Measure. There is a lot of work that goes in to the temporary abolition of the right to buy. Again, one of those approaches is understanding what the pressure rate is in the local system. How, therefore, we apply the principle of agreeing to that is the fact that we agree that there is a fundamental problem in that area in terms of the amount of stock versus waiting lists versus the ability to build. And that's why we've stopped those provisions. And, therefore, it doesn't change that situation. We've agreed the principle that there is a stock problem there, and, therefore, reopening that provision just because we're legislating for everybody doesn't change the situation. Actually, it undermines the Measure, and that's the reason why we are very thorough in our application of, 'Is this the right thing to do in those areas?' It won't be the right thing in some areas, some people won't apply, but, where they have, there's a lot of work gone behind that. It takes about—there's about a six-month period where we test that approach, and I've had authorities ringing me up saying, 'When are you going to give us the okay to abolish the right to buy here, because you're taking too long? We're losing stock.' We are thorough, and that's why we have to make sure that we do this right.

[204] **John Griffiths:** Okay. David Melding.

[205] **David Melding:** Again, I think this is a very important point, if I may say so. I think you've got to be very careful about making claims to consistency and the need to have a common position now, that the Measure doesn't give you that and that this Bill is justified on the grounds of safeguarding the current social housing costs. To make particular arguments

that in other areas where they've now applied for the suspension, that somehow they're in a different position, I think invites us to say, 'Why have a Bill that makes the abolition compulsory? Why not just leave it up to local authorities when they assess their housing stock pressures?'

[206] But the problem I really have here is that you now create two classes of tenants: one that have a period of grace up to one year to make an application to buy their home, whereas, obviously, in the local authorities where that's been suspended, that period of grace will not apply. The reason I think you need to carefully think about this is that, in the explanatory memorandum at 3.33, 'Human rights', you justify this Bill in terms of the fact that it does engage human rights and it obviously compromises the right to property. However, you say that the wider social concerns are what overrides that right, and that in acknowledging that human rights are engaged, this one-year period is like a way of nodding in that direction, and allowing people to adjust. They've had for many years a right to buy; they now get that period of grace to exercise it. So, if that's actually in the explanatory memorandum under 'Human rights', why are you being partial? It seems to me that if you're going to use a human rights justification, you've got to be consistent and give it to all tenants.

[207] **Carl Sargeant:** And we are, we are consistent. The temporary abolition of the right to buy isn't a switch that we just turn on and don't tell anybody about; there is a process that local authorities follow rigorously, informing their tenants about what their intention is. So, the application of the ability of tenants in those protected areas, as they are now, the ability for them to apply at the time will be given the same principles as the people that aren't in the temporary provision currently. So, we're not treating anybody differently in that process. We are effectively continuing with the right to buy wholesale, and the people who are already in that period of grace have had the opportunity to purchase, as the people will be in this 12-month period of time. So, I don't follow your argument that we're discriminating between two sets of people.

[208] **David Melding:** Well, you clearly are—

[209] **Carl Sargeant:** I don't agree with you. The offer here has been very clear that people who had the ability to apply for those homes, exactly the same way as the people have the ability to apply for those homes who aren't under the temporary restrictions now.

[210] **David Melding:** There is going to be a period of grace of one year to make an application in local authorities that have not suspended the right to buy. In local authorities that have suspended the right to buy, as soon as they notified their intention to apply for a suspension, there was no period of grace given to their tenants. So, how can you say that those two situations are the same?

[211] **Carl Sargeant:** Well, that's not quite factually correct. There is a consultation period prior to the application. The application is only suspended for people to—. So, the application comes in from an authority for the application to suspend. Until it is given the agreement that we've accepted that application, members of the public are still allowed to buy—

[212] **David Melding:** There is, of course—

[213] **Ms Wilson:** Once we've decided to consider the application, any further applications are stayed. So, if we decided not to grant the application, then they would continue, but if we do grant the application, they're deemed not to have been made. But there is a period—. There is a requirement on local authorities to consult before they—

[214] **David Melding:** To consult, yes. And that is exactly analogous to what you are doing now, and you have not stayed the right to buy for those tenants. You are going to—

[215] **Carl Sargeant:** We've already had that.

[216] **David Melding:** You're quite right to say that in local authorities that have suspended the right to buy, they had to consult first on, basically, whether they had housing stock pressures and therefore should make an application. You're trying to argue that that, in a way, gave them notice, and that somehow that means that they shouldn't get the rights that are going to be preserved under this Bill. But the analogous situation is that you are now consulting with us about this Bill. There will be a legislative process in which this Bill will be examined, and may or may not get approved. Now, that's exactly the same, it seems to me, as the consultation period. It was a contingent notification of intent to do something, but there was a process to be followed. If that process is approved, then you're still going to give a period of grace to those captured under this Bill, but not to those that have been captured under the previous Measure, which is suspended. This strikes me, if you're going to use a human rights line, as very, very shaky. I would

recommend—I'll finish with this—that you amend the Bill to allow that period of grace to apply to all tenants.

[217] **Carl Sargeant:** I recognise that the Member has strong feelings on this. We believe that we have a very strong case, and that's why it's in the Bill and the RIA about human rights, because we recognise the fundamental issue with this is making sure people do have the right to follow this process up. That's why we've given a 12-month grace period on this ending of the right to buy, and that is why, when we implemented the Measure of the temporary suspension of right to buy, eligible members of the public were consulted on the same principle. So, I dismiss the fact that the Member is using the argument that we are using two standards in terms of human rights. I dismiss that.

[218] **David Melding:** In Scotland the period of grace was two years. Did you consider that period as well?

[219] **Carl Sargeant:** Yes, we did, and the irony behind that is that the committee of the Scottish Parliament recommended a 12-month period. It was the Scottish Government that chose that. But we've got a very different way of engaging. So, the Scottish Parliament committee recommended a 12-month period of grace. The way they consulted was very different as well. They placed a webpage on their internet. They didn't inform tenants directly. We'll be informing tenants directly through registered social landlords and other landlords. Again, that is a very different technique of ensuring people understand that there is a period of trigger. So, we think we're going beyond that principle of what the Scottish Government did.

[220] **David Melding:** So, you don't think they were very effective in informing the tenants and they needed two years to cover for their incompetence. Is that your—

[221] **Carl Sargeant:** I didn't say that, Chair, I think the Member—

[222] **David Melding:** I think it's a justified inference. Or is there a principle behind you doing one year and not two years?

[223] **Carl Sargeant:** I think what's important to us is making sure that tenants know their rights, and we want to inform them properly. We will be doing that well beyond what the Scottish Government did, which I think is what we consider fair and reasonable. And giving a grace period—. When you

purchase a house, it generally doesn't, in the normal situation, take a 12-month period in the private sector. We're giving a 12-month period in the public sector, so we think that's more than reasonable.

[224] **John Griffiths:** Okay. I think, Rhianon, you wanted to come in at this stage.

[225] **Rhianon Passmore:** I think with regard to the—[*Inaudible.*—]in answer to David Melding's queries, there is no doubt that there are tensions, aren't there, around the potentiality of contravention of human rights legislation? But in terms of the interpretation around Strasbourg law, which establishes the legitimacy of Welsh Government's aims in this regard to protect the social housing stock from erosion, do we feel confident that that is a strong enough position in terms of that existing legitimacy through Strasbourg? How have you tested that legitimacy in terms of the arguments that have been presented?

[226] **Carl Sargeant:** I will defer to my legal team on more detail, but we are confident that we've addressed all of the issues around human rights. I think David Melding is right to probe in that space because of his fundamental disagreement of what the policy lines are and he will try anything—

[227] **David Melding:** Well, not anything, but I'll certainly probe.

[228] **Carl Sargeant:** But, Chair, we are confident that we've covered all bases in terms of the ability to look at the Human Rights Act and have considered, as I explained earlier on, how to make sure that tenants are fully informed of their rights in this process, because we are changing the rights of individuals. So we are absolutely confident that we can continue applying the right and appropriate measures in place to support your question.

11:15

[229] **Rhianon Passmore:** With regard to that 12-month period and the issue that's just been discussed around whether those who are already in the suspension areas have had a legitimate and equitable amount of time to be able to consider that, would you feel that they have had an appropriate and reasonable amount of time to have that consideration?

[230] **Carl Sargeant:** Yes.

[231] **Rhianon Passmore:** You do feel that.

[232] **Carl Sargeant:** I think it might be useful, Chair, because I'm not sure about how much information the committee has on the process of applying for the temporary suspension under the Measure. I'm more than happy to send a note to you, because it's not just a document that gets sent to me, saying, 'Please end the right to buy here on a temporary basis.' An awful lot of work goes on behind that on engaging communities and information, and I'm more than happy to send a note to committee if that would be helpful.

[233] **John Griffiths:** I'm sure that would be helpful, Cabinet Secretary. We look forward to receiving that. I think we'd probably better move on, and I'll bring in Sian Gwenllian.

<p>[234] <b>Sian Gwenllian:</b> Iawn. Rydw i'n mynd i fynd ar ôl adran 8 o'r Bil, sydd yn sôn am gyhoeddi gwybodaeth a fydd yn helpu tenantiaid i ddeall effaith y Bil. Rydych chi wedi sôn yn barod y bydd yna gamau rhesymol yn cael eu cymryd i roi gwybodaeth i landlordiaid i'w phasio ymlaen i denantiaid. Pam 'camau rhesymol'? Pam ddim ei wneud o'n rhywbeth gorfodol neu absoliwt?</p>	<p><b>Sian Gwenllian:</b> Okay. I'm going to pursue section 8 of the Bill, which discusses publishing information that would help tenants to understand the effect of the Bill. You've already mentioned that reasonable steps will be taken to provide information to landlords so that they can pass it on to tenants. Why 'reasonable steps'? Why not make it something that is a mandatory requirement, or something absolute, rather?</p>
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[235] **Carl Sargeant:** Well, I think that the danger with legislating about information is that there is always something that you miss off. I think this gives us some discretion. There's a genuine interest here to ensure that we give as much information as possible to tenants, and that's why what we would consider 'reasonable' is making sure that we are able to fulfil some of the information, what we think would be useful, but also some of the issues that have been raised this morning, when we could include them at a later date if that's a pressure. Jenny raised the issue of potential investors coming in to buy up properties. That might be some additional information we'd want to add to this process, so it just gives us some discretion in that. It's like putting lists in legislation—you always miss something off—so that's why we are having some flexibility in what information we provide.

[236] **Sian Gwenllian:** A ydych chi'n **Sian Gwenllian:** Are you concerned

poeni y byddai hynny—? Hynny yw, o beidio â'i wneud o'n rhywbeth absoliwt, a ydym ni'n mynd i fod yn cyrraedd pob tenant os nad ydy pob landlord yn cael ei gynnwys yn hyn?

[237] **Carl Sargeant:** We do intend to use every landlord. RSLs in Wales, CHC Cymru, even landlords outside of Wales that own properties, that have properties in Wales, we'll be engaging with them too. What I'm happy to do also, Chair, is, acknowledging the information that we currently have in mind for sending to tenants through RSLs, I'll share with you, as soon as—. The reason I wasn't able to share that with you before was because I haven't signed off the translation yet, but as soon as I do, I will share it. There's plenty of time for you to scrutinise that, but I'll share that with you, and you can have a view on that.

[238] **Sian Gwenllian:** Ond fedrwch chi ddim bod yn sicr eich bod chi'n mynd i gyrraedd 100 y cant o'r tenantiaid yn y dull yna. Tybed a ydych chi wedi ystyried cynnwys dull apelio er mwyn galluogi tenantiaid nad ydynt yn ymwybodol o'r newidiadau o fewn y cyfnod rhybudd i gael hawl i apelio, fel bod ganddyn nhw hawl i wneud cais i brynu tŷ yn ystod y cyfnod.

**Sian Gwenllian:** But you can't be absolutely certain that you're going to reach 100 per cent of tenants using that method. I wonder whether you've considered including an appeals mechanism to enable tenants who may not have been made aware of changes within the notice period to have a right to appeal so that they do have that right to make an application to buy during that period.

[239] **Carl Sargeant:** I recognise the Member's point, and it's not a subject to—. We don't think we are in the appeal space. I do recognise that there will always be somebody who suggests they may not see something. I understand that. But, as I said earlier on, we are going above and beyond what other countries have done in terms of information for tenants. We could have gone down the route of posting on a website and hoping that people saw that. I think there is enough noise around—David Melding and his colleagues are making hay in terms of ensuring that everybody understands that the right-to-buy process is being changed, as we are. The media outlets are doing that, but I think it's important that we reach out to as many tenants as possible. But other countries have just, as I said, posted on websites saying, 'This process is taking place.' We're going well beyond that, and working with our partners as well. The Welsh housing sector is very

effective. They are very engaged with their communities, but notwithstanding that, I expect that there will be one or two people who will say, as in all walks of life, 'We didn't know about this'. You can use similar analogies with lots of law. Nobody's ever told me directly that I've got to wear a seatbelt, but I know it's the law.

[240] **Sian Gwenllian:** Felly, a fydd **Sian Gwenllian:** So, will there be a yna daflen ar wahân yn cael ei separate publication specifically on chynhyrchu'n benodol ar y maes this area and an expectation that yma, gyda disgwyliad i landlordiaid landlords will provide that eu rhoi nhw i bob tenant, neu a fydd information to all tenants, or will it o'n rhan o'r cylchlythyrau sy'n cael just be part of the circulars that are eu hanfon allan beth bynnag? sent out in any case?

[241] **Carl Sargeant:** There will be a provision, within two months of Royal Assent, where landlords—RSLs—have to inform tenants by letter, I think—

[242] **Ms Wilson:** They have to provide the information to tenants. There may be some discretion, but when we send them the information, we can always indicate how we would like them to pass it on.

[243] **Sian Gwenllian:** Gan fod hwn **Sian Gwenllian:** As this is such an yn faes mor bwysig, fe fyddai'n biti ei important area, it would be a shame fod o jest yn rhyw gornel mewn if it was just some small section in cylchlythyr. Mi fyddai lythyr penodol some circular. A specific letter with efo enw'r tenant arno fo ac enw'r tŷ the name of the tenant on it and the arno fo yn ffordd fwy effeithiol o address on it would be a more wneud yn siŵr bod y tenantiaid yn effective way of ensuring that tenants cael clywed beth sy'n digwydd. are made aware.

[244] **Carl Sargeant:** I'm happy to take advice from committee on what their views are in terms of engagement. I have no problem with that.

[245] **John Griffiths:** Okay. Diolch yn fawr. I think Bethan Jenkins would like to come in at this stage.

[246] **Bethan Jenkins:** It was just following on from Sian's questioning, really. I wanted to understand—. You said you'd share with us a copy of the document, which is fair enough, but I was wondering whether you'd done any consultation with other bodies as to what should be contained within that document. For example, I've raised with you in the Chamber this issue,

with regard to the potential for loan sharks or other organisations to take advantage of people in the run-up to the abolition of the right to buy—trying to encourage them to take out loans above their means. I think, if you consulted with the financial inclusion group that you have, and other bodies, it may help inform that. I'm just a bit concerned. Sometimes, I understand why less detail is preferred by Ministers, but then it doesn't allow for us to scrutinise the content of that very effectively. So, I'm wondering whether there will be a formal process in place to do that and how we can engage with that.

[247] **Carl Sargeant:** Of course, and I think the Member's right to raise this, because I think one of our objectives here—our ultimate objective—is informing tenants that the end of right to buy is being enacted. I don't think that's enough information, and I'm more than happy—. We've got at least a 12-month period to develop an information sheet or letter, whatever that looks like, in terms of the challenges that individuals might face. Fundamentally, it might be two things: it might be the end of the right to buy—there you go—but also a newsletter or an information sheet that says, 'Watch out for loan sharks'. I'm going to start that discussion, already, with the RSLs about informing tenants. Actually, there's lots of stuff out there already, but I think we probably need to do a little bit more in this period of time, where this might be a direct threat in terms of people coming in to purchase properties, as the question was raised earlier on. I'm happy to do that now, but I will share with committee the current form of where we are in terms of information sharing; what we think that may look like. But I'm more than happy to be influenced by committee in terms of what that may look like.

[248] **John Griffiths:** Can I ask, Cabinet Secretary, what redress would be available to tenants where the landlord has failed to provide them with the relevant information under section 8?

[249] **Carl Sargeant:** Well, the information is a matter for the individuals in terms of how they wish to redress that process. There isn't, currently, an appeals process. As I said earlier, there will always be individuals who suggest that they didn't know about this, but I would expect landlords to be able to demonstrate that they have gone to their tenants in the appropriate way and where they've informed and given them information about the ending of the right to buy. That will be in the legislation. There is a statutory provision within the two-month period after Royal Assent when they have to do that. As for individuals who claim that they are not aware of this, it will be

a matter for them.

[250] **John Griffiths:** So, they would have to go through the normal legal processes that are generally available.

[251] **Carl Sargeant:** If they feel strongly enough about that.

[252] **John Griffiths:** Could I also ask about statutory guidance and whether there will be any specifically aimed at landlords?

[253] **Carl Sargeant:** Again, there will be a requirement put on the face of the Bill ensuring that we produce relevant information under the duty to disseminate information. So, yes, there will be provision there.

[254] **John Griffiths:** In terms of at what point in time a tenant will be able to make an application to buy or acquire their property, will that be subject to the statutory guidance?

[255] **Carl Sargeant:** It could be involved in the information sheet or the statutory guidance. The information is on the face of the Bill in terms of the ability for individuals to apply for the right to buy up until the day of abolition. So, that will be very clear within the Bill itself, but I'm more than happy to put that as information for tenants. I think, in telling you that, we've got to be honest with people. That's why David was right to raise the issue around human rights. We are changing that process, so I'm very content that we're going to have a spike in the system, potentially, but we are where we are. So, if you're going to do that, you've got to tell people, and I'm happy to do that.

[256] **John Griffiths:** Okay. And moving on, then, to Rhianon Passmore.

[257] **Rhianon Passmore:** I've actually covered virtually all of my lines of questioning previously, but I will ask in terms of the two-month period that's been highlighted around the new properties on the right to buy: do you feel that that's adequate?

[258] **Carl Sargeant:** John, do you just want to cover this? Because it is a little bit complicated. The general principle is that during that two-month period there will be no tenants eligible to purchase, because of the new properties, so we think that two-month period is set right. I think that's technically right.

[259] **Mr Rees:** Yes. This is new properties now—

[260] **Rhianon Passmore:** Yes, brand new properties.

[261] **Mr Rees:** —that haven't been let for the previous six months. There wasn't anyone living in them at that time, so when people move into these new properties, they won't be able to buy them from two months after Royal Assent—that's when it comes in under the Bill. So, in the information document, when people move into those properties, they will be informed that those properties don't carry the right to buy. So, if they have a choice then, and there's an existing property down the road, which the landlord is happy for them to have, and they've got enough five years' qualifying time for the right to buy, they could buy that property. Because, obviously, with that existing property there'll be the one-year notice period before abolition, but with the new property, they wouldn't be able to buy that. So, people, before they move into a new property, would have notice that the right to buy doesn't apply on that particular property.

[262] **Rhianon Passmore:** So, I think it comes back down to the same issue, which is the absolute importance of that communication upfront in terms of those tenants, new or otherwise, in terms of moving into a new home.

[263] **Carl Sargeant:** And that's a very small amount, as well. There's not that many, but you're right to raise that issue.

[264] **John Griffiths:** Rhianon, before you may go on to other questions, David Melding would like to come in at this point.

[265] **David Melding:** Yes, I would just like to clarify. As I understood it, they would have a two-month period in which they could apply to buy, is that right?

[266] **Ms Wilson:** The definition of new stock only applies after that two months, so it'll only be new property that's new to the landlord after that two-month period. So, there won't be anybody in those properties—there won't be a period to buy, because any properties after that date will be new, and that's when the restriction comes in, so there'll be nobody already in them that will have the opportunity to buy. Does that make sense?

[267] **John Griffiths:** I'm not sure—

[268] **Carl Sargeant:** We will send you a technical note on this, which, as I said earlier on, it is quite complex. John might be able to help out.

[269] **John Griffiths:** Can you elucidate, John?

[270] **Mr Rees:** I was just going to say that the provision on the new builds comes in two months after Royal Assent, so if a person moved into a new property one month after Royal Assent, they'd be living there for a month, so when the provisions comes in, that wouldn't be a new build, because it's already been lived in. That's right, Katie, isn't it?

[271] **Ms Wilson:** Yes.

[272] **Mr Rees:** So, if you were lucky enough to have a new property just after Royal Assent, but before the two month provision comes in, you could buy that one, but then if another person moved into a new build property three months after Royal Assent, then obviously that property wouldn't have been let previously, and therefore the right to buy wouldn't apply on that particular property.

11:30

[273] **Ms Wilson:** It might be worth saying that two months is just the standard convention: that provisions in Bills don't come into force until two months after Royal Assent. So, that's why—

[274] **David Melding:** So, you would be advising social landlords not to let in that two-month period.

[275] **Carl Sargeant:** Well, I'm not sure—

[276] **David Melding:** Because if they did, not only would that generate, if the qualifications were met, a right to buy, but of course they would only have to make a reasonable application to buy, and then they would get a further process of up to a year, probably.

[277] **Carl Sargeant:** Yes, indeed.

[278] **David Melding:** So, there is a window there, even if it's not likely to be used, it seems to me.

[279] **Carl Sargeant:** There's a small risk in terms of—there are not that many new properties in that space.

[280] **David Melding:** But in practice, you think that social landlords will be prudent enough not to let in that period.

[281] **Carl Sargeant:** I would have thought they would have been in that space. They are. It is a technical risk, but it's small.

[282] **John Griffiths:** Okay. Jenny, on the same point.

[283] **Jenny Rathbone:** I just want to clarify. So, the purpose of this clause is to ensure that local authorities that wish to increase their social housing stock are not disincentivised from doing so. Because, obviously, they've just managed to extract themselves from the housing revenue account. They're now in a position to enter into commercial loan arrangements to build more properties, based on the guarantee of the rents. You're presumably endeavouring not to get everybody downing tools in the interim period because you're trying to encourage more people—more local authorities—to build where they're able to. But they're not going to do that if they think that it's then instantly going to be bought by a private individual.

[284] **Carl Sargeant:** Of course, and that's why the abolition in some areas—. What the temporary abolition in some areas has done is stopped haemorrhaging of stock, but also encouraged organisations to develop too. That's why, in the overall picture, we're in exactly that same position now of following that through. This two-month period is a statutory period. So, there's nothing we can do about that. It does compromise for that two-month period. If you're fortunate enough to be placed in a property that's new within that period of time, then you can trigger your rights, but I think housing associations or local authorities might be wise to that.

[285] **Jenny Rathbone:** Okay. Thank you for that.

[286] **John Griffiths:** Okay. Rhianon, did you have—?

[287] **Rhianon Passmore:** No, I've asked mine.

[288] **John Griffiths:** Okay. Could I just then ask, Cabinet Secretary: in terms of the notice period of at least one year after the Bill has had Royal Assent,

before the right to buy and right to acquire are abolished, are you satisfied that that is reasonable and appropriate as a period of time; and if so, could you explain to the committee how you came to that view?

[289] **Carl Sargeant:** Again, we've measured and looked at other countries in terms of how they've implemented their Act. We think this is reasonable. You will note in the Act that it doesn't actually define a date as to implementation. We've done that on the basis of, again, learning from other countries that have implemented this. If you place a date in mind, then you may pick a bank holiday weekend or a Sunday when the application has to go in. So, what we're doing is looking at when we receive Royal Assent and then a practical date of 12 months, which allows people to possibly—. You know, Friday at 5 o'clock is the right time to finish this as an abolition rather than a Sunday afternoon, because websites go down et cetera. We're just trying to be practical here. But I can assure you that we will be implementing it. We will issue a date as soon as we receive Royal Assent.

[290] **John Griffiths:** Did you consider any human rights issues arising in terms of that period of time; and if so, how did you satisfy yourselves that that period is within any restrictions and limitations?

[291] **Carl Sargeant:** The advice I received from my team is about what is considered reasonable. As I said earlier on, in the private sector, it generally doesn't take, with the complexities of purchasing the property, raising finances et cetera—certainly not longer than 12 months. We think this gives people the intent—. This is all this is: it's about the intention to buy, which allows, actually, more time after that. So, we think we are certainly covering all bases around human rights. As I've said to you earlier on, this is a right that we are affecting, and I think it's only right and proper that we give people the appropriate amount of time. I would like to stop ending the right to buy today, but I know we can't do that, so we're giving people an amount of time that's reasonable. As I said earlier on, the Scottish Government took a slightly different view, but we believe our engagement process is well beyond and better than what the Scottish Government do. I probably wouldn't use the terms that David used earlier on.

[292] **John Griffiths:** Okay, and David Melding.

[293] **David Melding:** Yes. I've just got one quite technical question and then just one policy question. The regulation power that you have under 10(2)—you've opted for the vast power, basically. I realise that Governments of all

stripes sometimes try to get away with this, but I think it's something that's always got to be justified. I think regulations need to be used to enact law and to modify, but, you know, there are options. The other option, to go down the narrow route, is what was done with the Additional Learning Needs and Education Tribunal (Wales) Bill. I would ask you to look at the regulatory powers there, and perhaps instruct your draughtspeople to draft a more reasonable regulatory power that is more narrowly defined. I think that shows more respect to the legislature. It's not going to, in practice, probably, alter much of what you need to do, or a future Minister would need to do, but it's a very, very wide power, and I think all Governments get up to this, and it's not something in the legislature we should allow to pass without comment.

[294] My final question to you, then, does come down to this bit, that you've said this is principally about safeguarding and expanding the stock of social housing, and I think we'd all agree with expanding the stock and having more houses. Now, the current Welsh Government targets, were, in effect, set a few years ago, so the projections we're under at the moment are from 2011 to 2031, in which time, annual house building is projected—or annual house building need is, in the private sector, 5,200 dwellings, in the social sector, 3,500 dwellings, giving a total of 8,700. I've pressed you on this before, but my understanding is that you are still committed to that as a reasonable housing projection. I would point out that even the figure of total house building of 8,700 has not been achieved for many years. I think 2008 is the last time it was achieved, and I think, last year, house building was 6,900. Now, this just puts it into context of the shortfall we have in house building at the moment.

[295] The justified inference from all this is that we need more houses, and you want more social provision. Why aren't you going to review those housing projections, given that this work was commissioned? Professor Holmans did give you an alternative projection, and that alternative projection was that, up to 2031, we need 7,000 homes annually in the private sector, 5,000 annually in the social sector, giving a total of 12,000 homes. It seems to me that that is where this challenge is, that's where the energy needs to be put—not in what, I feel, is a Bill that will overturn one of the most popular public policies of the twentieth century. I do think it's sad that the Government is not focusing on the need to build more houses, on which, presumably, we would all agree. But why don't you go for the alternative projection, given that this Bill is brought forward on the basis that we need to protect and have more homes?

[296] **Carl Sargeant:** Let me take the two questions, if I may, Chair? First of all: the regulations, 10(2), I will consider the drafting of that, and, again, I wouldn't expect anything less from the Members to challenge the Government if they think that we are overegging some of the detail in our ambition, and I will look at that and come back to committee on that detail. Unfortunately, David moved on to policy, which he understands and I understand we have fundamental disagreements about. I fail to see his argument in terms of the numbers. I could respond to his argument in terms of the £1.2 billion less into the Welsh economy, where we have had less from the UK Government, which does cause a pressure in terms of the ability to spend and build. But we are a progressive Government. We are considering our opportunity to build 20,000 homes—that was a manifesto commitment, and we will continue that through this term of Government.

[297] I don't disagree with the point that David raised about we need more housing stock, but we are building within the financial envelope we have to the capacity of what we can afford to do. I certainly do not agree with him to take lessons from him on building housing stock in a Conservative policy that is failing in the UK.

[298] **David Melding:** The housing projection—. In practice, you're well below your current projection, but projection is actually your expectation of housing need. It's not necessarily what you think is reasonable for a Government to provide—they are different things. But, surely, our baseline ought to be a reasonable housing projection, and I'm just puzzled that you're not prepared to recognise that we need a lot more houses. You're right—it's a challenge that's wider than the Welsh Government, but at least we'd know what the challenge is.

[299] **Carl Sargeant:** I, hopefully respectfully, Chair, fail to see what this has got to do with the actual Act we're debating today in terms of the end of the right to buy. I think there's a fundamental disagreement in terms of our policy objectives. David's entitled to an opinion and so am I, I would dare to say. I agree with him on the need for more homes in Wales, but I cannot commit to do that. I think the fact of this matter, and what we're trying to do here in this discussion today, and the evidence session I am committed to, is ending the right to buy because we're haemorrhaging stock. We've got to protect the investments we make for the future.

[300] I think I was very clear at the beginning that the fact is that I don't

think the policy objective of right to buy was wrong, but it was flawed in the way that it was implemented. I think I'd hoped to be able to explain that to you today, about why we're introducing this piece of legislation, and it's needed in Wales.

[301] **David Melding:** I would sum up that you hope to protect or to stop the haemorrhaging of between 300 and 600 social homes a year—the figures do fluctuate and it also depends on what you define under the right to buy and the right to acquire. So, 300 to 600. The social housing that we need is between, depending which projection you take at the moment, 3,500 and 5,000 a year. The magnitude is so different, and that's why I think you are choosing the wrong target, but you're right in saying that that is my political judgment.

[302] **Carl Sargeant:** If I may just respond to his comments, it's like saying, 'I was only going 80 mph in a 70 mph zone', Chair, and the fact of the matter—

[303] **David Melding:** You're not going 10 mph on house building.

[304] **Carl Sargeant:** The fact of the matter is that we are investing in housing stock, we're protecting our stock from haemorrhaging by introducing this Bill. David and I will long have this conversation, I expect. The principle of what we're doing here is taking through legislation on the ending of right to buy. The amount of homes we're going to build is a matter for a different discussion, I would suggest.

[305] **John Griffiths:** Well, I take your point, Cabinet Secretary, there. I think it's useful context to look at the overall picture and how this is part of addressing the challenges that we face, but, obviously, it's one part of Welsh Government policy, not the totality.

[306] **Carl Sargeant:** Chair, can I just respond to that? I'm very respectful of the Chair's position. I'm more than happy to come to this committee to talk about housing policy in the broader terms, where we're making our investments in terms of the ability for financing of opportunity, rent to own—we've got a suite of things in terms of housing. It's not just one element of this—this is just part of the jigsaw. If you want to invite me back for that, I'm more than happy to be scrutinised, Chair, but I was under the impression we were talking about the right to buy today.

[307] **John Griffiths:** Indeed. Before I bring Sian in, I just think, obviously, there's a context and a background to this, but, obviously, we have to focus on the proposed legislation. Sian Gwenllian.

[308] **Sian Gwenllian:** Rydw i'n meddwl ei fod yn deg gofyn y cwestiynau polisi mwy eang, achos rydych chi'n ei werthu i ni fel ehangder o wahanol bolisiâu. Rydw i'n gallu gweld bod hwn yn ateb pragmataidd yn y cyfnod o lynder ariannol yr ydym ni yn byw ynddo fo i gyrraedd y nod. Ond, o ran yr ochr adeiladu tai, mae gennym ni nod—mae gennych chi nod—o 20,000, ond, mewn gwirionedd, 12,000 ydy hynny, oherwydd mi fydd 8,000 o'r tai fforddiadwy yna yn gallu cael eu prynu, oherwydd maen nhw yn 8,000 sydd yn cael eu hadeiladu drwy fod mewn partneriaeth efo datblygwyr. Felly nid ydym ni ond yn sôn am adeiladu 12,000, mewn gwirionedd, sydd yn cadarnhau'r pwynt mae David Melding yn ei wneud, mewn gwirionedd. Hynny yw: a ydy'r ffigwr yma yn ddigon uchelgeisiol gennym ni beth bynnag?

**Sian Gwenllian:** I do think it's fair to ask the policy questions that are broader, because you're selling it to us as a broad range, a suite, of policies. I can see that this is a pragmatic answer in this period of financial austerity that we're in to get to that aim. But, in terms of building houses, we have an aim—you have an aim—of 20,000, but, in reality, that's 12,000, because 8,000 of the affordable homes because 8,000 of the affordable homes will be able to be bought, because they are 8,000 that are being built by being in partnership with developers. So, we're only talking about building 12,000, in reality, which confirms the point that David Melding is making, in reality. That is: is this figure ambitious enough?

11:45

[309] **Carl Sargeant:** I thank the Member for her question. I think the issue here is making sure—. First of all, the fundamental point of this is about stopping the haemorrhaging of stock. The Member accepts that and I welcome that. The issue of how many do we build is based upon the financial envelope we have to do that. And we're trying to explore—. And I said to you earlier on about launching an innovation project. I want to build more with less, and I can't do that unless I give people the opportunity to do that. So, we're exploring lots of other options, as well. I would like to build more homes, but, in order to do that, I need more money to do that, more land, more opportunity. So, I don't discount the point the Member raises in terms

of is this project ambitious enough. I can tell you trying to build 20,000 homes with the amount of money I've got is ambitious. Is the big number ambitious enough?

[310] **Sian Gwenllian:** But what I'm saying is it's not 20,000 of affordable social housing that are going to be remaining in stock. It's actually 12,000.

[311] **Carl Sargeant:** But there is a mixture of tenure. People that we represent want all sorts of forms of homes. And I think that's the issue for me, about how do I make sure we allow people—. I said to you earlier on, while we're ending the right to buy, still people will want to have home ownership, and therefore we have to have a project, a programme, which helps and enables some of those young ambitious people, like you represent, to get into that space as well. So, the Government, with the financial envelope we have—I'm offering 20,000 units of mixed tenure. But there is a housing need across all tenures.

[312] **John Griffiths:** Okay, thank you.

[313] **David Melding:** Chair, I should say that the figures that I used were mostly drawn from the Government's own explanatory memorandum on this Bill. So, I do think it is relevant to the discussion, though it does go to political issues.

[314] **John Griffiths:** I think there's a line there that, yes, we have to give some consideration to.

[315] Cabinet Secretary, thank you very much for coming along to give evidence this morning, and to your officials. You will be sent a transcript to check for factual accuracy. Thank you very much indeed.

11:47

### **Papurau i'w Nodi Papers to Note**

[316] **John Griffiths:** Okay. We'll move on to item 4 on the agenda, then, papers to note. Is committee happy to note all of those papers? It is. Thank you very much.

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o  
Weddill y Cyfarfod  
Motion under Standing Order 17.42 to Resolve to Exclude the Public  
from the Remainder of the Meeting**

*Cynnig:*

*Motion:*

*bod y pwyllgor yn penderfynu that the committee resolves to  
gwahardd y cyhoedd o weddill y exclude the public from the  
cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in  
17.42(vi).*

*accordance with Standing Order  
17.42(vi).*

*Cynigiwyd y cynnig.*

*Motion moved.*

[317] **John Griffiths:** And the next item, then, is a motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting. Is the committee happy so to do? Thank you very much. We will move into private session.

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:48.*

*The public part of the meeting ended at 11:48.*