



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion

The Record of Proceedings

[Y Pwyllgor Cyllid](#)

[The Finance Committee](#)

03/05/2017

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

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

Aelodau'r pwylgor yn bresennol
Committee members in attendance

Mike Hedges Bywgraffiad Biography	Llafur Labour
Steffan Lewis Bywgraffiad Biography	Plaid Cymru The Party of Wales
Nick Ramsay Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
David Rees Bywgraffiad Biography	Llafur Labour
Simon Thomas Bywgraffiad Biography	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Eraill yn bresennol Others in attendance	
Andrew Hobden	Economegydd, Llywodraeth Cymru Economist, Welsh Government
Steve Palmer	Pennaeth Strategaeth Tai, Llywodraeth Cymru Head of Housing Strategy, Welsh Government
John G. Rees	Rheolwr y Bil, Llywodraeth Cymru Bill Manager, Welsh Government
Carl Sargeant Bywgraffiad Biography	Aelod Cynulliad, Llafur (Ysgrifennydd y Cabinet dros Gymunedau a Phlant) Assembly Member, Labour (The Cabinet Secretary for Communities and Children)

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

Cath Hunt	Ail Glerc Second Clerk
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Georgina Owen

Dirprwy Glorc

Deputy Clerk

Gareth Thomas

Y Gwasanaeth Ymchwil

The Research Service

Dechreuodd y cyfarfod am 09:01.

The meeting began at 09:01.

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

[1] **Simon Thomas:** Bore da. **Simon Thomas:** Good morning. I call Galwaf y Pwyllgor Cyllid i drefn. the Finance Committee to order. Croeso yn ôl i bawb ar ôl y toriad. Welcome back, everybody, following Ryw'n gobeithio'n fawr yr oeddech yn brysur yn ystod y cyfnod yna—rwy'n siŵr eich bod chi wedi bod. Ond rwy'n atgoffa pawb fod y drefn yr un peth, sef bod clustffonau ar gael ar gyfer cyfieithu, bod cyfieithu ar sianel 1 ac addasu lefel y sain ar sianel 0, ac ichi dawelu unrhyw ffonau symudol, iPads a phethau felly hefyd, er mwyn hwyluso pethau yn y cyfarfod. A gan ein bod ni ar ddechrau Bil newydd, dyma gyfle i unrhyw Aelodau ddatgan unrhyw fuddiant sydd gyda nhw, yn y Bil neu draffodion heddiw. Neb yn dymuno gwneud.

Simon Thomas: Good morning. I call Galwaf y Pwyllgor Cyllid i drefn. the Finance Committee to order. Croeso yn ôl i bawb ar ôl y toriad. Welcome back, everybody, following Ryw'n gobeithio'n fawr yr oeddech yn brysur yn ystod y cyfnod yna—rwy'n siŵr eich bod chi wedi bod. Ond rwy'n atgoffa pawb fod y drefn yr un peth, sef bod clustffonau ar gael ar gyfer cyfieithu, bod cyfieithu ar sianel 1 ac addasu lefel y sain ar sianel 0, ac ichi dawelu unrhyw ffonau symudol, iPads a phethau felly hefyd, er mwyn hwyluso pethau yn y cyfarfod. A gan ein bod ni ar ddechrau Bil newydd, dyma gyfle i unrhyw Aelodau ddatgan unrhyw fuddiant sydd gyda nhw, yn y Bil neu draffodion heddiw. Neb yn dymuno gwneud.

the recess. I hope you were busy during that period—I'm sure you were. But, to remind everybody, everything is the same as it always was: we have headphones for translation on channel 1, and amplification on channel 0. Can you please put any electronic devices on silent in order to facilitate things at our meeting? And, as we're about to start a new Bill, this is an opportunity for any Members to declare an interest that they may have, in the Bill or today's discussions. Nobody wishes to do so.

09:02

Papurau i'w Nodi Papers to Note

[2] **Simon Thomas:** A gaf i ofyn yn gyntaf, felly, i'r Aelodau nodi cofnodion y cyfarfod a gynhaliwyd ar

Simon Thomas: Can I please ask Members, then, to note the minutes of the meeting held on 29 March,

29 Mawrth, cyn toriad y Pasg? Pawb before the Easter recess? Everyone is yn nodi'r cofnodion hynny. happy to note those.

**Bil Diddymu'r Hawl i Brynu a Hawliau Cysylltiedig (Cymru): Sesiwn
Dystiolaeth gyda'r Gweinidog
Abolition of the Right to Buy and Associated Rights (Wales) Bill:
Ministerial Evidence Session**

[3] **Simon Thomas:** Dyma droi, **Simon Thomas:** We turn, therefore, to felly, at sesiwn gyntaf y bore yma, sef this morning's first session, the edrych ar Fil Diddymu'r Hawl i Brynu Abolition of the Right to Buy and a Hawliau Cysylltiedig (Cymru), dan Associated Rights (Wales) Bill, ofal Ysgrifennydd y Cabinet, Carl introduced by the Cabinet Secretary, Sargeant. Bore da i'r Ysgrifennydd Carl Sargeant. Good morning, Cabinet. Croeso i chi i'r bwyllgor, ac Cabinet Secretary, and welcome to os caf ofyn i chi nodi enwau'r the committee. Can I ask you please swyddogion a'u swyddogaethau ar to introduce your officials and their gyfer y cofnod, os gwelwch yn dda. posts for the record?

[4] **The Cabinet Secretary for Communities and Local Government (Carl Sargeant):** Bore da, good morning, Chair. Can I ask John to start, please?

[5] **Mr Rees:** Bore da. My name's John Rees. I work in the housing policy division in the Welsh Government, and I'm the Bill manager.

[6] **Mr Hobden:** Andrew Hobden; I'm an economist from Welsh Treasury.

[7] **Mr Palmer:** Good morning. Steve Palmer, head of housing management and strategy and policy [correction: lead policy] responsibility for the right to buy.

[8] **Simon Thomas:** Diolch yn fawr. **Simon Thomas:** Thank you very Croeso i chi i gyd. Rwy'n siŵr eich much, and welcome to you all. I'm bod chi'n hapus, gan nad ni, wrth sure that you'll be happy—because gwrs, yw'r prif bwyllgor sy'n edrych we, of course, are not the main ar y Bil, ond yn edrych ar oblygiadau ariannol yn benodol, os ydym ni'n bwrw ymlaen yn syth, felly, i graffu ar committee looking at this Bill; we'll be looking at the financial implications specifically—if we move y Bil a gofyn y cwestiynau.

[9] A gaf i ofyn yn gyntaf i'r Can I ask first of all, Minister, as Gweinidog, gan fod yna rychwant there is a wide range of costs eang o gostau, pa mor ffyddioq associated with this, how confident ydych chi yn nibynadwyedd y costau are you about the reliability of these hyn yn yr asesiad effaith rheoleiddiol, costs presented in the regulatory ac yn enwedig o ystyried bod yna impact assessment, especially given beth ansicrwydd gyda'r effaith, yn that there is some uncertainty arbennig ar landlordiaid wedi'u concerning the impact on registered cofrestru? social landlords specifically?

[10] **Carl Sargeant:** Thank you. Good morning, committee. We're very confident that the figures are accurate. The system in place is very robust in measurement and assessment. The issue with the figures is that there is much variability in the system in predicting what might be sold when and what the stock condition is, et cetera. It's something that gives us a wide scope in terms of what the RIA indicates. But we are confident now that they are accurate on the data that we presume are going forward.

[11] **Simon Thomas:** A ydych chi wedi cael cyfle i gymharu ffigurau â rhannau eraill o'r Deyrnas Gyfunol ac, yn benodol, â'r Alban efallai, lle mae gwaith tebyg wedi digwydd? Ac a ydy hwn yn rhoi unrhyw ganllawiau i chi yr ydych chi'n gallu eu rhannu â'r pwylgor? **Simon Thomas:** Have you had an opportunity to compare figures with other parts of the UK, and specifically with Scotland maybe, where similar work has taken place? And does that give you any guidelines that you could share with committee?

[12] **Carl Sargeant:** Again, we have looked at Scotland and looked at what their modelling procedures are. The only difference, really, is the discount applied there. Ours has been reduced since then, since the consultation, and therefore it skews the figures slightly, but the principle is pretty much the same as what the Scottish model has done.

[13] **Simon Thomas:** Diolch. Fe wnawn ni edrych yn fwy manwl ar rai o'r meysydd, gan ddechrau gyda Mike Hedges. **Simon Thomas:** Thank you. We will look in more detail now at some of these areas, starting with Mike Hedges.

[14] **Mike Hedges:** Diolch. Is it not true that, even using all the sale income after discount, it would not provide a like-for-like replacement for property,

even if properties were purchased rather than built from new?

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

[16] **Mike Hedges:** Will the Minister confirm that the cost of building new properties is substantially greater than the value likely to be achieved by sale?

[17] **Carl Sargeant:** Indeed.

[18] **Mike Hedges:** And does this new policy affect in any way the shared-ownership model used by some housing associations?

[19] **Carl Sargeant:** Only on the principle of ending the right to buy, but the issue around shared ownership doesn't change.

[20] **Mike Hedges:** Thank you.

[21] **Simon Thomas:** Nick Ramsay.

[22] **Nick Ramsay:** Thanks, Chair. Good morning, Cabinet Secretary. In terms of the financial impact of the Bill on local authorities and registered social landlords, which of the scenarios set out in the RIA do you consider are most likely to represent the financial impact of the Bill on local authorities and RSLs within the potential range of £57.4 million benefit to £75.3 million additional costs?

[23] **Carl Sargeant:** This is where I indicated earlier on that the variability is great. It is over a 30-year period and across all RSLs and local authorities involved. Therefore, it's quite a small amount in relation to each body. However, the prediction of condition and quality of stock, the life exposure of the stock, the style of the stock—so, whether it's a house or flat, et cetera—all play into the scenarios. We think it is more likely the scenarios will look to B or C, but it is all based on prediction and, as I said earlier, the system that we use is very robust, and we can share that if that's helpful to the Finance Committee. But it is a bit of a crystal-ball-staring effect, really.

[24] If I may, Chair, the creation of this Bill was not really driven by finances at all. It was about the protection of existing stock and future stock and investment. So, the financial implications are there, obviously, but, longer term, this was about a principle of protecting the stock rather than

the financial aspect, moving forward.

[25] **Nick Ramsay:** If there is a situation where local authorities and RSLs do end up incurring considerable costs, would you consider supporting them, looking at any funding shortfall they might have?

[26] **Carl Sargeant:** Well, as I said, I believe that the financial disruption for an organisation would be minimal because it is over a long period of time and over many organisations, and so it will be spread. The risk to them is known. Through a consultation on this, most organisations that responded to the consultation were supportive of the abolition of the right to buy. So, we will not be seeking additional funding to be transferred to RSLs if they have financial risk in this.

[27] **Nick Ramsay:** How much consultation have you had with local authorities and RSLs about this?

[28] **Carl Sargeant:** We went out to consultation—was it 2015?

[29] **Mr Rees:** Yes, 2015.

[30] **Carl Sargeant:** In 2015, and there was a full consultation programme, as Welsh Government would do normally. Was it 12 weeks, John, or eight?

[31] **Mr Rees:** Three months. It was the housing White Paper, wasn't it, Steve?

[32] **Mr Palmer:** Yes.

[33] **Nick Ramsay:** Did they raise any concerns about the financial impact?

[34] **Carl Sargeant:** The majority of responses were based on support for the abolition.

[35] **Nick Ramsay:** Okay, thanks.

[36] **Simon Thomas:** It would be fair to say, when you had the White Paper, though, that the financial implications weren't set out in such a clear way as they are with a regulatory impact assessment that you have with a Bill. As Nick Ramsay said, this is a surprisingly wide variation. You've given some reasons to the committee around, for example, type of stock, quality and so

forth, but we've had the Welsh housing quality standard now for nearly a decade—at least a decade—so, should there not be a little bit more certainty around the likely impact of this? I'm sure you don't want to suggest—. There's a principle behind this Bill, which we all know, and we know where the Government is coming from on this, but it's not 'This Bill at any cost.' Surely there must be some kind of appreciation of how likely it will pan out.

[37] **Carl Sargeant:** I can't predict what sales will come forward. Generally what happens is that the most modern, up-to-date properties are the ones that are more popular. The risk to us is that, by building new homes, they come into the marketplace, so it's even more costly. So, there are so many variabilities in this. As I said, I'm more than happy to share with you that process.

[38] **Simon Thomas:** I'm sure the committee would like to see that.

[39] **Carl Sargeant:** But the issue of risk is over an extended period. It is a 30-year period we're talking here, so the worst-case scenario over 30 years is still minimal, and organisations, RSLs and local authorities are very well-managed financially in most cases, and they would understand the risks to their business.

[40] **Simon Thomas:** You mentioned the consultation, and there was a wide-ranging debate around the White Paper—that's quite true—but since the Bill has started on its journey, with the assessment with it and so forth, have you had more information coming in? Are you likely to revise some of these figures in terms of narrowing this sort of wide range? Are you getting more information to enable later stages to be a bit more informed on this?

[41] **Carl Sargeant:** Yes, we will. As always, we will do a reassessment of the RIA and the memorandum of understanding explanation as we move to Stage 2, post any amendments that have come forward. We will review that. I was at the Chartered Institute of Housing conference last week, and there was much frenzy over the abolition of right to buy, asking us actually to push it forward, because they were saying that the risk to their businesses is huge, and the more sales that go through, the fewer opportunities they have. So, it appears within the sector to be very popular.

[42] **Simon Thomas:** Okay. David Rees.

[43] **David Rees:** Thank you, Chair. You've asked one or two of mine.

[44] **Simon Thomas:** I'm very sorry if I trespassed too much on what you were hoping to ask. [Laughter.]

[45] **David Rees:** I think this variation is quite a large variation, because you're talking about plus £57 million to minus £75 million. It's quite huge. But the RIA looked at it with just three local authorities at that time that had suspended right to buy. A couple more have gone in. Have you done any sort of modelling in the meantime? You just talked about remodelling based upon amendments, but have you done any remodelling based upon the information that comes from those additional two?

[46] **Carl Sargeant:** The additional two only came in February and March of this year. On the others that were in the system, it's too early to say really in terms of the fact that it's only two years into that process. What we do know is that the suspension of the right to buy in those areas alone has given them the opportunity to build over 500 new properties, and they are now protected. So, what we do know is that the positive impact of having the abolition has protected that stock as we move forward. And that's the basic principle of this Bill: giving confidence to invest public money into social housing developments, which will protect it for the long term. For every home that we build and sell now we start on a deficit of £8,000. So, there's no win for us in this situation, and public money is getting tighter. We need to be able to protect that asset.

[47] **David Rees:** Those local authorities and RSLs that have a large stock tend to sometimes also use the income from sales towards capital development and maintenance. Now, clearly that will, therefore, stop, effectively, and have an impact. Have you assessed the impact that might have upon the new development and the maintenance? Yes, we're all going through the Welsh housing quality standards now, but you're talking about a 30-year period, and in 20 years' time, we'll be in situation where we need to make sure we've got sufficient maintenance for that stock.

[48] **Carl Sargeant:** There is very little evidence that local authorities use the capital sales of right to buy as a—. While it's ring-fenced in the housing revenue account, there's no evidence to suggest that that is a main source of support for maintenance within the housing sector. It isn't disproportionate to the larger organisations. Swansea and Cardiff are the two largest stockholders, and they are confident that they can manage again that process as they move forward. Stock retention is more important than stock

sales. As I said earlier to Mike's question earlier on, it costs more to build, so it's not like for like in this scenario. It's [correction: It takes the receipts of] between one and a half and two new [correction: old] properties for every one that's sold [correction: built], and that's just not sustainable.

[49] **David Rees:** If you're thinking as well that the rental revenue is actually a better revenue than sales, is there a likelihood that because you're now going to be guaranteed rental revenue that we might see a reduction in rent for many?

[50] **Carl Sargeant:** I wouldn't want to enter into that discussion today, Chair. I couldn't answer that question.

09:15

[51] **Simon Thomas:** No promises.

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

[53] **Simon Thomas:** Mike Hedges.

[54] **Mike Hedges:** A few quick questions. First, councils used to borrow over 60 years for council properties. Do they still borrow over than length of time?

[55] **Carl Sargeant:** I don't know the answer to that. It may be more appropriate for the WLGA. I could probably find out, but I know you'll probably be having witnesses from there.

[56] **Mike Hedges:** Certainly, 1957 properties are being paid for today. The 1958 properties will be paid for next year. Is it also not true that it's the newer properties in some of the most sought-after locations that have sold far faster—certainly in Swansea—than those older properties in less sought-after areas, and that the decline has been substantially larger in areas where there is demand for the properties within the resale market?

[57] **Carl Sargeant:** That's correct. There is a significant amount of properties that have been sold under the right to buy now in the private rented sector, which, again, has a consequential cost to Government as well as to the public purse.

[58] **Mike Hedges:** Thank you.

[59] **Simon Thomas:** Steffan Lewis.

[60] **Steffan Lewis:** Thank you, Chair. In terms of estimates of savings, what potential savings are you expecting because of homes no longer being subject to local housing allowance claims, because, of course, there won't be houses going from the social sector into the private sector?

[61] **Carl Sargeant:** We did some assessment—and, I'll just say 'with caution'—around this. We looked at—I think it was eight local authorities.

[62] **Mr Rees:** Yes, that's right.

[63] **Carl Sargeant:** Eight local authorities, and research estimates around this are around £4.4 million per annum. We've done that on the basis that, through the data-matching exercise across the sample of eight authorities, almost 12.5 per cent of those properties ended up in the private rented sector and were in receipt of housing benefit. So, if you extrapolate that across all of the authorities—and it's just an accounting process that we took here—it equates to around 9,000 properties across Wales. We think the estimated additional cost per claim is around £2,300, and therefore £22 million over five years, or £4.4 million per annum. But that is a very general assessment based on the eight.

[64] **Steffan Lewis:** Okay, thank you. In terms of additional pressures, what estimates have you made of possible pressures during the one-year notice period? You know, if there's a surge in applications for right to buy during that period, what are you anticipating there?

[65] **Carl Sargeant:** Again, we don't know what that looks like. I am aware that the principle will cause an additional spike. In fact, I was talking to one RSL this week who said they are already seeing interest in that. There is little I can do about that and we're just going to have to live with it. I've reduced the timescale. It was applied in Scotland for two years, and we've reduced that to 12 months because we think that's reasonable. We do expect there to be a spike, but I couldn't tell you what that looks like.

[66] **Steffan Lewis:** Why did you think the two years was unreasonable?

[67] **Carl Sargeant:** Well, interestingly, the Scottish Parliament committee

advised for one year, and the Government chose to use two. We think one year—. On the basis that we are changing the rights of an individual to purchase a property, and we've got to be very wary of the human rights aspect of this Bill as well, the legal advice I received is that a 12-month period seems to be reasonable, and that's why we've applied that. The longer you have open for a right to buy, the longer the risk is for you.

[68] **Steffan Lewis:** And, do you not perhaps anticipate that if—as you say, a lot of it is unknown—there is a surge in demand, and perhaps people are struggling to meet that and to deal with that administratively, that that one year is set in stone, or would you consider extending it?

[69] **Carl Sargeant:** It's not variable. The Bill will be very specific in terms of the detail. When we talk about a surge—and, again, I don't know what the numbers will be, but we lose around 300 units per annum—I don't think, even with a surge, it's going to be that onerous in terms of an RSL or local authority being able to deal with that.

[70] **Steffan Lewis:** Okay. Finally, could you talk us through your estimates for additional costs to Welsh Government in communicating the policy change? You've got estimates of £57,000 in 2017–18 and £15,000 in 2018–19. Can you talk us through how you came to those figures?

[71] **Carl Sargeant:** I'm happy to do that. Is this just for staffing costs you're talking about, Steffan, or the general principle of all costs?

[72] **Steffan Lewis:** I believe that these were additional costs to Welsh Government in terms of communicating the policy change to social housing tenants.

[73] **Carl Sargeant:** We will, as is within the Bill, be writing to all tenants. Again, that's different to what happened in Scotland; they placed a notice on a website. We will be informing all landlords, who will have a duty then to write to all tenants. We have included that in the Bill. It's in section 8 of the Bill, and we've already sent to committee our guidance note that we'll be sending out to tenants, so they're aware of that distribution process.

[74] **Steffan Lewis:** So, it's effectively postage costs, then.

[75] **Carl Sargeant:** Yes, and website.

[76] **Steffan Lewis:** Okay.

[77] **David Rees:** I just want clarification on this 12-month period, which is 12 months following Royal Assent. Could I clarify that your modelling is basically on the 12-month period and when does that work? Is it from the time of the intention to buy or is it completion of the process? Because, if you've said 300 as a surge, we could have a surge before the Bill gets Royal Assent once it is passed here—that could start a period. We've got a period when people are making a request, or towards the end of the 12 months, which will go into the next year after that. What modelling was it based on?

[78] **Carl Sargeant:** The application can be submitted up to the date of Royal Assent.

[79] **Mr Rees:** The one-year period after Royal Assent. The one-year period provides notice—sorry, Minister. The Bill says that the right to buy can only be abolished at least one year after Royal Assent so that people can apply up until the date of abolition. So, they've got a year in which to apply. They haven't got—

[80] **David Rees:** So, it'll be sold after that year.

[81] **Mr Rees:** Yes. If they apply up until the one-year period—[correction: the one-year period ends.]. They can apply on the last day before abolition, but they haven't got to complete in that period; they can complete after. So, it might be a year and a half after Royal Assent.

[82] **David Rees:** So, you could have a surge over 18 months to perhaps two years, depending on the time between the Bill completing here and Royal Assent.

[83] **Carl Sargeant:** If we get all of the applications on the last day of the 12 months, then there will be a period of time after that when it will have to be completed. We estimate that, again, to be within a 12-month period, so the maximum from Royal Assent to end we think is probably going to be a two-year slot. We think 12 months to purchase a property is more than reasonable.

[84] **David Rees:** So, your modelling includes that period.

[85] **Carl Sargeant:** Yes, it does.

[86] **David Rees:** Okay.

[87] **Simon Thomas:** Any impact of this would be, really, on the registered social landlords, in effect, however. It's not Welsh Government that faces whether there's a surge or a spike or just a tiny trickle of interest. That, in a sense, is not your concern. Have you, since the White Paper, had any more information, either from Scotland or elsewhere, about what that's likely to be and the capacity within the sector to deal with that? Because, as you said earlier, there is a human rights aspect about property rights here that you wouldn't want to lose with a financial restraint, if you like—the one trumps the other, I would imagine.

[88] **Carl Sargeant:** Yes. We recognise that there is risk, within the 12-month period, of people applying. We think, from the consultation that took place last time, that the reduction of the allowance from £16,000 down to £8,000 has had an impact in terms of fewer people applying. But if people still want to apply then they will do. Even at £8,000, that's still a reasonable discount, and authorities recognise this and, as I said earlier, they are already seeing some increased interest in sales. But, as Mike alluded to earlier on, they're generally for the more modern or newer properties.

[89] I haven't had any direct conversations with organisations other than through conferences, et cetera, which, again, as I said earlier on, the majority of stakeholders are asking us to push this through as quickly as possible. If they could—and it may be something that committee wishes to explore—they would wish us to reduce that 12-month period. Again, I am comfortable with the 12-month period on the human rights aspect, but it might be something that the committee might want to think about.

[90] **Simon Thomas:** What about from the others' perspective, particularly the tenants' perspective, and perhaps the more vulnerable people's perspective, and their financial security if they're either encouraged or feel somehow pressured that they must exercise their potential right to buy? They have a year to do it and could enter into a financial situation that isn't beneficial to them. We all know the anecdotal reasons, sometimes, particularly with older people, why they buy their own properties. What sort of information is being given to registered social landlords and what is the Welsh Government doing in terms of protecting, because there's no mention of that—and I know, to a certain extent, in your impact assessment you can't necessarily talk about individual decision making, but there's no mention of

it at all, and yet there is a potential financial risk for individuals in this as well, isn't there?

[91] **Carl Sargeant:** Yes, of course there is, and we would want to ensure that the information we share with landlords includes financial advice for all individuals that may be seeking to purchase. We have an eye on the issue of rogue investors, making sure that they don't see this as a prospecting opportunity, but that is captured by the five-year rule anyway. So, if anybody was to consider buying in that certain length of time there'd be a safeguarding in that. But you can't get away from the fact that there will be some people there preying on more vulnerable people than others, because of the financial interests in property. But we will be issuing guidance to landlords for them to distribute to all their tenants. So, we think we are providing enough information, and I've shared that with committee. If they feel that that should be more robust, then I'm happy to do that. I think it's only right that we help and support tenants.

[92] **Simon Thomas:** So, to be clear, you'll be issuing advice to the registered social landlords, and you'd expect them then to be the ones that do the interface.

[93] **Carl Sargeant:** Yes. That's correct.

[94] **Simon Thomas:** Welsh Government isn't doing its own campaign or using resources to do anything like that.

[95] **Carl Sargeant:** No, we're not. We've done that. As I said, the Scottish Government didn't do it that way. The Scottish Government placed information on a website and left it for people to find. We are being proactive in the way that, as part of the Bill, we will be asking all landlords to make sure that all of their tenants are informed.

[96] **Simon Thomas:** There's always—and you've just mentioned one—potential post-legislative subordinate legislation and things that might be ongoing. Are you confident that you've captured any potential additional costs within the regulatory assessment? Are you getting any further information about how that might pan out?

[97] **Carl Sargeant:** As I said earlier, we believe the RIA is correct. We don't foresee any significant costs coming through, and any current costs that we are anticipating are either in the RIA or will be managed through the internal

budgets of the department.

[98] **Simon Thomas:** Are there any other questions?

[99] A oes rhagor o gwestiynau? Any further questions?

[100] In which case, thank you, Cabinet Secretary, for your time this morning. Obviously, there'll be a transcript for veracity that you can check, and we'll be making our report in due course.

[101] Diolch yn fawr iawn i chi. Thank you very much.

[102] **Carl Sargeant:** Diolch.

09:28

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
Motion under Standing Order 17.42 to Resolve to Exclude the Public

Cynnig:

Motion:

bod y pwylgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

remainder of today's meeting in accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[103] **Simon Thomas:** O dan y Rheol Sefydlog—yr un arferol, 17.42—a Order—the usual one, 17.42—is the ydy'r pwylgor yn hapus i fynd i committee happy to go into private gyfarfod preifat? Diolch yn fawr iawn. session? Thank you very much.

Derbyniwyd y cynnig.

Motion agreed.

*Daeth rhan gyhoeddus y cyfarfod i ben am 09:28.
The public part of the meeting ended at 09:28.*

03/05/2017