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What you need to know about the Welsh Government's final budget 2024-2025

February 2024



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Background

On 27 February 2024, the Welsh Government published its [final budget for 2024-25, 'A Budget to Protect the Services which Matter Most to You.'](#)

Since publishing the [draft budget in December 2023](#), Welsh Government has received additional monies from the UK Government through Barnett consequentials. The total further Barnett consequential funding for Wales is £231m in resource, £8m in general capital. This means that the total budget for 2024/25 is £22.4bn of resource expenditure and £26.6bn of capital expenditure. These monies have enabled Welsh Government to amend some of the budget decisions included in the 2024/25 draft budget.

Despite this additional funding, the short-term financial outlook is one of stagnation. Gross domestic product (GDP) is only expected to expand by one per cent, around 4.5 per cent lower than would have been achieved historically. This reduced rate of GDP is equivalent to at least £1,500 per person. Yet despite the gloomy economic outlook, in the short-term, Welsh Government has retained, or in some cases, increased capital expenditure levels within the final budget for 2024/25. This briefing outlines the key changes to funding levels in the final budget for 2024/25.

Ongoing commitment to housing

In the [draft budget 2024/25](#), Welsh Government maintained its record level of investment to develop 20,000 new low-carbon social homes in Wales. The final budget for 2024/25 has increased this funding by £5m. The total capital investment is now £370m.

Whilst we welcome the ongoing commitment and £5m uplift to the budget to develop new low carbon homes the level of funding will not go as far as it did at the start of the multiyear budgetary process due to the impact of high

inflation and borrowing rates.

There has been no change to the funding outlined in the draft budget to support the social housing sector to decarbonise the homes they provide. The amount allocated by Welsh Government in the final budget remains at £92m to support decarbonisation of existing social homes together with £108m for LSVT dowry payments.

Even though there is no change to funding levels for social landlords to decarbonise existing homes, there will be funding for homeowners. We welcome Welsh Government's allocation of £4m in financial transactions capital for the development bank of Wales to help support homeowners to retrofit and decarbonise their homes by funding heat pumps and solar panels.

There is no change to the level of financial support for general house building. The budget remains at £72m to increase the supply and choice of market housing alongside £4m for the Welsh Government's Homebuy scheme.

The empty homes programme will continue into 2025-26 with a total commitment of £50m over the course of the programme. This will bring 2,000 homes back into use.

Changes to homelessness prevention and support funding

The draft budget had two separate budget expenditure lines (BEL) for housing prevention – the housing support grant and homelessness support and prevention. The final budget has just one BEL under homelessness prevention, entitled homelessness support and prevention. It is therefore unclear from this how much of the additional £5m for homelessness prevention is hypothecated for housing support grant and how much is for local authority prevention funds. We are seeking clarity on this and will keep members updated as to what monies are going where.

In the final budget, Welsh Government did announce an additional £5m in funding for homelessness support and prevention. Yet it is important to note that whilst it is an additional £5m on the funding included in the draft budget, the draft budget allocation was £3m less than the original allocation contained within the multi-year indicative budget published in 2023/24. In 2023/24, Welsh Government announced additional indicative funding for homelessness prevention services of £5m in 2024/25. This was reduced in the draft budget to a £2m increase for 2025/25. Effectively a £3m cut to homelessness prevention monies. So, the real increase in homelessness support and prevention funding is £2m taking the total monies allocated for homeless prevention to £219m.

Whilst we welcome the small movement in budget allocation to prevent homelessness, in Wales it is still not at a level for prevention work to be truly effective. Homelessness and the use of temporary accommodation continues to rise in Wales. There are currently 11,200 individuals, including 3,500 children placed in temporary accommodation. The best way to reduce the use of temporary accommodation is preventing homelessness in the first place. Something that will be harder to do with a reduced budget in 2024/25.

Local authority funding

There is some good news for local authorities. Welsh Government had already committed to maintain the local government settlement at 3.1 per cent with a total annual core funding contribution of £5.7bn in the draft budget. Welsh Government recognises the significant pressure faced by local authorities and as such, the final budget will allocate a further £14.44m to local authorities through the local government settlement. It is hoped that this additional funding will allow flexibility to allocate monies to local priorities. Yet in spite of the welcome additional money, the settlement is below the current rate of inflation of 3.9 per cent. This means that local authorities will still have another real terms cut in income.

Coupled with the ongoing provision of temporary accommodation for over 11,000 individuals, statutory homelessness services

are likely to feel the impact of reduced resource which could impact work to tackle homelessness in Wales.

Other budget commitments

All other budget commitments have remained the same in the final budget.

There is a commitment to invest an additional £450m into health and social care, taking their total spend to £11.3bn.

There will be ongoing support for those households in Wales most at risk from the cost of living crisis with £38.5m allocated to the Discretionary Assistance Fund.

The funding for the basic income pilot has been increased by £3.5m taking the total amount of funding to £10.7m. This will continue to support young care leavers taking part in the pilot.

The £8m budget for Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) has been protected reflecting the importance of the work to protect those experiencing VAWDASV.

Welsh Government are reprioritising £15.5m from the Ukraine programme taking the total amount available in 2024/25 to £4.5m. This reflects the reduced number of arrivals and the success in securing accommodation for those initial arrivals from Ukraine.



A view from CIH Cymru

We fully understand the budgetary settlement that the Welsh Government has been dealt a £1.3bn cut in real terms, coupled with the pressures being felt by the NHS post-covid. Yet the reality is that we are in the depths of a sustained and systematic housing emergency, with 11,200 people, including 3,409 children, [in temporary accommodation](#). Furthermore, as of [October 2023, 139,000 people including 34,000 children are waiting for social housing in Wales](#).

We welcome the additional capital funding of £5m to support the development of 20,000 new homes at social rent, taking the total annual spend for 2024/25 to £370 million. Monies that are crucial to helping increasing supply of homes central to ending the housing and homelessness crisis. Yet it is not enough to just build new homes. We also need to ensure the most vulnerable within our communities can access the right support in the right place, in order to maintain their tenancies. This is also a key part of preventing homelessness in Wales, ensuring that when homelessness does occur it is rare, brief, and unrepeatable.

This needs to be supported by a sufficient level of funding both for preventing homelessness and for statutory homelessness services provided by local authorities. Even with the additional monies allocated to local authorities, they are in fact facing another real terms budget cut as the settlement level is below the current rate of inflation. This below inflation settlement comes at a time where the total amount spent by local authorities to provide [temporary accommodation has risen](#) from £5.6m in 2018, to £42.9m in 2022 - a seven-fold increase. Our recent [sector snapshot](#) highlighted that half of housing professionals felt there was not enough resource and think services are suffering. So, if this was the case before this final budget, it is likely that there will be further impact on work to tackle homelessness in Wales.

We need a whole system approach to housing in Wales. Welsh Government has recently [published a white paper](#) that proposes radical change to how we tackle homelessness in Wales. This needs to be matched by sufficient levels of funding to enable front line statutory homelessness services and support services to

carry out work to ensure homelessness in Wales is rare, brief, and non-repeated.

We believe that housing should be a foundational mission for government as a suitable, secure and affordable home will improve health outcomes, reduce poverty and increase economic activity throughout Wales. Despite this, on average, housing has accounted for just two per cent per annum of the total budget for Wales between 2006 and 2022. We believe this does not reflect the seriousness of the housing crisis we are currently navigating. We know there are really tough decisions for ministers in the current economic climate, but unless we make providing everyone in Wales with a safe, sustainable and affordable home a foundational mission, it will cost the public purse more in the long term, on top of the very real human misery caused by not having a place to call home.

Further information

CIH Cymru will continue to engage all political parties on how this budget can respond to the needs of housing professionals across Wales. If you would like to provide your view on the draft budget, please contact Cerys Clark, policy and public affairs manager at CIH Cymru: cerys.clark@cih.org.

