



## Welsh Government Draft Budget Announcement 2024-25

19 December 2023

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## Introduction

Today, 19 December 2023, the Welsh Government published its [Draft Budget for 2024/25](#), entitled “A Budget to Protect the Services which Matter Most to You”.

This draft budget presents spending choices made by the Welsh Government at a time when the effects of inflation have substantially reduced public spending power. In her foreword to the draft budget, the Minister for Finance and Local Government states that “our budget is now worth £1.3bn less in real terms than when it was set in 2021”.

There are cuts in every government department, except the NHS. Against a backdrop of substantial cuts to other vital public services, and a substantial cut to the Climate Change portfolio, investment in housing and regeneration has been broadly protected. Further details are provided below.

## Key headlines

The Minister for Finance and Local Government has outlined new funding announcements which honours the multi-year settlement and allocates a total of £1bn for housing priorities (between 2022-25). Key spending headlines from this draft budget are:

- £325m Social Housing Grant (SHG)
- £167m Housing Support Grant (HSG)
- £48m for the Homelessness Prevention Grant (HPG)
- £37m for Building Safety capital has been reprofiled
- An additional £450m revenue funding for the NHS
- A 3.1% total increase for local authorities. Detailed allocations will be released tomorrow.
- Maintaining the Discretionary Assistance Fund (DAF) at £38.5m

## Key announcements for housing associations

### Increasing the supply of affordable housing

The budget retains the Social Housing Grant multi-year settlement announced in 2022-23's budget, with £365m allocated for 2024-25.

CHC welcomes the continued commitment to building the new, low carbon affordable homes for social rent that people in Wales so desperately need. Despite the significant headwinds that housing associations are facing, commitment to increasing the supply of affordable homes has not diminished.

CHC is continuing to work with the Welsh Government and our members to develop tangible solutions to unblocking systemic barriers to development. This includes exploring a revised approach to Unnos, such as improving the supply chain.

The Empty Homes programme will continue for an extra year, meeting the commitment to invest up to £50m over the course of the programme to bring 2,000 homes back into use.



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

### **Homelessness and housing support**

The Housing Support Grant (HSG) has remained frozen at £167m. The budget has not been increased in line with inflation. The value of HSG has therefore decreased in real terms (a cash flat settlement). Our [research](#) with Cymorth Cymru found that, if there is no increase in funding, 77% of support providers are likely to reduce capacity in their services; 40% are likely to hand back existing contracts; and 67% are likely not to bid for new or re-tendered contracts.

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 £215m. We will continue to campaign and make the case for further HSG funding in the Final Budget over the coming weeks.

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

The core local government settlement, which funds social care, has been maintained at the planned 3.1% increase between 2023-24 and 2024-25.

The budget outlines a 'reprioritised £11m from the Social Care Workforce Grant, which will result in impacts on local authorities and social care partners.' We will be looking to understand what this means for housing associations.

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 adaptations budgets across the sector.

The Welsh Government states in the budget that 'even with this extra investment, health boards and councils will face significant pressures and difficult choices in managing within their settlements in 2024-25.'

### **Financial support for households**

The draft budget includes the following announcements 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.



CHC's [The Ends Won't Meet report](#) demonstrates that the ongoing cost of living crisis continues to hit social tenants hard. Living costs are expected to remain high, at a time when previous UK and Welsh Government help in the form of the fuel support scheme and energy bill discount scheme has been withdrawn, meaning households will receive less support this winter. One in four of the poorest households will face energy bills rising by more than £100 this winter.

Our [Ends Won't Meet report](#) calls on the Welsh Government to protect existing emergency funds and ensure that routes to support are accessible and targeted to those who most need it. Whilst these announcements demonstrate a commitment from the Welsh Government to protect the existing provisions in place to support vulnerable tenants, further support is needed to help tenants who cannot make ends meet on a daily basis.

We will continue our work with our sister federations to call on the UK Government to introduce a social tariff for the most vulnerable households.

## **Decarbonisation**

Capital investments of £1.8bn in response to the climate and nature emergencies are being maintained. However plans have been affected by high inflation and therefore Welsh Government has had to carefully consider what activity can be protected within its constrained revenue budgets. No changes have been made to the £70m which was previously ring fenced for the Optimised Retrofit Programme for 2024/25.

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.

## **Building safety**

The Welsh Government had previously committed to £165m for building safety in 2024-25. The draft budget for 2024/25 outlines the intention to reprofile the planned budget for the building safety fund, by releasing £37m of capital in 2024-25 for a switch to revenue. The draft narrative details:

*"We have a route to remediation for all buildings through the Welsh Building Safety Fund. The timeline for these complex works can be long so the amended profile - releasing £37m of capital in 2024-25 for a switch to revenue - ensures we have the right amount of money in each year to meet the cost of completed works".*

## **Other funding announcements**

### **Local Government**

The budget protects the core local government settlement by maintaining the planned 3.1% increase between 2023-24 and 2024-25. This aims to protect core local authority services as far as possible.



## CHC's response

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

*"We recognise that today's draft budget brings challenging news for all public services that the people of Wales rely on.*

*"If we want to set a sustainable course out of the housing crisis, it is absolutely essential that we can continue to build affordable homes for the people of Wales. We are pleased that the Welsh Government has clearly recognised this in its protection of the Social Housing Grant in the draft budget today. Welsh housing associations are currently building 70% of social homes and now will be able to continue this progress for another year.*

*"However, simply building the safe, warm, affordable homes our communities need is not enough.*

*"The Housing Support Grant, which is the primary mechanism for preventing homelessness and supporting independent living, has been frozen. In reality, a cash-flat settlement is a real terms cut. Our research shows that in the event of a freeze, more than three-quarters of service providers that rely on the HSG are likely to reduce capacity - meaning they will not be able to reach as many people who need support.*

*"40% of providers are also likely to hand back contracts, and 48% are likely to make staff redundant. This will impact some of the most vulnerable people in Wales; the dedicated people who work for these crucial organisations; and other services, like the NHS, which are already overstretched.*

*"Ending the housing crisis is our collective goal. But to do this, we have to create a sustainable solution where both long-term investment in new and existing homes, and prevention and support services for people, are prioritised."*

## Next steps

Following on from this draft budget, Community Housing Cymru will continue discussions with the Welsh Government and our partners to ensure that investment choices in the final budget provide a sustainable route out of the housing crisis.

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