



## Welsh Government Final Budget 2024-25

27th February 2024

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## Introduction

The [Final Budget](#) remains largely unchanged from the [Draft Budget](#). However, there have been some positive changes that will impact upon the social housing sector and these are outlined below.

The budget also notes administrative changes such as transfers of responsibilities between Ministerial portfolios and transfers to and from reserves.

The budget narrative sets out changes to the Budget for FY 24/25 including: the additional £231m in resource, £8m in capital and reduction of £8m Financial Transaction (FT) capital following the UK Supplementary Estimates process, money carried forward from 23/24 Welsh Reserve and consequentials received from the Department of Levelling Up, Housing and Communities.

The economic context of the budget is also explained and the budget recognises that inflation currently sits at 4% down from 10% a year ago.

The accompanying written statement from the Government on the budget also points to a further update on forecasts and funding consequentials following the UK Government spring statement on 6 March.

## Key headlines

The Welsh Government's Final Budget 2024-25 details the Minister for Finance's new funding announcements. The climate change budget has increased from £2.84bn to £2.87bn from the draft budget, a total increase of £24.86m.

This budget allocates:

- £370m Social Housing Grant (an additional £5m allocated from draft budget).
- An additional £5m for the Homeless and Prevention budget line, which the Housing Support Grant sits within. We are seeking urgent clarity on whether this will be protected for the HSG.
- A further £14.436m to Local Authorities through the Local Government settlement.

## Key Announcement for housing associations

### Increasing the supply of affordable housing

The Final Budget allocates an additional £5m for Social Housing Grant (SHG), bringing the total capital investment in this programme for FY 24/25 to £370m. We are pleased to see this additional investment into social housing to continue supporting the sector to deliver the social homes needed in Wales. This additional funding will be allocated in the usual way according to the standard formula.

Whilst this additional investment is welcome, we will continue our work with Welsh government and other key partners to develop tangible solutions to unblocking systemic barriers to development. The budget allocates a further £20m to increase the Supply and Choice of Market Housing.



The Budget also reinstates the focus on utilising existing housing options by continuing investment in the Empty Homes programme for another year.

## **Prevention of homelessness and financial hardship**

### **Homelessness and housing support**

The Housing Support Grant (HSG) sits within the Homelessness Support and Prevention budget line. This budget line has been increased by £5m. At the time of writing we do not have written confirmation this will be allocated to the HSG. We are seeking urgent clarification from officials and will be in touch as soon as we know more. As a priority, we will be working with partners to make the case for a sustainable multi-year funding settlement for the Housing Support Grant that protects investment in these vital services and front-line staff.

The Homelessness Prevention Grant (HPG), which funds some national projects, has had an increase of £2m. This has been reduced from a previous £5m increase in the indicative allocations, and means that the HPG budget is now £48m.

The budget line for HSG and HPG is therefore a total of £219,910m.

### **Housing associations as social care providers**

The draft budget outlined a 3.1% increase to the core local government settlement, which funds social care. The final budget allocates a further £14m to this fund

The final budget amends a reduction made to the Social Care Workforce grant in the draft budget and allocates £10.564m to ‘improve social care through recruitment and retention of a quality and professional workforce’.

The Integrated Care Fund (now distributed via the Regional Integration Fund and the Housing with Care Fund) has been maintained at a cash flat level of £60.5m.

We understand that the Physical Adaptations Grant budget remains around its current level, and that indicative letters will be shared shortly with HAs in receipt of PAG. We will continue to work with Welsh Government officials to address current pressures on adaptation budgets across the sector.

### **Financial support for households**

Many of the commitments from the draft budget remain unchanged as Welsh government seeks to maintain support for those hit by the cost of living crisis:

- Maintaining the Discretionary Assistance Fund (DAF) at £38.5m
- Protecting support for advice services and the budget for the Single Advice Fund
- Maintaining £35m for the Fuel Poverty Programme
- Maintaining £25m for the Welsh government Energy Service.



The budget also restores £5m of funding for the Children and Communities grant which seeks to support disadvantaged and vulnerable children.

Building on [our Ends Won't Meet report](#); we will continue to evidence the impact of financial hardships on tenants and communities by completing a follow up survey in Spring. We will continue our work with sister federations to consider strategic recommendations to the UK government around welfare reforms. We are also working with our members to review the effectiveness and access across local authorities to Welsh Benefits including the DAF.

## **Building safety**

The final budget makes no changes to building safety funding from the draft budget which reprofiled the building safety fund by releasing £37m of capital in 2024-25 for revenue funding.

The total investment in Building Safety remains at £165m.

## **Decarbonisation**

No changes have been made to the £70m which was previously ring fenced for the Optimised Retrofit Programme for 2024/25. Welsh Government have also committed £18m for WHQS2023 works for 2024/25. We are currently discussing the allocation of this funding with them.

The overall budget for Residential Decarbonisation and Quality has increased by £4m compared to the draft budget to a total of £96m for 2024/25. This reflects additional investment in financial transactions capital, via the Development Bank of Wales, to support homeowners to retrofit their homes through e.g. heat pumps and solar panels.

The social housing sector is still awaiting a decision on the long term approach to the funding of WHQS 2023. We need a fully costed plan and deliverable timetable and strategy which allows investment to be retained in Wales to support the local economy.

## **CHC's response**

CHC has issued the following media statement from Stuart Ropke, Chief Executive:

*On the Social Housing Grant increase:*

"The final budget for 2024/25 includes some welcome changes for social housing.

"We have been clear that building affordable homes is a key part of setting a sustainable course out of the housing crisis in Wales. It has never been more difficult to do so, with cost inflation restricting the impact of government investment in recent years. So we are pleased that Welsh Government has increased Social Housing Grant funding by £5m from the draft budget to allow this to happen. Welsh



housing associations are currently building 70% of social homes and this funding boost will support them to continue this.

"Alongside funding, we need to urgently look at the systems and structures that all homebuilders rely on that are still delaying people and communities getting new homes. We were pleased to see that the Senedd's Local Government and Housing Committee has recently launched an inquiry into this important topic."

"There is huge potential for housing associations and others to not just build more housing, but build the right housing in the right places for the people of Wales now and for many years to come. The additional funding today is a really welcome step in the right direction, but there is more to be done."

*On the Housing Support Grant:*

"The final budget sees a further £5m being allocated to the Homelessness Support and Prevention line. This is a welcome increase. We will continue to work with Welsh Government to ensure that as much additional funding as possible is allocated to the Housing Support Grant.

"We were clear in the run up to this announcement that if we didn't see an enhanced funding settlement for the Housing Support Grant, there would be insufficient funding for frontline workers to be paid fairly and we would likely lose services at a time they have never been more needed.

"Homelessness and housing support services need a sustainable multi-year funding settlement that ensures these vital services and their dedicated staff are able to continue to deliver their life-changing work."

## Next Steps

The Welsh government's decision to increase capital investment in housing priorities in challenging economic times demonstrates a strong and clear message that the Welsh government seeks to support the social housing sector to deliver safe, warm and affordable homes over this Senedd period.

We are pleased to see the increase to the Homelessness Support and Prevention budget line. We are seeking confirmation that this will be allocated to the Housing Support Grant. As a priority, we will be working with partners to make the case for a sustainable multi-year funding settlement for the Housing Support Grant that protects investment in these vital services and front-line staff.

We will continue to highlight the importance of funding social house building and housing support services in our discussions with officials and Ministers ahead of the final Welsh Government budget debate next week and UK Government Spring Statement in March.

*To discuss this briefing, please contact Rhea Stevens or Elly Lock, Heads of Policy & External Affairs:*

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