Community Right to Buy Bill- Draft Regulatory Impact Assessment

The draft Regulatory Impact Assessment (RIA) sets out an initial cost and benefit assessment of options to establish a Community Right to Buy scheme in Wales.

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Introduction

Summary of Bill Outcomes

1. This is a draft Regulatory Impact Assessment (RIA) supporting the consultation “Community Right to Buy Scheme for Wales” (November 2026) which sets out legislative proposals to establish a Community Right to Buy scheme (“the Scheme”) in Wales. The views and evidence gathered through this consultation will help inform the further development of the Scheme, and the legislation required to establish it.

2. The proposed Scheme would provide communities with an opportunity to register important local assets and, where those assets are later offered for sale, the right of first refusal to acquire them

3. The proposals have been informed by independent research, Senedd scrutiny and reports from community-sector organisations and recent stakeholder engagement, including stakeholder workshops, a stakeholder survey and direct engagement with community organisations and local authorities. The RIA builds on this evidence and engagement by setting out clear proposals and assessing their likely impacts, providing a basis for public consultation.

4. This draft RIA sets out an initial cost and benefit assessment of the options considered and is a developing document. We are seeking additional and any alternative evidence to help inform the final assessment which will form part of an explanatory memorandum published alongside any future Bill.

Why is primary legislation required?

5. The policy proposals set out in the paper require primary legislation to establish the Scheme which could create a legal framework enabling eligible community organisations to:

    - nominate assets that are important to their communities for inclusion on a register;
    - receive notice when a registered asset is put up for sale; and
    - have the right of first refusal before it is sold on the open market.

6. This approach will support the commitments in the Programme for Government to “Building more community wealth and Legislate for a community right to buy to empower communities to take ownership of local assets”. The First Minister also committed in his July 2026 legislative statement to bring forward the Bill as part of the first phase of this Senedd’s legislative programme.

7. Existing non-statutory arrangements have enabled successful community ownership projects across Wales. However, they do not always provide

communities with sufficient opportunity to acquire important assets, particularly where assets are privately owned or offered for sale with limited notice. Stakeholders have consistently highlighted frustration at losing valued community assets, difficulties competing against private buyers and inconsistencies in existing approaches.

8. Further consideration of the rationale for legislation, and the assessment of cost / benefit, is provided within the relevant sections below.

Summary Of Proposals

9. We are inviting stakeholder views on these proposals through the public consultation exercise. Our final options appraisal will therefore reflect the output of this exercise, but our analysis and thinking to date is demonstrated in the next sections.

Options Appraisal

Option 1 – Business as usual (BAU)

10. Under this option community groups in Wales would continue to be able to acquire and manage assets through non-statutory routes. For example, the Community Asset Transfer scheme enables public bodies to transfer the ownership or management of their publicly owned assets to community organisations, including through leasehold or freehold arrangements. Direct community ownership of private assets can also be pursued with a range of grant and loan programmes available to support the acquisitions. These arrangements have supported successful projects across Wales, but they do not provide a consistent route in every circumstance and can result in a loss to the community where private buyers can move quicker through earlier funding release.

Costs

11. Option 1 would maintain current arrangements and would not introduce any additional direct costs for the Welsh Government, Local Authorities, asset owners or community organisations.

12. Existing support programmes and administrative arrangements would continue to operate unchanged.

Benefits

13. Retaining existing arrangements would avoid the costs and administrative requirements associated with introducing a new statutory framework. Communities, public bodies and asset owners would continue to operate within familiar processes, and existing support mechanisms would remain available to assist community acquisitions.

Limitations

14. While current arrangements have supported successful community ownership projects across Wales, they are difficult to obtain and can take decades to reach fruition. In particular, existing arrangements:

    - are largely focused on publicly owned assets and do not generally provide communities with rights in relation to privately owned assets;

- rely significantly on the willingness of asset owners to participate;
- can operate differently across Wales depending on local policies and approaches; and
- do not guarantee advance notice or sufficient time for communities to organise, develop business plans or secure funding before assets are sold.

15. Evidence gathered through research, stakeholder engagement and Senedd scrutiny shows that Wales currently has fewer formal rights in place to enable community acquisition of assets than other parts of the UK. While existing arrangements can support community ownership in some circumstances, stakeholders have identified gaps in the current framework which may limit opportunities for communities to acquire and retain assets of local importance.

Option 2 – Enact the Right to Bid legislation from the Localism Act 2011 (not recommended)

16. Under this option, the Welsh Ministers would commence the Assets of Community Value provisions contained in the Localism Act 2011.

17. Community groups would have the opportunity to nominate and register an interest in assets of community value (public and private), with the scheme managed locally by individual Local Authorities. Where a registered asset is advertised for sale, the community group would have six weeks to determine whether they have an interest in buying and if they do, a moratorium period of six months is triggered to allow the community group to obtain the funds to purchase. At the end of the moratorium period, the asset owner would be free to sell the asset to any purchaser on the open market. However, the owner can still engage with private buyers during the moratorium period, and has control over the final price of the asset.

Costs

18. Implementation would result in costs for local authorities associated with establishing and maintaining asset registers, assessing nominations, notifying owners and interested parties, and administering reviews and appeals.

19. Additional costs may arise for asset owners whose assets are listed, including familiarisation costs and potential delays where a moratorium period is triggered. Community organisations may also incur costs in preparing nominations and developing bids for listed assets.

20. While costs are expected to fall primarily on local authorities, Welsh Government may incur costs associated with implementation, guidance and ongoing monitoring of the regime

Benefits

21. Potentially quicker to deliver than a Community Right to Buy Bill as the legislation is already written (therefore no need to consult), it will require an Order to commence and can be applied when Welsh Ministers want it to start.

22. This option would provide communities with a formal mechanism to identify and seek to protect assets that have important local value. It would increase awareness of potential community acquisition opportunities and provide communities with additional time to prepare a bid when listed assets come up for sale.

23. As the legislative framework already exists, implementation could potentially be achieved more quickly than developing and introducing new primary legislation. This would provide an earlier route to introducing statutory community asset protections in Wales.

Limitations

24. The Right to Bid does not provide a right for communities to purchase an asset. It is a right to bid, not a right to buy.

25. The legislation only delays the sale of a listed asset and allows time for a community organisation to prepare a bid. Asset owners remain free to sell to any purchaser and are not required to give preference to community bids.

26. Evidence from stakeholders and experience elsewhere in the UK suggests that the Right to Bid can raise awareness of assets at risk but has had mixed success in converting listings into community ownership. Communities may therefore invest significant time and resources in preparing bids without a realistic prospect of acquiring the asset. This is one of the reasons why UK Government has since introduced a Community Right to Buy for England.

27. This option would not fully achieve the policy objective of providing communities with a meaningful opportunity to acquire assets of community value and is therefore not the preferred option.

Option 3 – Community Right to Buy legislation - Right of first refusal only (Preferred Option)

28. Under this option community groups would get the opportunity to nominate and register an interest in assets (land or buildings) of community value (public and private), within a statutory Community Right to Buy framework.

29. Where a registered asset is put up for sale, eligible community groups would be invited to express an interest in obtaining the asset and if more than one is interested, they will be assessed to determine a successful buyer. A statutory moratorium period would apply, during which the asset owner would be

unable to sell the asset unless released by the community group. The moratorium period will to allow the community group to undertake due diligence, prepare a business case and secure funding to purchase the asset.

30. The proposed administrative approach is a hybrid model. Local Authorities would be responsible for assessing applications within a nationally prescribed framework, supported by a central function for oversight, guidance and appeals. It is proposed that a single national register will be used instead of individual local registers, providing a transparent and accessible record of applications and decisions across Wales, with improved data collection.

31. A local delivery model may be more responsive to community circumstances and needs but could place additional demands on Local Authority resources and lead to variations in decision making. A fully national model could provide greater consistency and independent oversight but may be less responsive to local considerations and require additional central resources. Stakeholder feedback was mixed on a preferred approach, with some support for a hybrid model that combines local knowledge with national consistency and oversight.

Costs

32. This option would introduce implementation and ongoing administration costs with establishing and operating a Community Right to Buy scheme. These costs would primarily fall on the Welsh Government, local authorities, community organisations and asset owners. Current estimates suggest the overall cost of the Scheme could be in the region of £2 million, but further work is required to determine the overall cost, the split between implementation and ongoing costs, when these costs would fall and how they would be funded.

Welsh Government

33. The Welsh Government would incur one-off implementation costs associated with developing the legislative framework, issuing guidance, establishing governance arrangements and creating a national register of community assets. Ongoing costs would include oversight of the scheme, monitoring and evaluation, management of appeals processes and maintenance of the national register.

Local Authorities

34. Local authorities would incur administrative costs associated with assessing asset nominations, determining eligibility, maintaining records, notifying interested parties and supporting the operation of the statutory process. Where a nomination or decision is challenged, additional costs may arise in relation to reviews and appeals.

35. Initial indicative estimates, based on analysis undertaken for similar proposals in England, suggest that administrative costs could be more

significant during the implementation phase before stabilising as processes become established.

36. Initial indicative estimates of running costs for the establishment of the registration authority for Wales are in the region of £1.1m. These represent the initial set up and ongoing administrative costs scaled proportionally relevant to Wales and it's 22 Local Authorities. These estimates have been taken from cost estimates of £16.23m (example table below) across 317 Local Authorities produced by the UK Government for the English Devolution and Community Empowerment Bill[1]. This works out around £51k per authority.

Local Authorities	**Costs**
Administrative costs:	£13.47m
Valuations:	£0.33m
Asset maintenance costs:	£0.39m
Legal costs:	£2.04m
Total	£16.23m

37. Therefore, we anticipate there may be administrative costs to public bodies within the scope of the new Registration Authority. For example, they may need to provide further evidence or information at the request of the registration and acquisition of assets. Including the proposed two-staged eligibility model and appeals process which could be established.

38. We anticipate there may be an initial high interest uptake to nominate assets for registration through the scheme before a steadier application submission. Statistics available on a similar scheme in Scotland shows 276 applications, nationally, were recorded on their register from its commencement in 2004, 60 of which occurred within the first three years. Database of Community Right to Buy Applications in Scotland 2003 to 2025. - SRUC, Scotland's Rural College. This would suggest that Local Authorities may only receive 1 to 2 applications to register an asset per year.

39. Some of these costs may be mitigated by existing expertise and processes developed through Community Asset Transfer arrangements and wider place-making activity. However, the scale of any savings will depend on the final design of the scheme.

40. The Welsh Government is also considering any enforcement requirements including how the scheme should respond where a registered asset is sold by its owner on the open market without the statutory process being followed. This option could see additional administrative costs to local authorities where an increase in requests, and therefore appeals, requires additional time spent on assessment and internal review.

[1] English Devolution and Community Empowerment Bill - Impact Assessment

41. Further work will be undertaken during development of the full Regulatory Impact Assessment to determine the likely costs in Wales, to establish the administrative costs with more precision and how these may vary between local authorities.

Community Organisations

42. Community organisations may incur costs associated with preparing nominations, gathering supporting evidence, developing business plans and seeking professional advice. Where a registered asset becomes available for acquisition, further costs may arise in relation to valuation, legal advice, fundraising and due diligence activities

Asset Owners

43. Asset owners may incur familiarisation costs associated with understanding and complying with the new statutory requirements.

44. There may also be potential costs to asset owners and potential for delayed sales, however this scenario will be less likely under the assumption that independent valuer is able to arrive at a price that matches the market value of the asset. The extent of any impact on asset owners will depend on the final design of the scheme, including the eligibility criteria, valuation arrangements and length of the moratorium period. This will be further explored during the full RIA as part of the explanatory memorandum.

Benefits

45. This option would establish a statutory Community Right to Buy framework for Wales, providing communities with a consistent and transparent mechanism for identifying and acquiring assets of community value. Unlike existing arrangements, the scheme would apply to both public and privately owned assets meeting the statutory criteria.

46. The introduction of a right of first refusal would provide community organisations with greater certainty and a meaningful opportunity to prepare a purchase. By providing a defined moratorium period, communities would have time to develop business plans, secure external funding and undertake the due diligence necessary to make informed acquisition decisions.

47. The proposed approach would enable Wales to develop a distinct framework that reflects Welsh circumstances and wider policy objectives, including the Well-being of Future Generations (Wales) Act 2015, Cymraeg 2050 and ambitions relating to community empowerment, social justice and sustainable local development.

48. The scheme is expected to increase opportunities for community ownership over time, supporting the retention of assets that contribute to local social,

economic and cultural wellbeing. Community ownership can help secure the long-term future of locally valued facilities and services that may otherwise be lost or transferred to uses that do not reflect community priorities.

49. Increased community ownership may generate wider economic benefits through the creation and safeguarding of local employment opportunities, supporting local supply chains, encouraging volunteering and retaining wealth within communities.

50. Stakeholder evidence indicates that community-owned assets can contribute to a range of wider outcomes and help to invigorate communities, including increased community participation, strengthened social cohesion, improved access to local services and greater local influence over decisions affecting places and communities

51. The scheme may also help to protect assets of community value from disposal or redevelopment that would significantly reduce their community benefit. While the legislation would not prevent sales from taking place, it would ensure communities have a meaningful opportunity to acquire eligible assets before they are transferred to another purchaser.

52. While this option would introduce administrative and compliance costs for public bodies, asset owners and community organisations, it is considered the option most likely to achieve the policy objective of increasing opportunities for community ownership and providing communities with a meaningful opportunity to acquire assets of community value. Consequently, it is the preferred option for consultation.

Conclusion

53. The options analysis has considered a range of options that could partially, or wholly, meet the policy objectives and functional requirements of the Community Right to Buy Bill.

Option 1 – BAU

54. Under this option no new measures would be put in place to replace the existing non-statutory processes used for CAT and public bodies. The benefits of this approach are that no primary legislation is required, there will be no additional costs and resource implications will be limited.

Risks

55. The risks of this approach are reliant on decisions being made by public bodies, no specific mechanism for community groups to be proactive in demonstrating an interest in an asset; it would still lead to assets being lost to community groups as its unlikely social value will be a driver for change. Potential for reputational risks for Government where there is a strength of

evidence to suggest retaining the existing scheme, which is not effective, would only deliver limited benefits to the community. It would also leave Wales behind in this area compared to England and Scotland.

Option 2 – Enact the Right to Bid legislation from the Localism Act 2011 (not recommended)

56. This option would provide communities with a formal mechanism to identify assets of community value and provide additional time to prepare bids when those assets are offered for sale. It could be implemented more quickly than developing new primary legislation. However, the Right to Bid does not provide communities with a right to acquire an asset, only a right to delay its sale. As asset owners would remain free to sell to any purchaser at the end of the moratorium period, this option would only partially achieve the policy objectives.

Risks

57. Does not go far enough compared to England and Scotland, it provides a limited timeframe for community groups to make decisions on purchases, with no compulsion to sell an asset to community groups.

58. The owner still has control over the price and will still be able to engage with other potential buyers during the moratorium period.

59. This is echoed by the Community Assets: Task and Finish group report which states “the Localism Act 2011 right to bid is also weaker than a community right to buy. Welsh Ministers had said, as far back as 2014, that they considered the 2011 Act to fall short by not including a right to buy, and there is a substantial body of opinion and evidence, as discussed in the present Task & Finish Group Report and extensive research, in favour of a stronger right for communities.”

60. In the UK Government impact evidence[2], it is noted that the current Right to Bid in England has been widely criticized by community organisations as being ineffective in bringing ACVs into community ownership. Specific criticisms include:

    • In 2015 The CLG Select committee heard from several witnesses that the six-month moratorium period is not sufficient to put together an offer, especially for communities that need to develop the necessary skills and contacts to form a bid and find funding.

    • There is a lack of guarantee that the available mechanisms would lead to a successful purchase, even in scenarios where community groups were willing and able to deliver on funding as they could be overlooked in favour of another bidder.

[2] English Devolution and Community Empowerment Bill

• The definition of an ACV is too narrow, limiting the scope of assets that can be registered as ACVs. This opens up the potential for certain assets that have historically proven to be of social value and economic benefit to local communities to be overlooked.

• Community groups do not have access to the appeals process to contest authorities' decisions not to list their nominated assets which could lead to a lack of accountability over local decision making.

Impact on community empowerment

61. Moderate, with community groups being able to nominate an interest in advance of any disposal (more proactive approach giving better control to community groups); a defined moratorium period enables funding to be pursued over a set duration.

Option 3 – Establishing a Community Right to Buy scheme for Wales (Preferred option)

62. Under this option a Community Right to Buy scheme would be set up for Wales. This was the option supported by the majority of respondents to the 2026 Summer stakeholder workshops and formed the basis of the recommendations from the Task and Finish Group. This option is considered most likely to achieve the policy objectives.

Risks

63. The risks of this approach is it could require considerable staffing resource to achieve. Primary legislation is required and this is the most expensive option, estimated at £1.1m p.a.

64. Could still be reliant on market forces (which could be mitigated by using an independent valuator as part of the disposal process).

65. There is still no guarantee that the community group will be successful (depending on costs of asset and availability of funding sources)

66. Success will likely be reliant on other support mechanisms and guidance being in place, which could add further cost to the scheme at an administrative level.

Impact on community empowerment

67. High impact, creating an improved balance between community groups and owners of assets that have a social, economic and/or cultural benefit to a local area and its residents. Creates a more proactive approach to seeking out and obtaining relevant assets for communities and should lead to an increase in successful sales.

68. The Welsh Government's preferred option is **Option 3: Community Right to Buy (Right of First Refusal)**. Although it carries higher implementation costs and operational complexity than the alternative options, it is considered the option most likely to deliver the intended policy outcomes by providing communities with a meaningful opportunity to acquire and retain assets of community value for the benefit of future generations.

Funding and Affordability

69. The cost estimates presented in this draft RIA are indicative and have been developed using comparative analysis of similar schemes elsewhere in the UK. Further work will be undertaken to refine these estimates, including consideration of the preferred delivery model, staffing requirements, digital infrastructure and ongoing administrative costs.

70. **Option 1 – BAU -** would not require any additional funding beyond existing budgets and programmes. It is therefore the lowest-cost option from a public expenditure perspective.

71. **Option 2 – Right to Bid** - would require additional funding to establish and administer the scheme, including staffing, guidance, registration processes and appeals arrangements. While costs are expected to exceed those associated with Option 1, they are likely to be lower than those associated with establishing a new Community Right to Buy framework under Option 3. The timing and profile of these costs would depend on decisions regarding implementation and commencement arrangements.

72. **Option 3 – Community Right to Buy** - would require the greatest level of investment. Based on initial benchmarking with comparable schemes, indicative costs of approximately £1.1 million have been identified for implementation and administration of the proposed framework. However, this estimate remains subject to further development and validation as policy design work progresses.

73. No dedicated budget has yet been identified for the implementation of Options 2 or 3. The affordability of either option will therefore need to be considered alongside wider Welsh Government budget priorities and the timetable for legislative delivery. Further work will be undertaken during development of the full RIA to identify funding requirements, potential delivery models and the timing of expenditure.

74. Subject to the outcome of consultation and further cost modelling, funding implications will be considered as part of future budget planning and the development of the legislation.