Equality, Local Government and Communities Committee

Abolition of the Right to Buy and Associated Rights (Wales) Bill

Stage 1 Committee Report

July 2017

National Assembly for Wales
Equality, Local Government and Communities Committee

The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

An electronic copy of this document can be found on the National Assembly's website:
www.assembly.wales/SeneddCommunities
Copies of this document can also be obtained in accessible formats including Braille, large print; audio or hard copy from:

Equality, Local Government and Communities Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Tel: **0300 200 6565**
Email: **SeneddCommunities@assembly.wales**
Twitter: **@SeneddELGC**

Equality, Local Government and Communities Committee

Abolition of the Right to Buy and Associated Rights (Wales) Bill

Stage 1 Committee Report

July 2017

National Assembly for Wales
Equality, Local Government and Communities Committee

Equality, Local Government and Communities Committee

The Committee was established on 28 June 2016 to examine legislation and hold the Welsh Government to account by scrutinising expenditure, administration and policy matters encompassing (but not restricted to): local government; housing, community regeneration, cohesion and safety; tackling poverty; equality of opportunity and human rights.

Current Committee membership:

John Griffiths AM (Chair)
Welsh Labour
Newport East

Gareth Bennett AM
UKIP Wales
South Wales Central

Janet Finch-Saunders AM
Welsh Conservative
Aberconwy

Siân Gwenllian AM
Plaid Cymru
Arfon

Bethan Jenkins AM
Plaid Cymru
South Wales West

Rhianon Passmore AM
Welsh Labour
Islwyn

Jenny Rathbone AM
Welsh Labour
Cardiff Central

Joyce Watson AM
Welsh Labour
Mid and West Wales

The following Member attended as a substitute member for Janet Finch-Saunders during the course of this inquiry:

David Melding AM
Welsh Conservative
South Wales Central

Contents

Recommendations

01. Introduction

1. On 13 March 2017, Carl Sargeant AM, Cabinet Secretary for Communities and Children (the Cabinet Secretary) introduced the Abolition of the Right to Buy and Associated Rights (Wales) Bill[1] (the Bill) and accompanying Explanatory Memorandum[2] (the EM). The Cabinet Secretary made a statement on the Bill in Plenary on 14 March 2017.[3]

2. The National Assembly's Business Committee agreed to refer the Bill to the Equality, Local Government and Communities Committee (the Committee) for consideration of the general principles (Stage 1), in accordance with Standing Order 26.9. It also agreed that the Committee should report to the Assembly by 7 July 2017.[4]

Terms of scrutiny

3. The Committee agreed the following framework within which to scrutinise the general principles of the Bill:

To consider —

1. the general principles of the Abolition of the Right to Buy and Associated Rights (Wales) Bill and the need for legislation to deliver the stated policy intention, i.e. to protect the supply of social housing from further erosion in the face of a high level of demand and a supply shortage;

2. the provisions of the Bill in relation to:

– the restriction on exercising the right to buy and the right to acquire (sections 2 to 5);

– the abolition of the right to buy and the rights to acquire (section 6);

– the removal of the power for Welsh Ministers to make discount grants (section 7); and,

– the duty to provide tenants and prospective tenants with information (section 8).

3. any potential barriers to the implementation of the Bill's provisions and whether the Bill takes account of them;

4. whether there are any unintended consequences arising from the Bill; and

5. the financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum).

---

[1] Abolition of the Right to Buy and Associated Rights (Wales) Bill, available at: http://www.assembly.wales/laid%20documents/pri-ld10975/pri-ld10975-e.pdf

[2] Abolition of the Right to Buy and Associated Rights (Wales) Bill, Explanatory Memorandum (EM), available at: http://www.assembly.wales/laid%20documents/pri-ld10975-em/pri-ld10975-em-e.pdf

[3] Statement by the Cabinet Secretary for Communities and Children, Abolition of the Right to Buy and Associated Rights (Wales) Bill, available at: http://www.assembly.wales/en/bus-home/pages/rop.aspx?meetingid=4254&assembly=5&c=Record%20of%20Proceedings&startDt=14/03/2017&endDt=14/03/2017#462156

[4] Report by the Business Committee on the timetable for consideration of the Abolition of the Right to Buy and Associated Rights (Wales) Bill, available at: http://www.assembly.wales/laid%20documents/cr-ld10976/cr-ld10976-e.pdf

The Committee's approach

4. The Committee conducted a public consultation to inform its work, based on the agreed terms of reference. **19 responses** were received and published on the Assembly's website. The Committee heard oral evidence from a number of witnesses. The **schedule of oral evidence sessions** is published on the Assembly's website.

5. The Committee would like to thank all those who have contributed to its work, including TPAS Cymru who helped facilitate our engagement with tenants. The Committee met with groups of tenants across Wales to seek their views on the Bill.

Other Committees' consideration of the Bill

6. The Assembly's Constitutional and Legislative Affairs Committee and Finance Committee took evidence from the Cabinet Secretary on the Bill on 3 April and 3 May respectively. Both Committees are due to report on their conclusions by 7 July 2017. These reports will be made available on the Assembly's website.

02. Background

The Right to Buy and associated rights

7. The Right to Buy and the associated rights[5] covered by the Bill allow tenants of social housing landlords (i.e. local authorities, registered social landlords or private registered providers of social housing) to buy their home at a discount providing they meet the qualifying criteria for each scheme.

8. The primary incentive to buy a home through the Right to Buy (RTB) and Right to Acquire (RTA) has been the right to a discount on full market value. Under the RTB, tenants were initially entitled to a substantial discount off the market value (up to 50%). The discount was initially capped in cash terms at £25,000, although was as high as £50,000 between 1989 and 1999. The maximum discounts have been set out in secondary legislation and currently stand at £8,000 for both the RTB and the RTA.

Impact of Right to Buy and associated rights

9. The EM states:

> "The Right to Buy and Right to Acquire have been a feature of social housing for many years in Wales. They have resulted in the loss of a significant number of homes – more than 139,000 between 1981 and 2016 – from the social housing stock. In recent years, although sales of social housing have been relatively low, the social housing stock, which is a significant contributor to tackling poverty, is still being lost at a time of considerable housing supply pressure. This continued loss of stock impacts on the ability to assist people whose needs cannot be met by the housing market."[6]

10. Under the Housing (Wales) Measure 2011 (the 2011 Measure), local authorities in Wales can apply to the Welsh Government to have the RTB and 'related rights' (referred to in the Bill as 'associated rights') suspended in their area for a period of up to five years. The suspension period can be extended to a maximum of ten years. The purpose of a suspension is to maintain the availability of social housing while the supply of social housing is increased by other means.

11. There are currently five local authorities where the RTB/RTA have been suspended.

12. The EM states:

> "Given the Measure has not had as much impact as anticipated, the continuing demand and supply pressures on housing and the commitment to help meet people's housing needs, the Welsh Government has considered other options to protect Wales' social housing stock."[7]

[5] The Bill covers the Right to Buy (RTB), the Right to Acquire (RTA), the Preserved RTB and the Extended RTB.
[6] EM, para 3.8
[7] EM, para 3.10

Legislative competence

13. According to the EM accompanying the Bill:

> "The National Assembly for Wales has the legislative competence to make provision in relation to housing in Wales by virtue of section 108 and Part 1 (Subject 11: Housing) of Schedule 7 to the Government of Wales Act 2006 (the Act).
>
> Subject 11 of Part 1 of Schedule 7 of the Act is as follows:
>
> 'Housing. Housing finance except schemes supported from central or local funds which provide assistance for social security purposes to or in respect of individuals by way of benefits. Encouragement of home energy efficiency and conservation, otherwise than by prohibition or regulation. Regulation of rent. Homelessness. Residential caravans and mobile homes'
>
> This provides the National Assembly for Wales with the legislative competence to make the provisions contained in the Abolition of the Right to Buy and Associated Rights (Wales) Bill."[8]

The Bill's purpose and intended effect

14. The primary purpose of the Bill is to protect social housing stock by removing the obligation on social landlords to sell their properties. The Bill does this by ending all variations of the Right to Buy in Wales by amending the Housing Act 1985 (the 1985 Act) and the Housing Act 1996 (the 1996 Act).

15. Other key purposes are to:

- encourage social landlords to build or acquire new homes for rent, as the Right to Buy, Preserved Right to Buy and Right to Acquire will not be exercisable by tenants who move into new social housing stock more than two months after the Bill receives Royal Assent, subject to certain exceptions, and
- provide for at least one year after the Bill receives Royal Assent before the abolition of the Right to Buy, Preserved Right to Buy and Right to Acquire for existing social housing stock comes into force.

16. According to the EM, "the intention behind the Bill is to protect the supply of social housing from further erosion in the face of a high level of demand and a supply shortage".[9]

17. It goes on to state:

> "The Bill reflects the positive use of social housing policy to tackle poverty. Safeguarding Wales' social housing stock will help ensure as many people as possible have access to a home they can afford".[10]

[8] EM, para 2.1-2.3
[9] EM, para 3.12
[10] EM, para 3.12

03. General principles and need for legislation

Evidence from respondents

18. There was broad support in evidence for the general principles of the Bill and the need to abolish the RTB/RTA to prevent the further loss of social housing stock. This support came from organisations across the housing sector, including those representing social landlords and some that work with tenants. Furthermore, a majority of tenants who took part in the Committee's engagement events supported the proposed abolition, although at one of the focus groups held in Colwyn Bay in North Wales, some participants did not support the abolition.[11]

19. Reasons given in support of the Bill included:

- a significant amount of social housing stock was sold under RTB/RTA but had not been replaced at an equivalent rate, which had served to exacerbate the current housing pressures across Wales;
- social housing should be protected to ensure that those in greatest need have access to affordable homes;
- there are other home ownership initiatives available to those who aspire to own their own home and who have the financial means to do so; and
- abolishing the RTB/RTA will provide greater certainty/confidence for social housing providers when considering their housing development plans.

20. One respondent, Steve Clarke, advisor to Welsh Tenants, was not in favour of wholesale abolition but supported the ending of RTB/RTA for new social housing and advocated reform of the schemes for existing stock. This view was informed by previous consultation with tenants on the proposals in the White Paper that preceded this Bill. Mr Clarke said:

> "In our consultation of 2015, and our joint statement with TPAS Cymru, 100% of tenants agreed that the Welsh Government needed to do more to increase social housing supply. In those consultations, 60% of tenants stated they did not want to see an end to RTB but supported restrictions on discounts and temporary suspension where there was a demonstrated need."[12]

21. The issue of reform is covered in more detail later in this Chapter.

22. While acknowledging the arguments both in favour of and against the abolition, Mr Clarke did not believe that the case for abolition had been made.[13]

23. Despite the support in evidence for the Bill, a number of respondents sought clarification on, or expressed concern about specific provisions or the application of those provisions. In addition, there was some concern about the potential impact of the Bill on sales of social housing prior to the proposed abolition. These issues are considered in more detail in the remaining Chapters of this report.

---

[11] Notes of the group discussions with tenants are available at:
http://senedd.assembly.wales/documents/s63472/ELGC5-17-17%20Paper%207.pdf
[12] Written evidence, ARTB 14
[13] Written evidence, ARTB 14

24. In considering the general principles of the Bill and the need for legislation in this policy area, the Committee explored with witnesses the impact of the 2011 Measure, and the potential for reforming the RTB/RTA as an alternative to the Bill and as a potential policy compromise. These issues are considered in more detail later in this Chapter.

Housing need in Wales

25. The majority of respondents, including individual authorities, referred to the significant number of sales under the RTB/RTA, the impact of this on the social housing stock and on the ability of those in need to access affordable housing. By way of example, in Swansea 2,703 properties were sold between 1996 and the recent suspension of RTB/RTA in 2014.[14] In Wrexham 118 properties were sold in the past five years, most of which were in areas of high demand.[15] In Flintshire 1,490 properties were sold since 1996.[16] Flintshire County Council stated:

> "The cumulative effect on the supply of local social housing in Flintshire is only now being realised with significantly less social housing stock available to allocate to people whose needs cannot be met by the housing market.
>
> […]
>
> "Flintshire has also seen an increase in the Social Housing Register from 926 in November [2016] and 1,435 in March 2017 emphasising the need to secure the existing stock."[17]

26. In supporting the Bill, the WLGA referred to the 140,000 sales under RTB/RTA since its introduction, which were largely from local authority stock.[18] It stated:

> "…we want to ensure that social housing continues to be an option for those in housing need, both now and in the future. We think that good-quality, affordable housing – affordable for all – is a key component of that."[19]

27. It was widely acknowledged that there was an ongoing shortage of social housing across Wales. Carmarthenshire County Council reported that for every social housing vacancy it has there were seven people on the housing register waiting to be housed.[20] CIH Cymru[21], CHC[22] and the WLGA[23] referred to the findings of the Public Policy Institute for Wales' (PPIW) report, **The Future Need and Demand for Housing in Wales**, which indicated a gap between the supply of social/affordable homes, and the numbers that were needed.

28. The PPIW report, by the late Alan Holmans, provided two estimates of housing need in the social sector (which includes tenants who live in the private rented sector, but who are in receipt of Housing Benefit). The higher estimate is that 5,000 properties are needed per annum, the lower

[14] Written evidence, ARTB 07
[15] Written evidence, ARTB 08
[16] Written evidence, ARTB 15
[17] Written evidence, ARTB 15
[18] Record of Proceedings (RoP), para 185, 11 May 2017 (NB: unless otherwise stated, subsequent references in this report to 'RoP' refer to the proceedings of the Equality, Local Government and Communities Committee)
[19] RoP, para 185, 11 May 2017
[20] RoP, para 194, 11 May 2017
[21] Written evidence, ARTB 10
[22] Written evidence, ARTB 03
[23] Written evidence, ARTB 09

estimate is that 3,500 properties are needed per annum. The WLGA's written evidence highlighted that an average of 2,350 new social homes were delivered annually over the five years prior to the report being published.[24]

29. The WLGA also referred to local authorities' Local Housing Market Assessments, which had highlighted "the need for a significantly increased supply of social rented housing across Wales".[25] By way of example, Caerphilly County Council reported a "borough-wide shortfall of 526 affordable units per annum", which meant that, in some areas, and for certain property types "people could wait in excess of 5 years to be rehoused".[26]

30. According to Shelter Cymru, the RTB/RTA was a "key contributor to the housing crisis that Wales is currently facing".[27] It went on to state:

> "The impact of this policy, and a lack of investment in affordable housing over the last three decades, have resulted in social housing becoming scarce and a limited feature of our housing options for Welsh households.
>
> […]
>
> "Research shows that affordable housing is a key tool to tackling poverty in Wales. With Wales having a higher proportion of households on relative low incomes, affordable housing can often be a vital element that enables people to live above the breadline."[28]

31. Notwithstanding its support for the Bill, Shelter Cymru stated that there was "nothing inherently wrong with the concept"[29] of RTB/RTA and recognised its "positive aspects", such as enabling households to access home ownership and remain in their communities.[30] However, it reported that such schemes had been unsustainable "in terms of maintaining numbers",[31] given that stock had not been replaced at sufficiently high levels.

32. Like Shelter Cymru, CIH Cymru pointed out that providing accommodation to "the poor and more vulnerable in society" was "at the very core" of social housing.[32] It stated:

> "…to sell further stock off at a time when you're trying to address the [housing] crisis…certainly contributes to the problem we've had in social housing supply. So, it seems counterintuitive not to end that policy."[33]

33. Other respondents, including The Wallich[34], CHC[35] and TPAS Cymru[36] also referred to a "housing crisis" and believed that abolishing the RTB/RTA was one of a number of tools that could be

[24] Written evidence, ARTB 09
[25] Written evidence, ARTB 09
[26] Written evidence, ARTB 17
[27] Written evidence, ARTB 01
[28] Written evidence, ARTB 01
[29] RoP, para 160, 3 May 2017
[30] Written evidence, ARTB 01
[31] RoP, para 160, 3 May 2017
[32] RoP, para 8, 11 May 2017
[33] RoP, para 8, 11 May 2017
[34] Written evidence, ARTB 02
[35] Written evidence, ARTB 03
[36] Written evidence, ARTB 06

used to help address the shortage of social housing. However, respondents recognised that abolishing the RTB/RTA would not, in itself, increase housing supply in Wales. Some respondents, including CIH Cymru[37], emphasised the need for action to address this and referred to, or specifically welcomed, the Welsh Government's target of providing 20,000 new affordable homes by 2021.

Impact of Right to Buy and Right to Acquire on housing development

34. A few respondents commented that receipts from RTB were not invested in new homes, with local authorities facing a number of constraints, not least the Housing Revenue Account Subsidy (HRAS) system. Under HRAS there was an assumption that 75% of receipts would be used to repay debt. Local authorities exited HRAS in April 2015.

35. Tai Calon explained that receipts from RTB sales will make an important contribution to its area regeneration plans.[38] Cartrefi Cymunedol Gwynedd also explained that receipts fund new social housing, but there remain substantial challenges, not least that stock was not replaced on a one-for-one basis.[39]

36. There was some evidence to suggest that the RTB/RTA created uncertainty for housing associations and local authorities and may impact on their housing development plans. As such, a few respondents were of the view that abolishing the RTB/RTA would provide social landlords with greater confidence to invest in new homes, which was particularly relevant given the need to increase housing supply.

37. According to CHC, the sale of properties under the RTB/RTA "has added an element of uncertainty for social housing providers, with the possibility that the homes they invest in may not be long term assets."[40] Abolishing the RTB/RTA, therefore, "gives housing associations confidence to invest in building those homes and investing in them for the long term".[41] However, when questioned on the impact of the RTB/RTA on housing associations' housing development plans, CHC subsequently stated:

> "[The impact of] right to buy, in terms of development planning, is marginal. There is an impact…but I don't think we would pretend for one minute that it is an absolutely central factor of any business plan around development capacity."[42]

38. Notwithstanding the above, Coastal Housing Group reported that, even though the number of sales under RTB/RTA may be minimal, there could still be an impact, as housing associations borrow against the value of their stock:

> "…lenders absolutely like certainty…As lenders' risk appetite gets less, which it has done significantly over the last few years, actually, they like to be really clear that the property they hold as security is going to stay in social housing

[37] Written evidence, ARTB 10
[38] RoP, para 21, 3 May 2017
[39] RoP, para 25, 3 May 2017
[40] Written evidence, ARTB 03
[41] Written evidence, ARTB 03
[42] RoP, para 47, 3 May 2017

> stock…So, even though you might actually be talking about immaterial numbers in terms of a possible one or two sales, actually they don't like it."[43]

39. The WLGA reported that, following their exit from the HRAS system in 2015, most authorities with housing stock were building, or planned to build, new stock.[44] It went on to explain:

> "If the Right to Buy were not to be ended, there would be significantly reduced incentive to develop new homes if those homes were subject to the Right to Buy in the future".[45]

40. The WLGA acknowledged the findings of the Welsh Government's **Study into the influence of the Right to Buy and related Rights on the development of social housing by Local Authorities**, which had shown "no correlation between the existence of the Right to Buy and related Rights and the development of new social housing over the last decade". Nevertheless, the WLGA explained that, while this may have been the case historically, exiting the HRAS system had "created a very different environment for local authorities and a different set of investment opportunities".[46] It reaffirmed its view that the RTB/RTA provided a disincentive for authorities to increase their social housing stock.[47]

41. Similar points were made by Carmarthenshire County Council[48] and Wrexham County Borough Council.[49]

42. The City and Council of Swansea, where the RTB/RTA is currently suspended, reported that the suspension had not only "helped to stem any further reduction in supply", but that the Council was increasing its stock, with the construction of nine flats and a further 18 properties close to completion.[50]

43. Similarly, Flintshire County Council, where the RTB/RTA had recently been suspended reported that it was "investing significantly in a housing development programme with the aim of delivering 500 new Council and affordable homes by 2020".[51] It pointed out that, if the RTB/RTA were to continue, eligible tenants would be able to purchase this new stock and the Council may need to revise its plans for the Welsh Housing Quality Standard and housing development.[52]

Impact on eligible tenants and home ownership

44. Shelter Cymru acknowledged that the RTB/RTA "remains a popular policy among many social tenants" and acknowledged that the Bill would prevent some tenants from purchasing their own home.[53] It stated:

> "…there are some people who may have benefited who won't be able to now. And, yes, we have to acknowledge that, and it would be nice to be able to spend public money on enabling people to realise those aspirations, but we are, I

[43] RoP, para 49, 3 May 2017
[44] Written evidence, ARTB 09
[45] Written evidence, ARTB 09
[46] RoP, para 221, 11 May 2017
[47] RoP, para 221, 11 May 2017
[48] RoP, para 223, 11 May 2017
[49] Written evidence, ARTB 08
[50] Written evidence, ARTB 07
[51] Written evidence, ARTB 15
[52] Written evidence, ARTB 15
[53] Written evidence, ARTB 01

> think, at a point where we have to make some difficult choices in terms of how we spend public money on housing subsidy and, really, we have to come back to the core aim, the most important aim in all of this, which is supporting the supply of genuinely affordable, low-cost rented homes."[54]

45. It also stated that abolishing the RTB/RTA "will only negatively impact a small proportion of tenants while protecting the majority and future generations".[55]

46. CHC noted concerns that abolishing the RTB would reduce home ownership options for those living in social housing.[56] However, it believed housing associations across Wales were "well placed to continue to offer affordable options who aspire to own their own home" and had "an appetite and capacity...to deliver more home ownership".[57]

47. A number of other respondents including Torfaen Housing Service[58], CIH Cymru[59] and Wrexham County Borough Council[60] pointed out that there were a number of home ownership initiatives available to those who aspired to own their own home. Wrexham County Borough Council stated:

> "A range of housing options are being made available dependent on a person's circumstances and affordability. If the Right to Buy were to be abolished there are still other routes into affordable housing and affordable home ownership."[61]

48. Isle of Anglesey County Council reported that the responses to its consultation prior to applying for the RTB/RTA to be suspended highlighted a possible lack of awareness among tenants of first time buyer initiatives. It concluded that more could be done to promote these.[62] Other respondents, including CIH Cymru suggested that abolishing the RTB/RTA should be used as an opportunity to raise awareness of home ownership initiatives and that details of these should be included in the information provided to tenants ahead of the abolition.[63] This issue is covered in more detail in Chapter 6.

49. Mr Clarke asserted that abolishing the RTB/RTA would "restrict an aspiration for many low income earners who may not be able to afford access to open market ownership on low incomes".[64] While acknowledging that other home ownership initiatives were available, he stated:

> "It is unlikely that social tenants will be able to meet the criteria for the rationed 'Help to buy' scheme as the qualifying affordability conditions are significantly higher than average social tenant incomes…Tenants who are unable to afford access to the open market may see the restriction as trapping them in social

[54] RoP, para 165, 3 May 2017
[55] Written evidence, ARTB 01
[56] Written evidence, ARTB 03
[57] Written evidence, ARTB 03
[58] Written evidence, ARTB 04
[59] Written evidence, ARTB 10
[60] Written evidence, ARTB 08
[61] Written evidence, ARTB 08
[62] Written evidence, ARTB 12
[63] Written evidence, ARTB 10
[64] Written evidence, ARTB 14

> housing with a decreased opportunity to break out of social housing dependency."[65]

50. The issue of qualifying criteria for home ownership initiatives was also raised by some tenants who participated in the Committee's engagement events. While tenants were generally aware of these initiatives some reported that they did not meet the qualifying criteria due to below average salaries and zero hour contracts. For example, tenants in Anglesey said that the average salary of residents was £14,000, which was less than the minimum required to qualify for Help to Buy. [66]

Housing (Wales) Measure 2011

51. As part of its considerations, the Committee sought views on the impact of the 2011 Measure, which provides for the suspension of the RTB/RTA in local authority areas, subject to certain criteria being met.

52. At the time of writing this report, the RTB/RTA has been suspended in five local authority areas: Carmarthenshire, Swansea, Anglesey, Flintshire and Denbighshire. In addition, in its evidence to the Committee, Caerphilly County Council reported its intention to apply for a suspension if the proposed abolition did not go ahead[67] and Powys had also taken steps to submit an application to Welsh Ministers.[68]

53. According to the WLGA, relatively few authorities had applied for a suspension because the application process had "proved to be complex and onerous, requiring significant resources to make a successful application".[69] This had served as a "disincentive for some local authorities where, otherwise, an application for suspension may have been more forthcoming".[70]

54. Similar points were made by Shelter Cymru who reported that, "in practical terms, only a handful of authorities have been able to go through that [application process]".[71] It went on to state:

> "…the aim of ending the right to buy has been something that the Welsh Government has been ploughing towards for many years, using whatever powers they had at the time to make that happen. At the time of the [Housing (Wales) Measure], that was what we were able to do – that's as far as we were able to push it. But, now we seem to be at a stage where everyone is in agreement that the right to buy isn't something that we can afford to sustain at the moment…the argument would be that, going through this process now at Welsh Government level, you avoid the need for all those local authorities to have to go through that bureaucratic process."[72]

55. There was general consensus among those who commented that a national policy of abolishing the RTB/RTA was more equitable and desirable than a continuation of suspensions under the 2011 Measure.

---

[65] Written evidence, ARTB 14
[66] Notes of the group discussions with tenants are available at: http://senedd.assembly.wales/documents/s63472/ELGC5-17-17%20Paper%207.pdf
[67] Written evidence, ARTB 17
[68] RoP, para 230, 11 May 2017
[69] Written evidence, ARTB 09
[70] Written evidence, ARTB 09
[71] RoP, para 175, 3 May 2017
[72] RoP, para 176, 3 May 2017

56. TPAS Cymru stated that the 2011 Measure "has the potential to cause inequality amongst tenants as their ability to access RTB/RTA is determined by where they live".[73] Abolishing the RTB/RTA would, therefore, "remove the potential for such inequality".[74]

57. Similarly, Carmarthenshire County Council stated:

> "At the moment, there's a great deal of inequality across Wales in terms of some tenants having the right while some tenants don't, so what the Bill…does is it at least makes it a common footprint across the country."[75]

Reforming the right to buy and right to acquire

58. The Committee explored with witnesses the potential for reforming the Right to Buy as an alternative to the Bill. For example, further reducing the maximum discount or ensuring that capital receipts from sales were directed towards replacing social housing. This may enable replacement of stock at a higher level than is currently the case while still providing eligible tenants with an opportunity to purchase their homes.

59. The Committee noted the findings of **Keeping pace: Replacing right to buy sales**, published by CIH England and the Local Government Association, which recommended a series of changes "aimed at ensuring that homes sold can be replaced on a one-for-one basis at a local level". When questioned on these findings, CIH Cymru[76] and the WLGA[77] pointed out that the proposals had been developed within a different political context, given the UK Government's continuing commitment to Right to Buy. CIH Cymru went on to state:

> "In terms of reforming versus abolition, we already have suspension, so I believe that this Bill unifies the policy across the country, creates parity and creates equality for tenants."[78]

60. TPAS Cymru suggested that reform could result in "further complexity and further confusion".[79]

61. CHC believed that the existing powers for local authorities to apply for a suspension was a type of reform as well as the reduction in the discounts. It called for "a consistent piece of national legislation that makes it a level playing field across Wales".[80]

62. As previously mentioned, Mr Clarke favoured reform of RTB/RTA over abolition. This view was informed by a previous Welsh Tenants consultation, where the majority of respondents did not want to see the RTB/RTA abolished.[81]

---

[73] Written evidence, ARTB 06
[74] Written evidence, ARTB 06
[75] RoP, para 193, 11 May 2017
[76] RoP, para 41 and 47, 11 May 2017
[77] RoP, para 186, 11 May 2017
[78] RoP, para 31, 11 May 2017
[79] RoP, para 369, 11 May 2017
[80] RoP, para 11, 3 May 2017
[81] Written evidence, ARTB 14

Evidence from the Cabinet Secretary

63. According to the EM:

> "Between 1 April 1981 and 31 March 2016, around 136,000 local authority and 3,100 housing association homes were sold to tenants under the Right to Buy and Right to Acquire schemes. This is equivalent to 45% of the social housing stock in 1981."[82]

64. In explaining the need for the Bill, the Cabinet Secretary referred to the "haemorrhaging of [social housing] stock" since the introduction of the RTB/RTA.[83] He indicated that, while he did not believe the principle of the RTB was "fundamentally wrong", it was "flawed" because the stock sold was not replaced on a one-for-one basis.[84]

65. The Cabinet Secretary explained that, while the Bill would not increase housing supply, it would "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".[85]

66. He went on to explain that the Bill would "save 1,500 homes from being lost from social housing into another market" over a five year period and described it as a long term plan and not a "quick fix".[86]

67. More generally, on the issue of increasing the supply of housing, the Cabinet Secretary reaffirmed the Welsh Government's commitment to deliver 20,000 new affordable homes by the end of the Fifth Assembly and stated:

> "…while we are building [new homes], we are still haemorrhaging them in terms of the right to buy, and that can't continue. In fact, it stands to reason that the more properties we build – newer properties are more attractive to people under the right to buy scheme. So, that is two parts of the jigsaw that are interlinked: build new homes – we are doing that – and end the right to buy – we are seeking to do that."[87]

68. When questioned on why the Bill was necessary, given the current powers for local authorities to apply for a temporary suspension of RTB/RTA, the Cabinet Secretary explained that the suspensions had given authorities the confidence to begin building.[88] Although these would be protected in the short-term, they could be sold under RTB/RTA at the end of the suspension period, which he did not believe was right.[89] He added:

> "The [Housing (Wales) Measure 2011] was supported through the Assembly to be taken forward on a temporary measure…Our view is that it is right and

[82] EM, para 3.13
[83] RoP, para 169, 29 March 2017
[84] RoP, para 169, 29 March 2017
[85] RoP, para 131, 29 March 2017
[86] RoP, para 131, 29 March 2017
[87] RoP, para 23, 25 March 2017
[88] RoP, para 196, 20 March 2017
[89] RoP, para 172, 29 March 2017

> proper, for projection of long-term sustainability of this, to end the right to buy."[90]

69. The Cabinet Secretary confirmed that the Welsh Government had considered further reducing the maximum discount. He explained that the maximum discount had been reduced by 50% following the government's 2015 consultation on the future of RTB/RTA. This consultation included two proposals: one to reduce the maximum discount and a second to abolish the RTB/RTA. Following the outcome of the consultation, the government had adopted a "staged approach" to abolishing the RTB/RTA.[91]

70. The Cabinet Secretary emphasised that the Welsh Government, in abolishing the RTB/RTA was "[not] stemming the opportunity for people to move into homeownership should they wish to do so".[92] He pointed out that there were a number of other schemes available to support home ownership that had been introduced since the RTB/RTA.

Our view

71. Since its introduction in the 1980s, the RTB has been both popular and controversial. More than three decades after it was introduced, it continues to divide public and political opinion. While the RTB remains a key housing policy in England, successive Welsh Governments have taken steps to reduce the number of sales under the scheme. For example, by reducing the maximum discounts available to tenants and by legislating through the Housing (Wales) Measure 2011 to allow for temporary suspensions in areas of housing pressure. While these steps have gone some way in meeting the Welsh Government's aim of protecting social housing stock in Wales, the Explanatory Memorandum notes that, for the most recent five-year period, an average of 248 properties have been sold each year under RTB/RTA. We received strong evidence to suggest that more needs to be done, particularly in the face of an on-going shortage of social housing and projected future housing need.

72. Abolishing the RTB/RTA will not in itself create new social housing or indeed help relieve housing pressure in the short term. However, it will ensure that existing and new social housing stock remains within the social housing sector indefinitely and will be available to be used for its original purpose, namely as a means of providing affordable rented accommodation for those in greatest need.

73. On the issue of housing supply, we were encouraged to hear about a willingness and desire among local authorities to use the freedom provided by their exit from the HRAS system to invest in new social housing. Understandably, authorities are seeking assurance, beyond that provided by a temporary suspension of the RTB/RTA, that any future investment will be protected. In the case of housing associations, while the potential sale of stock through RTB/RTA is unlikely to have much of an influence on housing development plans, we heard that abolishing the schemes will provide associations with greater confidence to invest. We believe, therefore, that unless the RTB/RTA are abolished, there is a risk that the RTB/RTA will undermine the efforts by the Welsh Government and its housing sector partners to increase the supply of affordable housing. One Member, David Melding AM, did not agree with this view.

---

[90] RoP, para 185, 29 March 2017
[91] RoP, para 15, 25 May 2017
[92] RoP, para 9, 25 May 2017

74. Abolishing the RTB/RTA will, of course, mean that some tenants will be unable to purchase the property in which they live. However, this does not prevent them from becoming home owners elsewhere. We heard about a range of Welsh Government initiatives that are available across tenures to assist home ownership, which were not available when the RTB was introduced. We believe it is important to raise awareness and promote understanding of these schemes among tenants ahead of the abolition. As such, we acknowledge the Cabinet Secretary's intention to include details of these schemes in the information document required under section 8.

75. Given the above, we support the general principles of the Bill. However, one Member, David Melding AM, did not believe that the case for abolishing the RTB/RTA has been made. In his view, the Welsh Government should be prioritising increasing the supply of housing instead of abolishing the RTB/RTA.

Recommendation 1. We recommend that the Assembly supports the general principles of the Bill. One Member of the Committee did not agree.

04. Restriction on exercising the right to buy and the right to acquire

Background

76. Section 2 amends the Housing Act 1985 to restrict the rights of tenants to purchase their homes under the right to buy. As a general rule, a tenant will not be able to exercise the RTB in relation to a property unless the property is "from previously let social housing stock", i.e. let under a social tenancy at some point during the six months before the section comes into force. The effect of this section is that a tenant who moves into a property that is new to the social housing stock will not be able to exercise the right to buy in respect of that property.

77. Section 4 sets out exceptions to the above restriction, i.e. circumstances in which the RTB can still be exercised in relation to new social housing stock. These exceptions include instances where the tenant has no real choice about moving to the property in question.

78. Sections 3 and 5 amend the Housing Act 1996 to make corresponding provision in relation to the RTA.

79. While the RTB/RTA will be abolished in respect of newly let social housing stock two months after the Bill received Royal Assent (in line with the commencement provisions), they will not be abolished until at least 12 months after Royal Assent in respect of existing housing stock (as set out in section 6).

Evidence from respondents

80. Few respondents provided detailed comments on the restrictions or the exceptions to the restrictions. The majority of those who did comment supported the provisions.

81. As outlined in Chapter 1, a number of respondents, including those representing housing associations, the WLGA and several individual local authorities suggested that the RTB/RTA was a disincentive for local authorities and housing associations to develop new social housing. As such, they welcomed the intention to restrict the sale of newly-let dwellings in advance of the full abolition.

82. For those social housing providers who had invested, or were planning on investing in new stock, the restrictions on newly-let dwellings were seen as a means of safeguarding their investment.

83. The WLGA believed that the restrictions and exceptions were "clear" and that the power for the Welsh Ministers to add further exceptions was "sensible".[93]

84. Although TPAS Cymru did not oppose the restrictions in principle, it raised concern that abolishing the RTB/RTA at different times for new and existing social housing would "cause unnecessary confusion" for tenants and those working in the sector.[94] It suggested:

[93] RoP, para 342 and 34, 11 May 2017
[94] Written evidence, ARTB 06

> "Adopting one approach for all properties would allow the Welsh Government to better communicate how the Bill will impact on tenants and landlords across Wales."[95]

85. TPAS Cymru subsequently suggested that consideration should be given to extending the notice period for newly-let dwellings to a minimum of 12 months, in line with that for existing social housing stock. However, it went on to suggest that this would need to be balanced against the number of new homes that could be lost over the extended period.[96]

86. Although Mr Clarke did not support wholesale abolition of the RTB/RTA, he believed that there was "an absolute case for new build not being eligible for right to buy".[97] Notwithstanding his opposition to abolishing the RTB/RTA for existing stock, he suggested that the Bill "would be hugely simplified" if the schemes were abolished at the same time for all stock.[98]

Evidence from Cabinet Secretary

87. In explaining the purpose and intended effect of sections 2 and 4, the Cabinet Secretary stated:

> "These sections will help ensure that the investment in social housing stock made by landlords is protected as soon as possible, without risk of homes being purchased under the Right to Buy or Right to Acquire."[99]

88. He also explained that the exceptions to restrictions, set out in sections 3 and 5, were to cover instances where a tenant is forced to move by court order:

> "This is to ensure that where a tenant has no choice in the move, they do not unfairly lose the opportunity to exercise the Right to Buy or associated rights."[100]

89. When asked why he had chosen a six month period for the purpose of defining "previously let social housing stock", the Cabinet Secretary stated:

> "The definition of 'previously let stock' is limited to stock which has not been let as social housing in the previous six months. This is to cover brand new homes and to ensure that stock which has undergone extensive renovation by the landlord, lasting more than six months, is classed as 'new social stock' to which the Right to Buy and Right to Acquire will not apply in order to protect the investment of the landlord.
>
> In addition, the period needs to be long enough to allow for the natural 'churn' that is apparent in social housing stock. At any point in time there may be a number of properties that are empty between tenancies; the policy is to ensure

[95] Written evidence, ARTB 06
[96] RoP, para 466 and 468, 11 May 2017
[97] RoP, para 471, 11 May 2017
[98] Written evidence, ARTB 14
[99] Letter from the Cabinet Secretary for Communities and Children to the Chair of the ELGC Committee, dated 30 April 2017, available at:
http://www.senedd.assembly.wales/documents/s62366/ELGC5-14-17%20Paper%206.pdf
[100] Letter from the Cabinet Secretary for Communities and Children to the Chair of the ELGC Committee, dated 30 April 2017

> that these 'voids' were considered to be part of the existing social housing stock. Therefore, for the above reasons I considered that six months was an appropriate period." [101]

90. The Cabinet Secretary indicated that the number of newly-let dwellings captured by the restrictions would be "very small because of the actual new homes coming through the system".[102] However, he went on to emphasise that the restrictions would ensure that "we can move quickly to protect our housing stock, and it gives confidence to developers as well to build new properties".[103]

91. He added:

> "…for [local authorities and housing associations] to have confidence to build, they need to have closure in the ending of the right to buy, because it's false investment. It's investing in good-quality stock and what tends to happen is people seek to purchase the better quality stock of RSLs first, so they will be prime property for people to purchase." [104]

92. The Cabinet Secretary reported that some local authorities and housing associations were already building, or planned to build new stock. This, combined with the shortage of social housing, meant that "protecting the stock as quickly as we can is what we believe is reasonable".[105]

Our view

93. We acknowledge the on-going shortage of affordable homes across Wales. We do not underestimate the scale of the task faced by the Welsh Government and its partners across the public and private sectors in meeting the challenge of delivering 20,000 new affordable homes by the end of the Fifth Assembly. As mentioned in Chapter 1, now local authorities have left the HRAS system, some have delivered new homes and others have plans to follow suit. We welcome this, and note the continued contribution of housing associations to increasing the stock of affordable housing for rent.

94. We recognise that, while the proposed restrictions are only likely to affect a small number of dwellings, they will provide surety for landlords at the earliest possible stage that any current or future investment in its stock will be protected. We believe that the restrictions will help create more favourable conditions within which to encourage investment. They will also further ensure that the efforts by the Welsh Government and its partners to increase the supply of affordable housing are not undermined.

95. We note the views of some respondents that abolishing the RTB/RTA in respect of all social housing stock at the same time may be less confusing. However, we believe that any confusion could be avoided by ensuring that the changes are explained clearly in the information document required under section 8 of the Bill. We refer the Cabinet Secretary to our recommendations in Chapter 4.

96. Given the above, we are satisfied that the restrictions on the sale of newly-let dwellings in advance of the full abolition are reasonable and appropriate. We are also satisfied with the exceptions

---

[101] Letter from the Cabinet Secretary for Communities and Children to the Chair of the ELGC Committee, dated 30 April 2017
[102] RoP, para 32, 25 May 2017
[103] RoP, para 32, 25 May 2017
[104] RoP, para 36, 25 May 2017
[105] RoP, para 32, 25 May 2017

to the restrictions, which will safeguard the interests of tenants who are required to move to a newly-let property through no fault of their own.

05. Abolition of the right to buy and right to acquire

Background

97. Section 6 abolishes the RTB (including the preserved right to buy) and the RTA. It also repeals sections 2 to 5 (restrictions and exceptions) and section 8 (information for tenants and prospective tenants) of the Bill, which will no longer be necessary once the rights are abolished.

98. Section 6 comes into force on a day appointed by the Welsh Ministers in an Order. The appointed day must be at least 12 months following the day on which the Bill receives Royal Assent. The effect of this is that tenants will have at least 12 months to exercise their right after the Bill receives Royal Assent (subsequently referred to as the '12 month notice period').

Evidence from respondents

99. As outlined in Chapter 1, there was broad support in evidence for the abolition of the RTB and RTA. Notwithstanding this, concern was raised about a potential spike in sales ahead of the abolition, which some respondents linked to the 12 month notice period.

100. In considering section 6, the Committee sought to identify whether the 12 month notice period was reasonable and appropriate. In doing so, it also considered whether a similar notice period should be made available to tenants in areas where the RTB/RTA was suspended under the 2011 Measure.

12 month notice period

101. The majority of respondents who commented on the 12 month notice period, including CIH Cymru and the WLGA, were content that it was fair and would give tenants who wanted to exercise the RTB/RTA sufficient time to take advice and submit an application.

102. CIH Cymru explained that there was "general consensus" among its members "that there has to be some lead-in time, and that 12 months seem a sensible approach".[106]

103. Mr Clarke stated that Welsh Tenants "understand the need to provide impacted tenants with a significant period of 12 months to consider their financial situation".[107] However, he subsequently pointed out that the 2011 Measure provided that, where the RTB/RTA was suspended for the maximum duration (of ten years), local authorities were required to wait two years before submitting a further application.[108] According to the Welsh Government's **Guidance for local authorities on applications to suspend the right to buy and related rights**, this was to allow "a reasonable amount of time" for tenants to consider whether to exercise the RTB/RTA before the authority could apply for another suspension. Given this, Mr Clarke questioned why a shorter time period of 12 months was provided in the Bill for the purpose of enabling tenants to undertake the same considerations ahead of abolition. He stated:

> "I think [the two year period in the Housing (Wales) Measure 2011] was seen as reasonable and proportionate, and yet now we've only got 12 months, and I

[106] RoP, para 110, 11 May 2017
[107] Written evidence, ARTB 14
[108] RoP, para 446, 11 May 2017

> don't know why we've shifted from being reasonable and proportionate—to give two years' grace—to having only 12 months' grace now in this Bill."[109]

104. There were mixed views on the 12 month notice period among tenants who took part in the Committee's engagement events. Some participants believed that 12 months was reasonable, while others suggested it should be extended to enable meaningful engagement with tenants. Some participants raised concern that the notice period would give rise to a spike in sales and believed that the abolition should take effect immediately.[110]

105. Newport City Homes suggested that the 12 month notice period should be reduced to two months in line with the abolition for newly-let homes. It felt that this would reduce the potential impact on landlords' resources and would provide tenants with sufficient time to seek advice and apply for a mortgage.[111]

106. A few respondents, including Shelter Cymru[112] and Mr Clarke[113], warned of the risk that tenants may be targeted by unscrupulous mortgage brokers and lenders or property speculators during the 12 month notice period and emphasised the need to safeguard against this. However, those representing social landlords reported that they had no evidence of property speculators exploiting tenants in this way. It was suggested that the low discounts in Wales would make this practice less likely than in England, where the discounts were much greater.[114]

107. Linked to the above, TPAS Cymru highlighted the need to consider "how to ensure that no pressure is placed on tenants when they are choosing whether to exercise the RTB/RTA".[115]

108. It went on to state:

> "Given that there will now be a deadline for tenants to be able to purchase their homes under RTB/RTA, tenants who are eager to buy their home in the long term may feel obliged to purchase their properties before they have adequate funds in place. It is important that information is shared with these tenants as to what other opportunities are available for them to buy a home".[116]

Notice period in areas where RTB/RTA was suspended

109. Some of the evidence received highlighted that not allowing tenants in areas where a suspension was currently in place an opportunity to purchase their home prior to abolition could be seen as unfair. A number of respondents, including Shelter Cymru suggested that further consideration should be given to this issue.

[109] RoP, para 446, 11 May 2017
[110] Notes of the group discussions with tenants
[111] Written evidence, ARTB 11
[112] Written evidence, ARTB 01
[113] Written evidence, ARTB 14
[114] RoP, para66-67, 3 May 2017 and RoP, para 296-297, 11 May 2017
[115] Written evidence, ARTB 06
[116] Written evidence, ARTB 06

110. Shelter Cymru stated:

> "…given how popular this policy has been over the years, given that there are nearly 0.5 million social tenants in Wales, many of whom will be feeling the loss of the option of this, it's just a suggestion that it might be perceived as slightly fairer, it might help the Government in getting this through with social tenants, if it were being seen to be carried out in a way that was as equitable and as fair as possible."[117]

111. It acknowledged the work involved in, and the evidence required for, a successful application for suspension but did not believe that "that kind of bureaucracy should be the driving force behind these decisions; I think it should be tenants' interests".[118]

112. It also acknowledged that tenants in areas where a suspension was currently in place would have had a period of notice ahead of the suspension during which they could have exercised their RTB/RTA.[119] However, it emphasised:

> "…it is quite clear that a temporary suspension of the right to buy is not the same thing as ending the right to buy, and it may well be the case that tenants could say, 'Well, you told me it was ending for five years; you didn't tell me it was going to end for ever and a day'."[120]

113. TPAS Cymru provided anecdotal evidence to support the above and reported that some tenants living in areas where a suspension was in place were "under the impression that it would have been lifted at some point in time when they could have exercised their right, if they wanted to".[121] It also stated:

> "The abolition discussion wasn't there then, so I think, probably, in terms of fairness and consistency across Wales, some consideration should be given that 12-month period applying equally to tenants."[122]

114. Similar points were made by Mr Clarke who stated:

> "…the intention was to suspend for five years and not to abolish. So, there are tenants who accepted that principle, who anticipate that, in five years' time, they will have an opportunity before further application is made, to exercise their right."[123]

115. He went on to question the human rights implications of not providing those tenants with a further opportunity to purchase their property and highlighted the potential for legal challenge.[124]

---

[117] RoP, para 187, 3 May 2017
[118] RoP, para 187, 3 May 2017
[119] RoP, para 193, 3 May 2017
[120] RoP, para 189, 3 May 2017
[121] RoP, para 427, 11 May 2017
[122] RoP, para 427, 11 May 2017
[123] RoP, para 431, 11 May 2017
[124] RoP, para 432 and 434, 11 May 2017

116. The City and Council of Swansea, where the RTB/RTA is currently suspended, reported it had been contacted by tenants questioning whether they would have an opportunity to purchase their homes prior to the proposed abolition.[125] It stated:

> "Most tenants raising this issue with us have said that they don't think it is fair that they will not have this window of opportunity to purchase which tenants in other areas of Wales will have."[126]

117. This was echoed in evidence received from two tenants in the Swansea area who raised concerns about a lack of consultation with tenants ahead of the suspension. They reported that tenants had been notified "by means of an article in an open house brochure", which they deemed "unacceptable".[127]

118. Those tenants who attended the Committee's engagement events, including those from Carmarthenshire where the RTB/RTA was suspended, were also generally in favour of allowing tenants in areas where there was a suspension in place a further opportunity to purchase their home.[128]

119. In contrast, there was no support from social landlords for such a proposal. CHC, representing housing associations stated:

> "…local authorities, where suspension has happened, have already had to demonstrate that there is acute housing pressure in place before achieving that suspension. And, at the time, tenants, and indeed, interested stakeholders in that area, have had the opportunity to input into that policy through the Measure, and, indeed, locally, when it's been suspended. So, I think we've been through the gate once, so I don't think I'm broadly in favour of going in that direction…"[129]

120. Similar views were expressed by CIH Cymru, the WLGA and individual local authorities.

121. Carmarthenshire County Council reported that it had undertaken a lengthy and extensive consultation, including with current tenants and prospective tenants on the housing register, prior to its application for suspension.[130] The Council went on to assert that tenants had more than two years' notice of its intention to suspend the RTB/RTA within which they could have applied to purchase their home.[131] However, it subsequently confirmed that its consultation had been on a suspension, not abolition, of RTB/RTA. It accepted that not providing tenants in suspended areas a further opportunity to purchase their property would create "two categories of tenants".[132]

122. Powys County Council believed that providing tenants in suspended areas with a further opportunity to purchase their property "seems a little bizarre" and that, as long as an authority had

---

[125] Written evidence, ARTB 07
[126] Written evidence, ARTB 07
[127] Written evidence, ARTB 18
[128] **Notes of the group discussions with tenants**
[129] RoP, para 79, 3 May 2017
[130] RoP, para 237-238, 242 and 258
[131] RoP, para 252.
[132] RoP, para 264-267, 11 May 2017

met its statutory obligations under the 2011 Measure, including consulting with tenants, "nobody's rights have been that seriously impinged".[133]

Increase in applications prior to abolition

123. A number of respondents, including CHC, CIH Cymru, Wrexham County Borough Council and Newport City Homes, highlighted, or raised concern about, a potential spike in sales prior to abolition and the associated resource implications for social landlords.

124. CIH Cymru suggested that abolition "will stimulate a surge in applications" and pointed to a significant increase in applications in Scotland following the announcement of the end of the Scottish scheme and again before it closed to new applicants. It also referred to a spike in sales in Wales following the reduction in the maximum discount in 2003-2004 (from £24,000 to £16,000), which resulted in the sale of 7,000 properties.[134]

125. Newport City Homes also anticipated a "surge in applications, which would result in a large loss of stock". This was based on the experience in Swansea and Carmarthenshire during the period leading up to the suspension of RTB/RTA, where sales had increased by 84% and 200% respectively between 2012-13 and 2013-14. However, Newport City Homes acknowledged that any spike in applications prior to abolition was "unlikely to be as steep" due to the reduction in the maximum discount from £16,000 to £8,000 in 2015.[135]

126. The WLGA did not consider a potential spike in sales as a significant concern. In contrast it reported that there had only been a "very moderate" rise in applications in Swansea and Anglesey as a result of the suspensions.[136] Powys County Council shared this view and explained that, when it had consulted on proposals for a suspension, there had been no significant increase either in applications or completed sales.[137]

127. Some respondents questioned whether local authorities and housing associations had sufficient capacity to deal with any significant increase in queries or applications.

128. Newport City Homes reported it had already experienced an increase in queries, possibly as a result of the announcement of the Bill. It raised concern about any "increase in administrative burden", which it suggested could become "unmanageable". It also reported that it "would require further resourcing to cope with demand".[138]

129. Wrexham County Borough Council suggested that authorities "may experience some difficulties in processing and dealing with [increased applications]".[139]

130. However, Tai Calon was confident that, if the current number of sales (around 20 a year) increased by 50 per cent, it would be able to cope by "moving resources around".[140]

[133] RoP, para 250, 11 May 2017
[134] Written evidence, ARTB 10
[135] Written evidence ARTB 11
[136] RoP, para 286, 11 May 2017
[137] RoP, para 288, 11 May 2017
[138] Written evidence, ARTB 11
[139] Written evidence, ARTB 08
[140] RoP, para 138, 3 May 2017

131. CHC suggested that steps that could be taken to mitigate a potential spike included reducing the maximum discount during the notice period, or ensuring that tenants were aware of other home ownership options available to them.[141] It subsequently stated:

> "Clearly, a reduction in the maximum discount would lower the potential for a spike…It's a question of whether you think the spike is undesirable or not."[142]

132. Ceredigion Housing Management Board believed that the discount should be reduced to the lowest level (for example, £500 or £1,000) as soon as possible, although it was unclear whether this suggestion was specifically to mitigate any potential spike in sales.[143]

Evidence from Cabinet Secretary

133. In explaining the rationale for the 12 month notice period, the Cabinet Secretary stated:

> "I think that it's only right and proper that we give people an appropriate amount of time."[144]

134. This is reflected in the EM, which discounts abolishing the RTB/RTA two months after Royal Assent, stating:

> "…whilst satisfying social landlords' desire to abolish the Right to Buy as quickly as practicable and providing the maximum impact in ending the statutory sale of social housing, [it] would not allow tenants a reasonable amount of time to exercise the Right to Buy prior to abolition."[145]

135. The Cabinet Secretary confirmed that he had considered a two year notice period, as was the case in Scotland when it abolished the RTB/RTA, but that he had ruled it out. He pointed out that the Welsh Government had adopted a different approach than was taken in Scotland, for example, by informing tenants directly of the changes to their rights.[146]

136. The Cabinet Secretary made clear that he was not in favour of providing tenants in areas where the RTB/RTA was suspended a further opportunity to purchase their homes prior to the abolition. He stated:

> "…there just doesn't appear to be any logic in the principle of removing the suspension. To lift the suspension would only exasperate logic in the principle of removing the suspension. To lift the suspension would only exasperate the imbalance that we have evidence for, and undermine the purpose of the Bill that was taken and supported through the Assembly in 2011. You've heard the evidence from Carmarthen…for every one social housing space, there are seven people waiting in the system. It just seems illogical."[147]

---

[141] Written evidence, ARTB 03
[142] RoP, para 140, 3 May 2017
[143] Written evidence, ARTB 19
[144] RoP, para 291, 29 March 2017
[145] EM, para 6.133
[146] RoP, para 218-219, 29 March 2017
[147] RoP, para 52, 25 May 2017

137. The Cabinet Secretary subsequently provided a detailed explanation of the implications in respect of human rights of not providing an opportunity for tenants in suspended areas to purchase their homes prior to the abolition. He stated:

> "The Government does not consider that tenants in areas where the right to buy is suspended, have a possession for the purposes of Article 1 of the First Protocol (A1P1).
>
> However, we are satisfied that even if A1P1 were to apply, that the provisions of the Bill, insofar as they work in the context of suspended areas would be compliant with A1P1 and tenants' Convention rights."[148]

138. He also stated:

> "The provisions contained in the Bill were designed to give effect to the policy of ending the right to buy, and in doing so we are satisfied that the proposals are Convention rights compliant. This is not the same as saying that the proposals in the Bill, in particular in respect of the one year period before abolition, are necessary for the Bill to be Convention rights compliant."[149]

139. The Cabinet Secretary explained that, where suspensions were already in place:

- local authorities would have needed to demonstrate acute levels of housing pressure and a substantial imbalance in supply and demand;
- tenants would have been consulted upon suspension and have had the opportunity to purchase their property prior to suspension taking effect; and,
- local authorities and housing associations would have developed business plans on the basis of a suspension, and would have taken action to implement those plans and ensure the delivery of social housing for those most in need.[150]

140. The Cabinet Secretary went on to assert that, "to reverse suspension would have the effect of acting in a manner which, albeit temporarily, ignores the fact high pressure for homes exists".[151]

141. He highlighted that, in Scotland, there was no removal of the suspension ahead of the abolition and, as far as he was aware, "there has not been any formal complaint on Human Rights grounds".[152]

142. The Cabinet Secretary acknowledged the risk of a spike in sales ahead of the proposed abolition. He stated:

> "…we're assuming there's going to be a spike [in sales]…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…I'd even consider reducing the amount of subsidy to a lesser level if it makes it less

[148] Letter from the Cabinet Secretary to the Chair of the ELGC Committee, dated 22 May 2017, available at: http://senedd.assembly.wales/documents/s63473/ELGC5-17-17%20Paper%208.pdf
[149] Letter from the Cabinet Secretary to the Chair of the ELGC Committee, dated 22 May 2017
[150] Letter from the Cabinet Secretary to the Chair of the ELGC Committee, dated 22 May 2017
[151] Letter from the Cabinet Secretary to the Chair of the ELGC Committee, dated 22 May 2017
[152] Letter from the Cabinet Secretary to the Chair of the ELGC Committee, dated 22 May 2017

> 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."[153]

Our view

143. The abolition of the RTB/RTA will be a significant change in what is a long-standing public policy. Essentially, the abolition will remove the existing rights of social housing tenants to purchase their home, and it will do so permanently. We have set out in Chapter 1 our rationale for supporting the abolition. The majority of the Committee are in no doubt that the abolition is necessary to protect existing and new social housing stock and to ensure that it remains available to meet wider housing need in the future. However, given that the Bill removes the rights of individuals, it is important to ensure that it does so in a measured way. With this in mind, we recognise the need to give sufficient notice of the changes to their rights and afford adequate opportunity to exercise those rights before they are removed.

144. We acknowledge that the majority of respondents who expressed a view were content with the minimum 12 month notice period provided for in the Bill. We also acknowledge the views of some tenants that the RTB/RTA should be abolished at the earliest opportunity and that no notice should be necessary. While we understand the reasoning for this, we believe that the overriding consideration in this instance is the need to ensure that the changes are implemented in a fair and reasonable way.

145. Reducing the notice period is likely to reduce the number of sales ahead of abolition, with less time available for tenants to take advice and make arrangements to purchase their homes. However, purchasing a property is a major decision and one which should be well-informed and properly considered. Following on from the evidence we received that tenants may be placed under pressure to purchase their homes, we are concerned there is a risk that reducing the notice period could add to this.

146. Further to this, we are mindful that removing tenants' right to buy engages the European Convention on Human Rights. While the Cabinet Secretary is confident that compliance with Convention rights is not dependent on the provision of a minimum 12 month notice period, we believe that it mitigates the risk of any potential challenge on human rights grounds.

147. We believe that the minimum 12 month notice period strikes an appropriate balance between the need to provide tenants with adequate time to exercise their rights, and the need to prevent the further loss of social housing stock as swiftly as possible. As such, we are content with the notice period provided in the Bill. One Member, David Melding AM, felt that a 24 month notice period would be appropriate.

148. We are aware of the risk of a spike in the number of RTB/RTA applications prior to the abolition and the implications of this for social landlords. We heard conflicting views from respondents on this issue. While some expressed concerns about a potential spike, others saw a spike as unlikely, or were content that landlords had sufficient capacity to manage in the event of a spike.

149. We note that there may be steps that the Welsh Government could take in order to mitigate a spike, including reducing the maximum discount or the notice period. However, we reiterate our previous comments about the need to ensure that the changes are implemented in a fair and

[153] RoP, para 135, 29 March 2017

reasonable way. We also refer to our rationale for supporting the minimum 12 month notice period, as outlined earlier.

150. We note the suggestion put forward by some respondents that tenants in areas where the RTB/RTA is currently suspended should be given an opportunity to purchase their home before the abolition. Members of the Committee had different views on this issue. The majority of Members agreed with the views expressed in paragraphs 151 to 154. The minority view is expressed in paragraphs 155 to 157.

151. It is not our role to assess the merits or otherwise of the statutory process for suspending the RTB/RTA, or indeed the steps taken by individual authorities to consult or communicate with tenants ahead of their application. However, we note that while the 2011 Measure does not require a notice period as such, tenants should have been made aware of the proposed application for suspension and should therefore have had an opportunity to exercise their rights ahead of the suspension being approved.

152. It is clear that those areas where suspensions are currently in place have already demonstrated that they are under housing pressure. We are concerned that removing the suspension would risk further exacerbating this pressure and potentially undermine the intended effect of the Measure within those areas, negating any positive effect that it may have had in those areas to date.

153. In coming to this view, we recognise that there is a fine balance of equity and fairness between the needs of tenants who were consulted on suspension of the RTB / RTA but not abolition and who will now lose their RTB/RTA permanently, and the needs of people who are in severe housing need, and wish to be housed in secure, social housing.

154. While we acknowledge that the suggestion to remove the suspension ahead of abolition is well-intended, on balance we do not believe that it is necessary or appropriate. This is the view of six out of eight Committee Members.

155. Two members of the Committee, David Melding AM and Gareth Bennet AM, felt strongly that the Cabinet Secretary should amend the Bill at Stage 2 to provide a minimum notice period for eligible tenants in areas where the RTA/RTB is currently suspended to purchase their home before the abolition, in line with tenants in non-suspended areas. Further to this, David Melding AM believes this notice period should be extended from 12 months to 24 months for all eligible tenants regardless of the area within which they live.

156. In coming to this view, two Members note that while tenants should have had some opportunity to exercise their right to buy and right to acquire ahead of the suspension being approved, no comparable statutory notice period was provided in the 2011 Measure.

157. In the interest of fairness, two Members believe that a minimum notice period should apply to all eligible tenants, including those in suspended areas. This would mean that all eligible tenants would be treated consistently and equally across Wales.

06. Duty to provide tenants and prospective tenants with information

Background

158. Section 8 of the Bill places a duty on Welsh Ministers to publish information that will help tenants understand the effect of the Bill and the time limits that will apply to them if they wish to exercise their RTB/RTA. This information must be published within one month of the Bill receiving Royal Assent. The Welsh Ministers must take all reasonable steps to provide this information to all qualifying landlords. In turn, all landlords must provide all of their relevant tenants with a copy of this information or provide information it considers relevant within two months of the Bill receiving Royal Assent or within one month of receiving the information from Welsh Ministers, whichever is earlier.

159. Following the Cabinet Secretary's evidence session on 29 March 2017, he shared a copy of the draft information document with the Committee who subsequently sought the views of witnesses on its content.[154]

Evidence from respondents

160. In considering section 8, the Committee sought to identify whether the duties on the Welsh Ministers and qualifying landlords were reasonable, appropriate and would be effective in informing tenants of the changes to their rights.

161. There was broad support among respondents for the approach taken in the Bill to inform tenants and prospective tenants of the abolition. Some respondents provided specific suggestions for information they would like to see included in the document for tenants. There were also suggestions about how landlords should discharge their duty to inform tenants in practice.

162. A number of respondents provided views on the content of the draft information document, and suggested ways in which it could be improved.

Duty on the Welsh Ministers

163. Few respondents commented specifically on the duty on the Welsh Ministers to publish and provide information, or on the level of detail provided in the Bill on the matters to be contained in the information document.

164. Although Shelter Cymru did not comment on the duty it stated:

> "While many social landlords in Wales are effective at tenant communication, others have not always performed well in this area and a consistent Wales-wide approach, led by Welsh Government guidance would be desirable."[155]

165. Wrexham County Borough Council welcomed the provision of the information document by the Welsh Ministers to landlords, which it believed "will ensure that all tenants/prospective tenants are notified of the change and that information provided will be consistent across Wales".[156]

---

[154] Letter from the Cabinet Secretary for Communities and Children to the Chair of the ELGC Committee, dated 12 April 2017, available at:
http://senedd.assembly.wales/documents/s62120/ELGC5-13-17%20Paper%206.pdf
[155] Written evidence, ARTB 01
[156] Written evidence, ARTB 08

166. CHC called for the Welsh Government to ensure that the information document was produced "in a number of formats that are accessible for all tenants".[157]

167. TPAS Cymru suggested that, in addition to the information document, the Welsh Government should consider producing other materials for use by landlords and relevant organisations to raise awareness of the abolition. For example, a video guide or Powerpoint presentation.[158]

Duty on qualifying landlords

168. Those who commented were generally supportive of the duty on landlords, with the exception of Newport City Homes. It did not believe that the duty was "necessary or proportionate" and stated:

> "Due to the obvious costs associated with writing to each tenant individually and the higher level of applications likely to be received from individual contact, we would suggest that it would be sufficient to publicise the abolition of RTB/RTA via newsletters, websites and social media."[159]

169. A number of respondents, including those representing social landlords and tenants, suggested that simply passing on the information document may not be the most effective way of communicating the changes to tenants. There was broad consensus that landlords would need to consider how best to communicate the changes to meet the varying needs of tenants.

170. Shelter Cymru stated that "it would be useful...for the Government to maybe set out some expectations about what different information channels should be used [by landlords to communicate with tenants]".[160]

171. TPAS Cymru stated:

> "…it is important that consideration is given to how this information is shared in a way that provides equal access to all tenants regardless of their literacy skills and their access to the internet."[161]

172. It suggested that landlords should use their tenant profiling data, which would help "ensure that they communicate these changes with their tenants in the most appropriate and fair manner."[162]

173. TPAS Cymru believed that "as a minimum, [the information] should be in writing to each tenant in their preferred language or format of their choosing".[163] A similar view was expressed by Mr Clarke who also advocated a "wide spread information campaign".[164]

174. Those representing social landlords reported their intentions to adapt the information document to ensure that it was suitable for its target audience, and to supplement the written information with other forms of communication, such as meeting tenants face-to-face.

---

[157] Written evidence, ARTB 03
[158] RoP, para 526, 11 May 2017
[159] Written evidence, ARTB 11
[160] RoP, para 209, 3 May 2017
[161] Written evidence, ARTB 06
[162] Written evidence, ARTB 06
[163] RoP, para 524, 11 May 2017
[164] Written evidence, ARTB 14

175. CHC stated that, while it was helpful for the Welsh Government to provide the necessary legal information to pass on to tenants, associations should be able "to communicate it in a way that suits [their] tenants".[165] It went on to state:

> "…really it should be down to individual associations how they then choose to pass that legal information on, and what format they would use, how they might make it more engaging [and] interesting."[166]

176. Coastal Housing Group indicated that it would seek the views of its tenants groups about the information they would find useful before determining its approach. It suggested that simply issuing the information document to tenants may be confusing for them, particularly when, historically, the majority had expressed no interest in the RTB/RTA.[167]

177. Tai Calon emphasised that "communication [with tenants] is probably our highest priority". It envisaged raising awareness through newsletters ahead of any formal correspondence, which could be supplemented with face-to-face communication.[168]

178. Carmarthenshire County Council and Caerphilly County Council also recognised the need to ensure that information was provided in a range of languages and formats to meet tenants' specific needs. They reported that they had various arrangements in place to facilitate this.

179. Similar points were made by Cartrefi Cymunedol Gwynedd and Tai Calon.

180. Few respondents commented on the timescales within which landlords must inform tenants of the changes. While CIH Cymru initially suggested that the timescales were "tight", but subsequently confirmed it was content that they were reasonable, stating:

> "Landlords have undertaken mass communication on big policy and legislative changes on a regular basis, for example on universal credit and the changes to welfare…they are well set up for this type of communication."[169]

181. Those representing social landlords were content that the timescales were reasonable.

Independent advice

182. A number of respondents emphasised the need for tenants to have access to independent advice to enable them to make informed decisions about exercising their right to purchase their home before the abolition.

183. Carmarthenshire County Council advocated "good-quality, timely, affordable advice" for tenants, in particular advice on budget management and the role and responsibilities of home owners, including on-going property maintenance.[170]

184. Mr Clarke believed that the provision of independent advice was "absolutely critical".[171] He questioned whether landlords themselves would be best placed to provide impartial advice, given the potential conflict of interest.[172]

---

[165] RoP, para 95, 3 May 2017
[166] RoP, para 95, 3 May 2017
[167] RoP, para 96, 3 May 2017
[168] RoP, para 102, 3 May 2017
[169] RoP, para 174, 11 May 2017
[170] RoP, para 329, 11 May 2017

185. Mr Clarke suggested that the Welsh Government should "adopt a Government sponsored Right to Buy helpline agent service to ensure impartiality in advice with the objective of securing the best sustainable option for the tenant".[173] He subsequently clarified that he was not advocating establishing a new service. He believed that organisations such as the Money Advice Service and Citizens Advice Bureau would be better placed to advise tenants on their options than landlords. However, Mr Clarke questioned whether those organisations had sufficient capacity to deal with any increase in demand on their services resulting from the Bill.[174]

186. TPAS Cymru emphasised the need to ensure that local authority and housing association staff had an appropriate understanding of the Act and were aware of, and able to signpost tenants to, appropriate sources of independent advice.[175] It also emphasised the importance of staff in advice agencies having sufficient time to familiarise themselves with the legislative changes before having to provide advice to tenants.[176]

Draft information document

187. Those respondents who commented were broadly content with the draft information document. However, some suggested a number of issues which could be expanded on, as well as additional issues they would like to see included in the document.

188. CHC "broadly welcomed" the draft information document, in particular references to the legal and financial advice that tenants should seek ahead of making any decision to purchase their home.[177] However, it suggested "there could be greater emphasis placed on signposting people to other ways [that tenants] can buy a home".[178]

189. Isle of Anglesey County Council[179] and TPAS Cymru[180] also suggested that the information document could be used to signpost to other homeownership initiatives.

190. Shelter Cymru emphasised the need to do more to raise awareness among tenants of unscrupulous mortgage brokers and lenders who may seek to exploit a person's right to buy ahead of the abolition. It believed that the draft information document should contain specific information in this regard.[181]

191. Carmarthenshire County Council suggested that the draft information document should be tested by tenants before being finalised to ensure that it was fit for purpose.[182]

Evidence from Cabinet Secretary

192. The Cabinet Secretary pointed out that the Welsh Government was "going above and beyond what other countries have done" in terms of informing tenants of the abolition.[183] For example, in

---

[171] Written evidence, ARTB 14
[172] RoP, para 528-530, 11 May 2017
[173] Written evidence, ARTB 14
[174] RoP, para 528-530 and 532-538
[175] Written evidence, ARTB 06
[176] RoP, para 539, 11 May 2017
[177] Written evidence, ARTB 03
[178] Written evidence ARTB 03
[179] Written evidence, ARTB 12
[180] Written evidence, ARTB 06
[181] RoP, para 203-205, 3 May 2017
[182] RoP, para 291, 11 May 2017
[183] RoP, para 239, 29 March 2017

Scotland, there was no requirement on landlords to inform tenants. Instead, information on the abolition was published on the internet.

193. When questioned why the Bill does not place an absolute duty on the Welsh Ministers to provide qualifying landlords with the information document required under section 8(1), the Cabinet Secretary explained:

> "There are some landlords living outside of Wales, English based landlords, who have properties in Wales. We don't have those contact details. We don't have a direct relationship with them…we are relying on data supplied by a third party for us to make sure that we can take reasonable steps to inform them…that's why we cannot be absolute in terms of making contact with all of them."[184]

194. In commenting on the requirement on qualifying landlords to provide tenants with a copy of the information document, the Cabinet Secretary's official stated:

> "[Landlords] 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."[185]

195. The Cabinet Secretary acknowledged that "we shouldn't underestimate the challenge" for social landlords in informing tenants of the changes.[186] However, he reported that landlords were "very effective" at informing tenants and "very engaged with their communities".[187]

196. When questioned about how the Bill ensures that landlords communicate information on the abolition to tenants in the most appropriate and accessible manner, the Cabinet Secretary stated:

> "…the direct relationship between [social landlords] and tenants is very good, and I would hope that they are able to manage their tenancies well, whether that's linguistically or otherwise. So, I'm confident they'll be able to disseminate the information."[188]

197. He went on to explain that the Welsh Government would not be stipulating whether landlords should provide information in different languages or formats, but suggested that this would be a matter for landlords to consider taking account of tenants' needs.[189]

198. The Cabinet Secretary stated that he would "expect landlords to be able to demonstrate that they have gone to their tenants in an appropriate way".[190]

199. The Cabinet Secretary reported that, subject to the Assembly agreeing the general principles of the Bill, he intended to consult stakeholders on the draft information document.[191]

---

[184] RoP, para 117, 29 March 2017
[185] RoP, para 242, 29 March 2017
[186] RoP, para 131, 25 May 2017
[187] RoP, para 239, 29 March 2017
[188] RoP, para 131, 25 May 2017
[189] RoP, para 135, 25 May 2017
[190] RoP, para 249, 29 March 2017
[191] Letter from the Cabinet Secretary to the Chair of the ELGC Committee, dated 30 April 2017, available at: http://www.senedd.assembly.wales/documents/s62366/ELGC5-14-17%20Paper%206.pdf

200. He referred to advice in the draft document which aimed to protect vulnerable tenants from possible exploitation from property speculators or unscrupulous brokers and lenders who may seek to take advantage of the abolition. He reported that advice was also already available on the Welsh Government's website and RTB guide. He gave a commitment to ensure that similar advice was available on the Welsh Government's website and RTA guide.[192]

201. The Cabinet Secretary reported that he had discussed with Citizens Advice the delivery of advice to tenants ahead of the abolition. He was "confident" that relevant advice services had the capacity to deal with any increase in demand for their services leading up to the abolition.[193]

202. Following on from this, he explained that he was willing to consider what additional information and support should be made available to tenants following any initial expression of interest in purchasing their home. The Cabinet Secretary envisaged that this support could come from social landlords.[194]

Our view

203. As with any significant change in public policy, we believe the Welsh Government must take the lead in raising awareness and promoting understanding of the effect of those changes. The provision of relevant and timely information is key to ensuring that tenants understand that their rights are changing and are able to make well-informed decisions about whether to exercise those rights ahead of the abolition. While the information provisions within the Bill go some way in achieving this, we believe that more could be done to ensure that all relevant parties are fully informed of, and prepared for, the abolition of the RTB/RTA.

204. We welcome the requirements on the Welsh Ministers to prepare and publish a document containing information (subsequently referred to as 'the information document') aimed at assisting tenants and prospective tenants in understanding the effect of the Act.

205. We note that the Bill requires the Welsh Ministers to "take all reasonable steps" to provide every qualifying landlord with a copy of the information document. We also note that the Welsh Government will be relying on a third party to assist them in identifying social landlords based in England that let properties in Wales. The Cabinet Secretary has made clear his commitment to disseminate the information document to all qualifying landlords, regardless of where they are based, and we are assured by this. As such, we are content with the requirement, as drafted.

206. Notwithstanding the central role of landlords in informing tenants of the changes to their rights, there are a range of organisations who will need to be familiar with the effects of the Act and the implications of the changes for tenants. It is equally important that these organisations are provided with the appropriate information and at the earliest opportunity.

207. While we acknowledge that the information document will be made available on the Welsh Government's website, we believe that the government should take a more proactive approach to help ensure that relevant organisations are prepared in this regard.

208. We believe that the information provisions would be strengthened by including a requirement on the Welsh Ministers to provide other relevant organisations, for example advice services and those representing the interest of tenants, with a copy of the information document.

---

[192] Letter from the Cabinet Secretary to the Chair of the ELGC Committee, dated 30 April 2017
[193] RoP, para 158, 25 May 2017
[194] RoP, para 141, 25 May 2017

Recommendation 2. We recommend that the Cabinet Secretary amends the Bill at Stage 2 to require the Welsh Ministers to provide other relevant organisations with a copy of the information document.

209. We welcome the intention to inform all relevant tenants of the effect of the Act. We believe that this is a fair and proportionate approach, given the nature of the legislative changes to be made. However, we are not convinced that section 8(3), as drafted, is the most effective way to achieve this aim.

210. We understand the desire to avoid prescription. Indeed, we believe it is important to ensure that landlords have sufficient flexibility to adapt the information document for their tenants. However, we are concerned that section 8(3) is open to broad interpretation, which could lead to inconsistency and leave some tenants better informed of the changes to their rights than others. This would be undesirable and unsatisfactory.

Recommendation 3. We recommend that the Cabinet Secretary amends the Bill at Stage 2 to specify the information that qualifying landlords must provide to all its relevant tenants in order to discharge their duties under section 8(3)(a). For example, the dates on which the restrictions and full abolition will take effect.

211. We note that there is no detail in the Bill about how the required information should be communicated to tenants or adapted to meet their varying needs. We were encouraged by the evidence from social landlords about the range of communication methods they currently use to engage with their tenants, and about their willingness to seek innovative ways to raise awareness of the abolition. However, for the sake of certainty and to ensure consistency, we believe that suitable provision should be made for this.

Recommendation 4. We recommend that the Cabinet Secretary makes provision in the Bill to ensure that qualifying landlords communicate the information required under section 8(3) to tenants in the most appropriate and accessible way to meet their varying needs.

212. We heard that access to independent advice will be key to ensuring that tenants make well-informed decisions about exercising their rights ahead of the abolition. We note the Cabinet Secretary's assertion that relevant third sector advice services have the financial capacity to cope with any increase in demand for services as a result of the Bill. However, we are mindful of the on-going financial pressures on these advice services. Given this, the Welsh Government's ongoing work to tackle financial exclusion, and the uncertainty around the extent of any increase in demand for services, we seek further assurance from the Cabinet Secretary on this issue.

Recommendation 5. We recommend that the Cabinet Secretary works with relevant advice services to monitor and review the impact of the Bill on demand for services with a view to providing additional financial support ahead of the abolition, if the need arises.

213. We are pleased that the Cabinet Secretary was able to provide us with a draft of the information document at an early stage in the scrutiny process, which has facilitated our work. We believe that the approach taken by the Cabinet Secretary to preparing the document is appropriate and we are broadly content with the information that has been included in the draft, beyond that required under section 8(2).

214. We draw the Cabinet Secretary's attention to the evidence received on the content of the draft information document and of the level of detail provided in the document. The rules of the RTB/RTA schemes are complex and cover many areas including eligibility and restrictions on future sales which it is important that tenants are aware of. However, we understand the need to strike an appropriate balance between providing comprehensive information and ensuring that it is accessible, user-friendly and achieves its purpose, namely to assist tenants in understanding the effect of the Act. We are aware of the Welsh Government's existing guides on the RTB/RTA and believe that the information document should complement and not duplicate these.

215. We welcome the Cabinet Secretary's intention to consult relevant stakeholders on the draft information document. However, we believe that the most effective way to ensure that the information is fit for purpose and suitable for its target audience is to test it with tenants directly.

Recommendation 6. We recommend that the Cabinet Secretary tests the draft information document with tenants before it is finalised to ensure that it is fit for purpose.