

Agenda – Local Government and Housing Committee

Meeting Venue:

Committee Room 5, Tŷ Hywel

Meeting date: 15 January 2025

Meeting time: 09.00

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Private pre-meeting

08.45 – 09.00

1 Introductions, apologies, substitutions and declarations of interest

09.00

2 Scrutiny of the Welsh Government Draft Budget 2025–26:

Evidence session with the Cabinet Secretary for Housing and Local Government (Housing)

09.00 – 10.15

Jayne Bryant MS, Cabinet Secretary for Housing and Local Government, Welsh Government

Emma Williams, Director of Housing and Regeneration, Welsh Government

Stuart Fitzgerald, Deputy Director, Homes and Places, Welsh Government

Jamie Powell, Deputy Director of Finance, Welsh Government

Break

10.15 – 10.30

3 Scrutiny of the Welsh Government Draft Budget 2025–26:

Evidence session with the Cabinet Secretary for Housing and Local Government (Local Government)

10.30 – 11.45

(Pages 1 – 64)

Jayne Bryant MS, Cabinet Secretary for Housing and Local Government, Welsh Government

Reg Kilpatrick, Director, Local Government, Welsh Government



Judith Cole, Deputy Director Local Government Finance Policy & Sustainability, Welsh Government

4 Papers to note

11.45 (Page 65)

4.1 Letter from Cymorth Cymru in relation to the Welsh Government Draft Budget 2025–26

(Pages 66 – 74)

4.2 Letter from Llamau in relation to the Welsh Government Draft Budget 2025–26

(Pages 75 – 81)

4.3 Letter from the Chair of the Climate Change, Environment, and Infrastructure Committee in relation to the Welsh Government Draft Budget 2025–26

(Pages 82 – 84)

4.4 Welsh Government response to the Social Housing Supply report

(Pages 85 – 100)

Private meeting

11.45 – 12.30

5 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting and for the meetings on 30 January and 5 February

11.45

6 Scrutiny of the Welsh Government Draft Budget 2025–26: Consideration of evidence (Local Government)

11.45 – 12.05

7 Scrutiny of the Welsh Government Draft Budget 2025–26: Consideration of evidence (Housing)

12.05 – 12.30

Document is Restricted



Local Government and Housing Committee

Welsh Government Draft Budget Scrutiny 2025-26

15/01/2025

Background

The Draft Budget indicates the spending plans for 2025-26. This paper provides evidence to the Committee on the future programme budget proposals in relation to the budgets within the Housing and Local Government MEG.

The Draft Budget allocations reflect our continued drive to deliver more homes. This will have a positive impact across the whole of Wales and our population, providing opportunity for every family.

Primarily, increases to the Social Housing Grant and Transitional Accommodation Capital Programme will deliver more homes. This will support our work to end homelessness and ensure everyone in Wales has a decent, secure place to call home. We will also work to maximise investment in delivering more homes through recycling loan funding.

Alongside work to increase the number of homes for rent in the social sector, we will invest to support people to own their own homes through our Help to Buy Wales Scheme and Homebuy. We will also continue to invest for the long term in the regeneration of our towns and cities, bringing empty homes and buildings back into productive use and in increasing our pipeline of land.

Investment in maintenance, improvement and decarbonisation of homes in Wales will be maintained. Whilst the prime focus of this investment remains on social homes, we are investing in Private Rented homes through Leasing Scheme Wales and will extend our Green Homes scheme through the Development Bank for Wales next year.

Annex A provides a breakdown of the relevant Draft Budget figures for the Housing and Local Government Main Expenditure Group (MEG) by Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

Table 1: Overview of changes to the BEL tables

Summary	2025-26 Revised Baseline £000	2025-26 Draft Budget December 2024 £000	Change £'000	% change
Revenue	5,194,461	5,475,394	280,933	5%
General Capital	1,071,630	1,191,280	119,650	11%
FTC* Allocation	0	86,250	86,250	
FTC Repayments	0	-13,388	-13,388	
Total DEL	6,266,091	6,739,536	473,445	8%
AME	1,112,157	1,113,803	1,646	0%
Total Budget	7,378,247	7,853,388	475,091	6%

*Financial Transactions Capital (FTC)

Contents

The Draft Budget indicates the spending plans for 2025-26. This paper provides evidence to the Committee on the future programme budget proposals in relation to the budgets within the Housing and Local Government MEG as outlined in the Draft Budget which was laid on 10 December 2024.1

Annex A provides a breakdown of the relevant Draft Budget figures for the Housing and Local Government Main Expenditure Group (MEG) by Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.....2

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1. Allocations by Spending Programme Area, Action and Budget Expenditure Line (BEL)

1. This section will provide a breakdown of the allocations by Spending Programme Area, Action and Budget Expenditure Line (BEL) and indicates how these align with Programme for Government commitments.

Homelessness Prevention

1. Homelessness Support & Prevention

BEL	Resource Budget £'000	Capital Budget £'000
1120 - Homelessness Support & Prevention	219,590	
Purpose of BEL		
<p>This BEL funds a range of homelessness prevention measures, with the majority of funding allocated to the Housing Support Grant (HSG). An additional £21m has been allocated to this BEL, which will be used to uplift the HSG.</p> <p>The HSG is the primary funding source to support Local Authorities in the prevention of homelessness and assists people with a range of support needs to live independently and sustain tenancies. Consequently, this reduces pressures on other public services (particularly health and social care). There is increasing demand on HSG funded services, particularly for individuals with significant complex needs.</p> <p>The vast majority of HSG funding is pay related costs, with services commissioned by Local Authorities. A proportion of the HSG commissioned services are delivered by Local Authorities, with a larger proportion of the services delivered by third sector partners. The £21m additional allocation in funding awarded to this vital Grant will support the sector in achieving the Real Living Wage for staff delivering these critical services and build capacity in the system to respond to the increased demand and complexity of need.</p> <p>£21.32m has also been transferred out of this BEL to the Revenue Support Grant (RSG). Local Authorities are responsible for ensuring that those who need it can access emergency and temporary accommodation and for provision of discretionary support to prevent or relieve homelessness. The transfer of funding from Grant to RSG to support provision of Temporary Accommodation, Discretionary Homelessness Prevention Funding and Strategic Coordinators reflects that where funding supports delivery of statutory duties it should rightly be funded through RSG rather than Grant. These funding streams are being transferred at their full 2024/25 value.</p>		

This BEL is preventative in nature as the failure to prevent homelessness has direct cost implications for local authorities including through the revenue costs associated with approximately 11,500 individuals currently housed in temporary accommodation. In fact, homelessness or the risk of homelessness undermines wellbeing, gives rise to costs across the public sector. It also impacts on long term outcomes, for example with children in such circumstances failing to achieve their potential educationally.

This BEL is a significant contributor to the fundamental reform of homelessness services to focus on prevention and rapid rehousing which is a key priority in the Programme for Government (PfG). Additionally, this BEL will continue to support the PfG commitment to *“Implement the renting homes Act to give renters greater security and develop a national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who or are at risk of homelessness”* in 2025/26.

Independent Living

2a. Housing Policy

BEL	Resource Budget £'000	Capital Budget £'000
1100 - Housing Policy	1,368	
Purpose of BEL		
<p>This BEL provides funding for a range of projects and activity to support delivery of Welsh Government housing related priorities, the support for implementation of new legislation, research and evaluation on key policy priorities. These projects include Second Homes, Leasehold Reform and implementing the Renting Homes Act.</p> <p>The Housing Policy BEL is a package of funding designed specifically to support the following PfG commitments: <i>“Rent Smart Wales landlords to respond quickly to complaints of racism and hate crime and offer appropriate support”</i>, <i>“Legislate to enact the recommendations of the Law Commission in relation to leasehold reform”</i> and <i>“Develop further effective tax, planning and housing measures to ensure the interests of local people are protected.”</i></p> <p>Additionally, this BEL will continue to support the various strands of activity within the Second Homes and Affordability Pilot which is complementary to the PfG commitment to <i>“Create a Welsh Language Communities Housing Plan”</i>.</p>		

2b. Rapid Response to Independent Living

BEL	Resource Budget £'000	Capital Budget £'000
1285 - Rapid Response to Independent Living	6,358	25,000

Purpose of BEL

The Welsh Government manages several grant schemes to provide home adaptations under the Rapid Response Adaptations Programme (RRAP) BEL, in addition to providing unhypothecated capital to local government which can be used to provide Disabled Facilities Grants (DFG). Through the Care & Repair sector, the RRAP scheme targets rapid provision of adaptations, primarily to enable hospital discharge and reduce delayed transfers of care. The Physical Adaptations Grant for traditional housing associations reduces pressures on local authority Disabled Facilities Grants and the Enable Grant helps local authorities to provide small and medium adaptations rapidly without having to engage the complex and time-consuming DFG means test.

The additional allocations of £5.5m capital and £1.255m revenue in 2025-26 are in recognition of the significant increases in the number of adaptations needed across Wales over the past three years.. The number of complex cases has also risen, along with the costs of delivering these. Budget increases will increase the number of adaptations that can be delivered, help speed up provision of adaptations and ensure services can recruit and retain skilled and experienced staff.

Funding will support capital grant increases to Care and Repair Agencies of £1.5m (£4.5m), Housing Associations through the Physical Adaptation Grants of £1.5m (£12m) and Local Authorities via the 'Enable' programme of £2.5m (£8.5m). This will provide increases for adaptations programmes across all tenures. Additional revenue allocations will be made to support home improvement agency staff across Wales.

Further investment will help to deliver thousands of additional adaptations across Wales, alleviate Housing Association and Local Authority pressures of backlogs for complex cases and could potentially help broaden the remit of the RRAP, leading to better health outcomes for some of the most vulnerable in Wales.

2c. Private Rented Sector

BEL	Resource Budget £'000	Capital Budget £'000
1182 - Private Rented Sector		3,500
Purpose of BEL		
<p>Leasing Scheme Wales aims to lease properties in the Private Rented Sector for use by Local Authorities to discharge their homelessness duties. The Scheme provides benefits for Local Authorities, tenants (who have access to longer term accommodation and the benefit of tenancy support akin to being a social tenant) and property owners. An intended consequence of the scheme is to also improve property standards within the Private Rented Sector (PRS).</p> <p>It directly contributes to the PfG commitment to “Develop a national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who are at risk of homelessness”. It also contributes towards the 20,000 social homes target.</p> <p>It is intended that this scheme will be delivered in all Welsh Local Authorities. Each Local Authority will, provisionally, be set a target of 1% of their PRS to be leased through the scheme by year 5. An additional £2m of capital has been allocated to this BEL in line with this policy intent.</p>		

Homes & Places

3a. Warm Homes

BEL	Resource Budget £'000	Capital Budget £'000
0950 - Warm Homes	3,731	37,500
Purpose of BEL		
<p>The Warm Homes Programme has been the Welsh Government's main intervention in efforts to reduce fuel poverty since its launch in 2009/2010. Welsh Ministers published its statutory plan to tackle fuel poverty in March 2021, with the latest iteration of the WHP launched in April 2024. By 2035, we aim to have no more than 5% of all Welsh households in fuel poverty and no households in persistent or severe fuel poverty.</p> <p>The Warm Homes Programme sets out to achieve this by taking a 'fabric first' approach, independently assessing the needs of each home before recommending short, medium, and longer-term steps to be taken to decarbonise the home and reduce the cost of bills for homeowners. The steps taken include new windows and doors, cavity or external wall insulation, installing air source heat pumps and solar photovoltaics for 1500-2000 homes per year.</p> <p>The Capital funding for this Programme has been increased by 7% in 2025/26 from £35m to £37.5m.</p> <p>This BEL contributes to the PfG commitment to "<i>Continue to improve existing homes, helping us tackle fuel poverty, create much needed jobs, training opportunities, and supply chains.</i>"</p>		

3b. Health & Housing

BEL	Resource Budget £'000	Capital Budget £'000
0986 - Health & Housing		60,500
Purpose of BEL		
<p>Housing with Care Fund (HCF) funds projects to increase housing stock to meet the needs of people with care and support needs. It also provides intermediate care settings in the community so that people who need care, support and rehabilitation can return to living independently or maintain their existing independence. As a preventative programme, HCF aims to reduce demand for long term residential care, and the costs associated with hospital admissions and expensive placements.</p> <p>HCF investments in housing and accommodation must be low carbon and contribute to tackling climate change.</p>		

The Fund builds on the previous Integrated Care Fund (ICF) capital programme and continues to support the delivery of the PfG commitments to “*Support innovative housing development to meet care needs*” and to “*fund regional residential services for children with complex needs ensuring their needs are met as close to home as possible and in Wales wherever practicable*”.

Furthermore, these are tenanted social housing units which will count towards delivery of the 20,000 low carbon social homes for rent target.

Achieve Quality Housing

4a. Residential Decarbonisation & Quality

BEL	Resource Budget £'000	Capital Budget £'000
1065 - Residential Decarbonisation & Quality	1,673	95,000
Purpose of BEL		
<p>This BEL supports a key PfG commitment to <i>Decarbonise more homes through retrofit, delivering quality jobs, training and innovation using local supply chains</i>. It also delivers against two key statutory requirements: Climate Change (Wales) Regulations 2021 – delivery of reduction in greenhouse gas emissions from the housing sector; and Section 33A of the Housing Act 1996 – regarding the setting of standards (i.e. WHQS)</p> <p>This funding will improve the energy efficiency of homes to reduce their carbon emissions to meet legally binding carbon targets, as well as meet our PfG commitment to decarbonise residential homes. Our strategy and investment prioritises social housing, demonstrating best practice, developing supply chains and skills that will stimulate the market and inform strategy for owner occupied home retrofit programmes.</p> <p>The revenue funding supporting this capital programme includes funding for: staffing; running a net zero decarbonisation hub in Wales; and the team responsible for the Regulation of Registered Social Landlords (RSLs).</p> <p>The £95m capital allocation includes a new allocation of £3m of Financial Transaction Capital which will support the continued funding of retrofit loans.</p>		

4b. Major Repairs Allowance and Dowry Gap Funding

BEL	Resource Budget £'000	Capital Budget £'000
1061 - Major Repairs Allowance and Dowry Gap Funding		108,000
Purpose of BEL		
<p>The budget supports the Major Repairs Allowance (MRA) capital grant, allocated to 11 Local Housing Authorities (LHAs) who have retained their council housing stock and forms part of their overall housing capital resources. MRA provides a financial contribution to the cost of LHAs' overall WHQS programmes to ensure their housing stock maintains the Welsh Housing Quality Standard (WHQS).</p> <p>The budget also supports Dowry Gap funding, provided to 10 Large Scale Voluntary Transfer (LSVT) housing associations which were established to accept their Local Authorities council housing. The grant ensures promises made to tenants, including reaching and maintaining the WHQS standard at the time of transfer are fulfilled.</p>		

Building Safety

5. Building Safety

BEL Description	Resource Budget £'000	Capital Budget £'000
2255 – Building Safety	4,500	127,670
Purpose of BEL		
<p>The Welsh Building Safety Remediation Programme will address fire safety issues in medium and high-rise housing (residential buildings over 11 metres). Phase 1 of the fund focussed on intrusive survey work to identify the scale of fire safety issues present, and whether these were due to construction-related defects, inadequate maintenance or the actions of individual leaseholders. Phase 2 of the Programme is focussed on remediation and addressing issues such as non-compliant cladding, compartmentation, and the installation of suppression and evacuation alert systems.</p> <p>Addressing fire related Building Safety remains a key priority. With 407 buildings in our building safety remediation programme, we have an increasingly detailed understanding of the work to be undertaken and the profile of spend needed over the coming years. We continue to monitor progress and press for pace from all involved and will tailor our budget to match the programme of works.</p> <p>This BEL contributes to the PfG to “<i>Reform the current system of building safety, including a second phase of the Welsh Building Safety Fund, so that people feel safe and secure in their homes</i>”.</p>		

Increase the Supply and Choice of Affordable Housing

6a. Social Housing Grants (SHG)

BEL Description	Resource Budget £'000	Capital Budget £'000
0982 - Social Housing Grants (SHG)		437,250
Purpose of BEL		
<p>Allocations made to this BEL contribute towards one of the 5 key PfG priorities of building 20,000 low carbon homes for social rent in this term of government, as well as funding social homes that will be started in 2025-26 and completed in the next Senedd term.</p> <p>To complement our well-established Social Housing Grant Programme (SHG), and to support focus on delivering more homes quickly to meet housing need, the Transitional Accommodation Capital Programme (TACP) was introduced in 2021.</p> <p>An increase of £81m of core capital to the funding for SHG and TACP in 2025-26 will deliver more homes. We will also work to maximise investment in delivering more homes through recycling loan funding.</p> <p>Along with the increase in core capital there has also been an allocation of £26.250m Financial Transaction Capital to support RSL Development Loans. The loan funding is intended to remedy a current market failure due to the housing sector facing several difficult challenges including significant tender increases due to material cost rises and contractors pricing in higher risk, rising inflation and interest rates and higher bad debt and void rates.</p> <p>This BEL contributes to preventing pressures on other public services. Investing in better quality housing can have wider impacts than improving the housing stock alone. Therefore, investment in good quality housing has the potential to generate large economic returns as well as reducing our emissions and levels of fuel poverty. It has a direct impact on the health and well-being of occupants, which can in turn help to reduce pressures on other public services.</p> <p>Our drive to deliver more homes will have a positive impact across the whole of Wales and its population.</p>		

6b. Housing Finance Grant

BEL Description	Resource Budget £'000	Capital Budget £'000
0984 - Housing Finance Grant	5,285	
Purpose of BEL		
<p>This funding, set up pre 2017/18 represents the legal commitment made by the Welsh Government to assist with the repayment of a 30-year bond private placement which has allowed RSLs to borrow around £120million of private finance to fund the development of additional affordable homes, costing £4.1m per annum. Phase 2 of the Housing Finance Grant was also completed with an allocation of £9million per annum of Resource Budget from reserves for a 30-year period. It was extended to include local housing authorities from 2018-19 onwards, known as the Affordable Housing Grant.</p> <p>The Housing Finance Grant budget remains at £13.1m and represents the contractual commitment to RSLs to support SHG. However, the budget line is offset by income forecasted from other sources across the MEG.</p>		

6c. Land for Housing - Repayment

BEL Description	Resource Budget £'000	Capital Budget £'000
0989 - Land for Housing - Repayment		-1,000
Purpose of BEL		
<p>The capital budget allocation of -£1m represents planned repayments of Financial Transactions Capital back to the Welsh Treasury.</p>		

Housing Revenue Fund

7. Housing Programme Revenue Fund

BEL Description	Resource Budget £'000	Capital Budget £'000
1181 - Housing Programme Revenue Fund	1,100	
Purpose of BEL		
<p>This budget funds research and evaluation and supports the delivery of the significant capital PfG commitment of delivering <i>20,000 new affordable homes</i> during this term of government. It also supports interventions such as Rural Housing Enablers, Co-operative housing, work to deliver Welsh Government land and evaluations into the condition of the housing stock in Wales.</p> <p>The budget has increased by £700k reflecting a transfer of funding from the Social Justice MEG and is in relation to programme posts which continue to support Ukrainian people to move to longer term accommodation as part of their local communities.</p>		

Land Division

8. Land Division

BEL Description	Resource Budget £'000	Capital Budget £'000
6410 - Land Release Fund	-1,550	25,000
6410 - Land Release Fund - Repayment		-9,128
Purpose of BEL		
<p>Operational budget of £25m capital allocated to the Land and Buildings Development Fund (LBDF) and land assembly/development.</p> <p>The LBDF is able to assist with derisking land and buildings to advance development. Specifically for buildings, it is able to meet the costs associated with “abnormal” items e.g. removal of asbestos, which can be the barrier to conversion and for land it assists with issues such as contamination.</p> <p>The revenue budget of -£1,550 comprises planned expenditure more than offset by planned income. The capital budget of -£9.126m represents a planned repayment of Financial Transactions Capital back to the Welsh Treasury.</p> <p>This BEL is key in supporting the PfG Commitment of delivering <i>20,000 new affordable homes</i>.</p>		

Increase the Supply and Choice of Market Housing

9a. Market Housing and Other Schemes

BEL Description	Resource Budget £'000	Capital Budget £'000
0987 - Market Housing and Other Schemes		82,000
0987 - Market Housing and Other Schemes - Repayment		-3,260
Purpose of BEL		
<p>Allocations to this BEL will continue to support the Empty Homes Grant (£25m) with an additional £57m of Financial Transaction Capital allocated to support a one-year extension of the Help to Buy Wales Scheme which demonstrates our ongoing support of people who aspire to own their own homes,</p> <p>The Empty Homes Grant was introduced in January 2023 as an additional incentive to further reduce the number of empty properties and therefore increase housing supply.</p> <ul style="list-style-type: none"> <i>The scheme has been developed with Local Authorities and builds on the success of the previous Valleys Taskforce Empty Homes Grant. Aside from owner occupiers, RSLs, Local Authorities and community housing groups can access the funding for empty properties they are acquiring to bring back into use as affordable housing. This is an additional measure to take forward the commitment to bring a higher proportion of existing homes, and especially empty homes, into common ownership at local level.</i> 		

9b. Homebuy

BEL Description	Resource Budget £'000	Capital Budget £'000
0980 - Homebuy		4,000
Purpose of BEL		
<p>Homebuy is a shared equity home ownership support scheme, which is available on existing homes. The scheme is popular in rural areas, where new build homes are not readily available.</p> <p>Homebuy forms part of a wider package to address the challenges facing communities with high levels of second homes in Wales and supports people who wish to own their own homes.</p>		

The PfG sets out clearly our commitment to address the issue of affordability in areas where there are high instances of second homes and develop a *Welsh Language Communities Housing Plan*. Homebuy will form part of the package to address issues of affordability through targeting and tailoring existing housing programmes.

Regeneration

10a.Regeneration

BEL Description	Resource Budget £'000	Capital Budget £'000
4151 - Regeneration	-13,329	40,000
Purpose of BEL		
<p>£125 million of capital has been invested over the three years (2022-25) in our Transforming Towns programme to support our town and city centres. The programme has been underpinned by place making principles and robust master planning in recognising the new landscape of towns. It actively encourages mixed use towns as places to live, work, visit and stay. One of the key elements of this 'place making' activity includes strong community involvement, well-being, enhancement of existing spaces and maintaining their unique identity. Transforming Towns is a coordinated package of support, which provides the Welsh Government's core regeneration investment in town centres.</p> <p>Individual towns have benefitted by identifying the mix of interventions which best suit their specific characteristics, local strengths, culture and heritage. Our investment in Regeneration will help support the delivery of the following Programme for Government commitments:</p> <ul style="list-style-type: none"> • <i>Enable our town centres to become more agile economically by helping businesses to work co-operatively, increase their digital offer and support local supply chains, including local delivery services</i> • <i>Develop masterplans for towns and high streets</i> • <i>Empower communities to have a greater stake in local regeneration</i> • <i>Create more community green space in town centres</i> • <i>Repurpose public space for outdoor events, markets, street vendors, pop up parks and 'parklets'</i> • <i>Support the development of a register of empty buildings and help small businesses move into vacant shops.</i> <p>The resource position is negative as planned expenditure is offset by expected income.</p>		

10b. Cardiff Harbour Authority

BEL Description	Resource Budget £'000	Capital Budget £'000
4162 - Cardiff Harbour Authority	5,400	
Purpose of BEL		
<p>Cardiff Council assumed the role of Cardiff Harbour Authority (CHA) on 1 April 2000. The functions and responsibilities of CHA are detailed in an Agreement made between the Welsh Ministers and Cardiff Council under Section 165 of the Local Government Planning and Land Act 1980. The Section 165 Agreement obliges the Welsh Ministers to pay Cardiff County Council the amounts necessary to discharge its statutory functions. This budget provides the funding required by CHA to discharge these obligations and any additional duties relating to the Cardiff Bay Barrage Act 1993. This funding and any income generated through operating the CHA are ring fenced by Cardiff Council.</p> <p>The functions and responsibilities of CHA include:</p> <ul style="list-style-type: none"> • <i>Environmental & conservation management</i> • <i>Groundwater Monitoring & Management</i> • <i>Community & Events Liaison</i> • <i>Barrage operation & maintenance, including emergency planning & security</i> • <i>Harbour master duties & marine operations</i> • <i>Byelaw enforcement</i> • <i>Navigational safety security & emergency planning</i> 		

Funding Support for Local Government

11a. Local Govt General Revenue Funding

BEL Description	Resource Budget £'000	Capital Budget £'000
0840 - Local Govt General Revenue Funding	4,999,896	
Purpose of BEL		
<p>Local Authorities deliver a wide range of public services. These include significant services for children, through education and social services, and a wide range of services for adults who may be supported through social services, housing support and other community services. Universal services such as highways and waste and public protection are important to all households while services such as planning impact on both residents and businesses.</p>		

The increase of £278.4m in revenue funding for the Local Government settlement includes transfers in as part of the reducing the grant administration burden on Local Authorities. £21m relating to housing grants that were delivering core services have moved into the settlement. There are also some small transfers in relating to coastal risk management and firefighters' pay.

Of the remaining increase, £7m supports the limiting of the Non-Domestic Rates multiplier and £13m the full year impact of the higher than expected teachers pay award. The remaining £236m supports Local Authorities to deliver key services, supporting government priorities as well as delivering to local needs. Social care delivered by Local Authorities is a vital part of the health and social support available to people of all ages across Wales.

Partnership work between Health Boards and Local Authorities is key to boost preventative services and minimise hospital stays. Education is another critical service delivered by Local Authorities; the core funding provided through the local government settlement underpins the provision of education through nursery, primary and secondary schools. It also supports those with additional needs through mainstream provision and special schools.

The increased level of funding will support Local Authorities in meeting pay, inflation and service pressures. However, given levels of pay inflation and increases in complex demands, Local Authorities are likely to continue to make difficult choices on service changes (including to seek to prevent demand) and reductions as well as further council tax increases.

The settlement formula distributes the total settlement available based on indicators of relative need, the main indicators used relate to population, deprivation and sparsity. There will be a different impact in each authority in terms of their own settlement uplift. In making local decisions to reflect local needs, Local Authorities will need to consider the impacts of their choices under the statutory requirements relating to local government including assessing impacts for different groups and in the context of the Wellbeing of Future Generations (Wales) Act.

Unhypothecated revenue and capital funding for will support Local Authorities in both reactive and preventative services. In particular education and social services will include services intended to enable people to stay healthy in their own homes and to live independently.

11b. Non-Domestic Rates Rates Relief

BEL Description	Resource Budget £'000	Capital Budget £'000
0875 - Non-Domestic Rates Rates Relief	77,730	
Purpose of BEL		
<p>The Welsh Government provides grant funding to all 22 Local Authorities to provide the Retail Leisure and Hospitality Rates Relief (RLHRR) scheme to eligible businesses.</p> <p>For 2025-26, the scheme will offer a discount of 40% on non-domestic rates bills for the eligible sectors, with around 25k businesses expected to claim relief. The relief is capped at £110,000 for each business across Wales and provides a continuation of the 40% relief scheme provided in 2024-25.</p> <p>This relief is aimed at businesses and other ratepayers in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels. The aim of the relief is to support these sectors to improve their chances of recovery from the economic challenges which have affected them in recent years.</p> <p>The RLHRR grant is paid directly to Local Authorities to reimburse the costs of relief awarded to ratepayers using Section 47 powers of the Local Government Finance Act 1988.</p>		

11c. Police General Revenue Funding

BEL Description	Resource Budget £'000	Capital Budget £'000
0860 - Police General Revenue Funding	112,331	
Purpose of BEL		
<p>This budget funds essential policing activity in communities through the annual police settlement. This funding contributes towards the total budgets available to Police and Crime Commissioners for the provisions of policing and community safety services in their areas, alongside Home Office funding and council tax precepts.</p>		

11d. Local Govt PFI Revenue Consequences

BEL Description	Resource Budget £'000	Capital Budget £'000
0885 - Local Govt PFI Revenue Consequences	2,411	
Purpose of BEL		
<p>This funding provides a contribution to the annual costs of Private Finance Initiative schemes that were set up in the Welsh public sector and run over 20-30 years. The profile of agreed support is front loaded, so the total amount reduces each year but is committed over the life of the project.</p>		

11e. Transformation & Legislation

BEL Description	Resource Budget £'000	Capital Budget £'000
0887 - Transformation & Legislation	6,032	
Purpose of BEL		
<p>This budget provides funding to support the implementation of a number of Local Government reform programmes delivered by the Welsh Government. It includes funding for workforce partnership arrangements, research in support of local government finance and local tax reform, diversity in democracy and improved accountability, scrutiny and transparency.</p> <p>Within this BEL funding is being provided to improve and support Local Authorities to respond to and prevent governance or other failures.</p> <p>There have been a number of budget updates for 2025-26:</p> <ul style="list-style-type: none"> • £2.150m for the WLGA Improvement Grant has been consolidated into the improvement and support grant in BEL 1571 to reduce administrative burdens. • £80k has transferred to BEL 1440 to recognise the transfer of functions to the Democracy and Boundary Commission Cymru. • £105k has moved out of MEG as it relates to Public Service Boards no longer part of the Housing and Local Government MEG responsibilities. • There are new allocations of funding of £1m to support Electoral Reform and £0.8m for Corporate Joint Committees. <p>This BEL contributes to the following PfG commitments:</p> <ul style="list-style-type: none"> • Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services. • Expand our Access to Elected Office programme. • Delivery of the Local Government Chapter in the Race Equality Action Plan • Change the performance framework for local government to better enable innovation, transparency, and local ownership 		

11f. Non-Domestic Rates Collection Costs

BEL Description	Resource Budget £'000	Capital Budget £'000
0940 – Non-Domestic Rates Collection Costs	5,172	
Purpose of BEL		
This is an accounting only budget (i.e., not cash payments) to pay for the administration of non-domestic rates in accordance with the Local Government Finance Act 1988.		

11g. Emergency Financial Assistance

BEL Description	Resource Budget £'000	Capital Budget £'000
1600 – Emergency Financial Assistance	1	
Purpose of BEL		
Any emergency funding is provided through this BEL, previously it has been used to support Covid and Ukraine payments to Local Authorities. It is also used when the Emergency Financial Assistance Scheme is triggered, for example in extreme weather events. The budget is zero as the need for the EFAS scheme is not predictable and any costs are managed in year.		

Valuation Services

12a. Valuation Office Agency Services

BEL Description	Resource Budget £'000	Capital Budget £'000
1500 – Valuation Office Agency Services	17,000	
Purpose of BEL		
This budget provides annual funding for the statutory functions of the Valuation Office Agency (VOA), an executive agency of HM Revenue & Customs (HMRC), for property valuation services in Wales. The organisation provides the valuations and property advice required for the effective running of council tax and non-domestic rates systems, and to support policy development and administration.		

In relation to local taxation, the VOA has a statutory duty to maintain accurate valuation lists of properties, providing and maintaining the base valuation data which is held on both council tax and non-domestic rating lists. These valuation lists underpin the collection of over £3 billion of local taxation a year in Wales.

The VOA is also responsible for meeting the Welsh Government's local taxation reform requirements: this includes significant work to deliver a council tax revaluation in 2028, a non-domestic rates revaluation in 2026, alongside other local tax reforms.

This BEL contributes to the following PfG commitments:

- *Seek to reform council tax to ensure a fairer and more progressive system*
- *Explore and develop effective tax, planning and housing measures to ensure the interests of local people are protected*

12b. Valuation Tribunal for Wales

BEL Description	Resource Budget £'000	Capital Budget £'000
1540 – Valuation Tribunal for Wales	1,925	
Purpose of BEL		
<p>This budget provides annual funding for the Valuation Tribunal for Wales (VTW), a Welsh Government Sponsored Body. It is independent of the Welsh Government and the Valuation Office Agency (VOA).</p> <p>The VTW provides a free service to the public, dealing with appeals concerning council tax, non-domestic rates and drainage rates. Appeals are heard and determined by unpaid volunteer members. A team of paid staff, led by the Chief Executive, provides the necessary support services.</p> <p>Funding is agreed via a formal framework agreement which is regularly reviewed to ensure the VTW remains fit for purpose and is managed within its agreed budget. These reviews are complemented by regular monitoring meetings to ensure the VTW maintains effective control over its operations.</p> <p>VTW have recently expanded in order to prepare for their vital role in delivering reform programmes for both council tax and non-domestic rates.</p> <p>This BEL contributes to the PfG commitments; <i>“Seek to reform council tax to ensure a fairer and more progressive”</i>.</p>		

12c. Local Taxation Reform

BEL Description	Resource Budget £'000	Capital Budget £'000
1550 – Local Taxation Reform	4,800	
Purpose of BEL		
<p>The main purpose of this funding is to support the Valuation Office Agency to carry out preparatory work ahead of council tax reforms, as part of the PfG commitment to make council tax fairer. It also funds research and analysis to monitor and evaluate the local taxation system (including the commitment to explore Land Value Tax further), alongside maintaining software for managing the annual operation of the Council Tax Reduction Scheme.</p> <p>This BEL contributes to the following PfG commitments:</p> <ul style="list-style-type: none"> • <i>Seek to reform council tax to ensure a fairer and more progressive</i> • <i>Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services</i> • <i>Explore and develop effective tax, planning and housing measures to ensure the interests of local people are protected</i> 		

Building Local Democracy

13a. Democracy and Boundary Commission Cymru

BEL Description	Resource Budget £'000	Capital Budget £'000
1440 –Democracy and Boundary Commission Cymru	1,507	
Purpose of BEL		
<p>This BEL provides the funding for the Democracy and Boundary Commission Cymru which has statutory duties to undertake Senedd constituency reviews, and local electoral and community reviews. It also has the statutory functions to set the remuneration for local elected representatives and provide an Electoral Management Board to lead on the effective delivery of Welsh Devolved elections.</p> <p>The increase in the budget in 2025-26 of £140k relates to the transfer of functions into the Democracy and Boundary Commission Cymru from BEL 887 Expenditure to Promote Local Democracy of £60k and BEL 0887 Transformation and Legislation of £80k.</p>		

13b. Expenditure to Promote Local Democracy

BEL Description	Resource Budget £'000	Capital Budget £'000
1462 – Expenditure to Promote Local Democracy	66	
Purpose of BEL		
<p>This BEL provides funding for a range of research and organisational memberships which support and enable policy development in the local government portfolio. The reduction in budget in 2025-26 of £60k represents the transfer of functions into the Democracy and Boundary Commission Cymru BEL 1440</p>		

13c. Election Policy

BEL Description	Resource Budget £'000	Capital Budget £'000
1463 – Election Policy	3,400	
Purpose of BEL		
<p>This Budget supports the implementation of electoral reform, in particular the implementation of the Elections and Elected Bodies Act, and work to promote democratic engagement. This year will also require funding for training to local government staff in advance of the Senedd elections in 2026.</p> <p>This BEL is the main contributor to the PfG to “<i>Reform local government elections to reduce the democratic deficit.</i>”</p>		

Local Government Improvement

14. Improvement & Support

BEL Description	Resource Budget £'000	Capital Budget £'000
1571 – Improvement & Support	2,791	
Purpose of BEL		
<p>Provides for support for improvement, resilience and digital transformation of county and county borough councils plus contract with Welsh Government Energy Service for decarbonisation - climate change and delivery of the decarbonisation capital budget.</p> <p>The increase in the BEL is the transfer of the WLGA Improvement Grant to reduce administrative burden.</p>		

This BEL contributes to the PfG commitment to “*Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services.*”

Local Govt General Capital Funding

15. Local Govt General Capital Funding

BEL Description	Resource Budget £'000	Capital Budget £'000
1675 – Local Govt General Capital Funding		230,000
Purpose of BEL		
<p>This funding has increased in 2025/26 by £30m (15%) to a total of £230m, including a £1m from Ystadau Cymru.</p> <p>This funding is split into three areas:</p> <ul style="list-style-type: none"> • £30m for local government low carbon heat grant run through WG Energy Service. • £111.2m general capital grant, used for match funding for other grant and small-scale capital project or capital maintenance. • £88.8m budget cover for supported borrowing (a revenue amount in the settlement which can be used to pay interest repayments on borrowing). 		

Academi Wales

16. Academi Wales

BEL Description	Resource Budget £'000	Capital Budget £'000
7093 – Academi Wales	1,269	
Purpose of BEL		
<p>Academi Wales is the centre of excellence for public service leadership. It is an enabling function, contributing towards the capacity and capability of leaders across Welsh public services to respond to PfG commitments or legislative requirements. Underpinning this is a focus on leadership behaviours and values which underpin delivery. More than half of the budget (circa £830,000) supports programme funded posts within the delivery team. The budget can be considered to be wholly committed to the range of leadership development programmes, including our summer and winter schools, leadership interventions and a range of masterclasses and programmes. A large number of which have a range of contractual arrangements and agreements in place to support delivery. In addition, in order to deliver on the Academi Wales published Three Year Strategy, part of our annual</p>		

budget will be allocated to research and evaluation activities, to ensure ongoing innovation.

Supporting Collaboration and Reform

17. Community and Town Councils

BEL Description	Resource Budget £'000	Capital Budget £'000
1574 – Community and Town Councils	144	
Purpose of BEL		
<p>This BEL provides support to the town and community council sector via core funding to its representative body One Voice Wales.</p> <p>This BEL contributes to “<i>Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services</i>”, a PfG commitment.</p>		

Fire and Rescue Services and Resilience

18a. Fire and Rescue Service

BEL Description	Resource Budget £'000	Capital Budget £'000
1265 - Fire and Rescue Service	2,646	900
Purpose of BEL		
<p>This BEL funds the Fire and Rescue Services' National Resilience Capabilities of £2m, the salary and on-costs of the Welsh Government's Chief Fire and Rescue Adviser and the Crown Premises Inspector (all of which we are obliged to appoint and remunerate for), and actuarial and legal advice on Firefighter Pensions from the Government Actuary's and Government Legal Departments, which again we are legally obliged to obtain.</p> <p>The revenue budget has been increased by £120k to support resource leading on Fire and Rescue Service (FRS) Culture and Governance Reform,</p> <p>This capital BEL funds the specialist equipment for the Fire and Rescue Services' National Resilience frontline capabilities to respond to major disasters (building collapses, Chemical, Biological, Radiological and Nuclear incidents, serious flooding and terrorist attacks).</p>		

18b. Fire and Rescue Service - Communication Systems

BEL Description	Resource Budget £'000	Capital Budget £'000
1697 - Fire and Rescue Service - Communication Systems	1,275	210
Purpose of BEL		
The majority of the funding is provided to the Home Office for Wales' contribution to the Emergency Services Network (ESN) which is the future communications platform for the emergency services. The Welsh Government is a Funding Sponsor Body which means the contribution to ESN is a long-term contractual commitment.		

18c. Community Fire Safety

BEL Description	Resource Budget £'000	Capital Budget £'000
1698 - Community Fire Safety	371	1,000
Purpose of BEL		
<p>The revenue budget funds a range of Fire and Rescue Service interventions with children and young people, aimed at diverting them away from offending and other negative behaviours. The programmes use firefighters as role models and positive authority figures, and aim to build self-esteem, confidence, teamwork and respect for others. Participant numbers are typically around 500 per year for the most intensive programme ("Phoenix") for those at greatest risk of offending, with around 3,000 in the less intensive "Reflect" programme.</p> <p>The capital element of the budget funds the provision of safety equipment free of charge to households that are at particular risk of fire in the home (eg because of old age, disability or mental health problems).</p>		

Ystadau Cymru

19. Ystadau Cymru

BEL Description	Resource Budget £'000	Capital Budget £'000
1576 - Ystadau Cymru	500	
Purpose of BEL		

Ystadau Cymru (YC) is an integral part of the Corporate Asset Management Strategy as the lead for supporting best practice in those areas of asset management. The majority of YC budget funds the ACPW3 grant scheme (revenue & capital). This scheme supports innovative collaborative asset projects across Wales and in many cases, funds projects that are not supported elsewhere. Alongside the grant scheme, our key workstreams also include building safety, sustainability and community assets where we work with partners to provide support and guidance for the public sector.

In 2025-26 the £1m of capital previously allocated through Ystadau Cymru has been allocated to the Local Government General Capital Funding BEL.

Annually Managed Expenditure (AME)

Spending that cannot reasonably be subject to firm multi-year limits, or that relates to certain non-cash transactions, is included in AME.

BEL Description	Resource Budget £'000	Capital Budget £'000
0981 – Market Housing - AME	-575	
0870 - Non-Domestic Rates Distributable Amount - AME	1,077,000	
0865 - Bad Debt Provision - AME	227	
1699 - Fire Service Pensions - AME	37,151	
Total AME	1,113,803	

BEL 0981 - Market Housing

Budget relates to the fair value adjustments on the Help to Buy Wales Scheme's loan book. The forecasts are very volatile as they relate to Welsh Government's equity share from the scheme and are extremely sensitive to any movement in the House Price Index (HPI). The model is updated on an annual basis to reflect the latest HPI, RPI and discount factor (cost of capital) data. The current budget allocation represents the latest forecast.

BEL 0870 - Non-Domestic Rates Distributable Amount

Budget represents the expenditure funded by Non-Domestic Rates income in Wales.

BEL 0865 - Bad Debt Provision – AME

Budget reflects the movement in the bad debt provision.

BEL 1699 - Fire Service Pensions

The budget allocation is a grant to cover pension payments transferred from our DEL in 2007-08. The current budget allocation reflects the latest forecast received from three Fire Services.

2. Alignment with Programme for Government Commitments

- 1.** The Local Government and Housing MEG supports the delivery of a number of PfG commitments. In accordance with Welsh Government budget management principles, allocations to support the delivery of these commitments have been targeted towards interventions that are affordable and offer value for money whilst also seeking to protect front line services that protect the most vulnerable in our society. Details of the allocations and the PfG commitments they support are provided in the BEL analysis above and throughout this paper.

3. Preventative Spend within Budget Allocations

Local Government

2. Unhypothecated revenue and capital funding will support Local Authorities in both reactive and preventative services. In particular education and social services will include services intended to enable people to stay healthy in their own homes, to live independently. Services which prevent flooding, support healthy lifestyles, provide access to employment, education and leisure are all in the widest sense preventative services. In addition, Local Authorities will have specific activities targeted towards prevention for example [frailty services, reablement to prevent hospital admissions, community advice and support].
3. Funding provided through the RSG is unhypothecated. It is for Local Authorities to determine priorities. Providing this significant funding in this way means Local Authorities have the flexibility to plan, fund and deliver their services in the way that works best for their local populations.
4. Within the Transformation and support BEL, funding is provided to improve and support Local Authorities to respond to and prevent governance or other failures.

Housing

5. Within the housing sector there are numerous schemes targeted at prevention.

Increased investment in more homes and continued investment in existing stock

6. Investing in **more homes** provides families with the opportunity to thrive, improving health, wellbeing, quality of life and outcomes. **Building new homes** contributes to local economies, creating and supporting jobs, training opportunities and strengthening supply chains.
7. Investing in **better quality housing** can have wider impacts than improving the housing stock alone. For all age groups, those living in social housing are more likely to have a limiting long-term illness, disability or infirmity than

owner occupiers and those privately renting. Improvements in housing quality can alleviate these conditions and prevent the requirement for intervention from health and social services.

- 8.** Therefore, investment in good quality housing has the potential to generate large economic returns as well as reducing our emissions and levels of fuel poverty. It has a direct impact on the health and well-being of occupants, which can in turn help to reduce pressures on other public services.
- 9.** Our drive to deliver more homes will have a positive impact across the whole of Wales..

Increased Investment in Homelessness prevention and Support via the Housing Support Grant

- 10.** Early intervention is the most effective, and cost effective, means of preventing homelessness. In fact, homelessness or the risk of homelessness undermines wellbeing and gives rise to costs across the public sector. It also impacts on long term outcomes.
- 11.** The HSG is the primary funding source to support Local Authorities in the prevention of homelessness. There is increasing demand on HSG-funded services, and an increasing proportion of individuals with significant complex needs. This is a view supported by evidence from the Cymorth Cymru provider survey 2024.
- 12.** Analysis by the Bevan Foundation of Shelter casework data found that, of those seeking support for housing issues, the vast majority had support needs. The most common support need was for mental health at 54 per cent followed by physical health at 42 per cent.
- 13.** HSG services are key to preventing homelessness and to supporting people to move on successfully from temporary accommodation. Bevan Foundation research and Welsh Government data shows repeat placements are common; 19% of placements into temporary accommodation in August 2024 were of individuals who had previously been placed into temporary accommodation within the last 12 months (Welsh Government data)
- 14.** HSG services are under significant pressure. Cymorth Cymru's 2024 provider survey found that 81% of providers are running services at a deficit due to

insufficient funding from the HSG. Looking to next year, the survey suggested that a failure to increase the HSG would result in high numbers of providers being likely to reduce service capacity and being unlikely to bid for new or re-tendered contracts.

- 15.** Previous research (in 2020) by Cymorth Cymru and Cardiff Metropolitan University into the social and financial impact of the HSG estimated that the grant generates a gross annual saving to public services of £300.4m, or a net annual saving of £176.7m (when taking in to account the annual HSG spend as at July 2019).
- 16.** Investment in prevention and support through the HSG will have a positive impact on vulnerable individuals and households as well as on public services.
- 17.** This increased investment in preventive services also supports our transformation agenda and provides a strong foundation and preventative focus ahead of the forthcoming legislative reform. Viewed alongside our investments to deliver more homes and improve standards, this underlines our commitment to, and progress towards, delivering housing adequacy.

Increased investment in Independent Living budgets

- 18.** This increased investment will support Care & Repair services via revenue funding as well as RRAP capital budgets to support Local Authorities and RSL funded adaptations.
- 19.** Adaptations are an effective preventative investment to support independent living and improve the health and wellbeing of older people, disabled adults and children.
- 20.** There have been significant increases in the number of adaptations needed across Wales over the past three years. The number of complex cases has also risen, along with the costs of delivery
- 21.** The most recent cleansed and analysed data we have available for housing adaptations in Wales (2020-21) indicates that the average cost was £117 for a small adaptation, £3,840 for a medium adaptation and £16,237 for a large adaptation. More than half of adaptations delivered in 2020-21 were funded by the Rapid Response Adaptations Programme (38%) or local authorities from

their own budgets (20%). A smaller proportion of adaptations were funded by Disabled Facility Grants, Enable (15%) and the Integrated Care Fund (6%).

- 22.** Care and Repair Impact Report 2024 notes the past year has seen increased demand for our services as a cost-of-living squeeze has impacted older people's wellbeing and ability to maintain homes. Demand for Care and Repair services has seen another year-on-year rise. This long-term trend is due to rocketing costs for construction labour and materials, reduced levels of disposable income amongst older people, and more complexity of need. The service delivered 19,023 Rapid Response Adaptations in 2023/24, supporting hospital discharges, and preventing admissions to hospital and residential care. 4,685 patients were supported with a quicker safe discharge home through their Hospital to a Healthier Home service, leading to an estimated 25,968 bed days saved.
- 23.** Further investment will help to deliver thousands of additional adaptations across Wales, alleviate Housing Association and Local Authority pressures of backlogs for complex cases and could potentially help broaden the remit of the RRAP, leading to better health outcomes for some of the most vulnerable in Wales.

4. Strategic Integrated Impact Assessments

- 24.** A Strategic Integrated Impact Assessment was published alongside our Draft Budget on 10 December; this sets out how our interventions have been targeted to address economic, climate and other impacts. Allocations have been made throughout this portfolio to address impacts that have been identified and with the principles of the Wellbeing of Future Generations Act in mind; these details are provided throughout this paper.
- 25.** Our Strategic Integrated Impact Assessment (SIIA) of the 2025-26 Draft Budget outlines the evidence which was considered and informed our decisions. The SIIA identifies key trends and considered the strategic and cumulative impacts of decisions across a range of areas, including giving due consideration to the statutory requirements. This helps to reduce any disproportionate effect on any one specific group as well as identifying opportunities to maximise positive impacts to reduce inequalities across our society.
- 26.** This document should not be read in isolation. It should be read in conjunction with the wider draft Budget narrative and supporting documents, such as the Wales Economic and Fiscal Report (WEFR) and our updated distributional impact analysis. Following the publication of the draft Budget, we will also publish the summary of all Ministerial evidence to Senedd scrutiny committees.

5. Prioritisation of Budgets

- 27.** Across the MEG, we have a total revenue budget increase of £281m, of which £258m was allocated to support Local Government, £23m to supporting Housing and Regeneration. In addition, the MEG has seen an increase in capital of £192.5m, of which £28.7m was allocated to support Local Government with the remaining £163.8m supporting Housing and Regeneration,
- 28.** The additional funding provided through the Autumn Budget is welcome as we emerge from the prolonged period of austerity imposed by previous UK Governments, as well as a range of economic crises such as spiralling inflation. Our overall settlement for 2025-26 is more than £1bn higher than it would have been under the previous UK Government. However, fourteen years of constrained public funding cannot be turned around in just one budget and it will take time for the public finances to recover.
- 29.** As we have developed the draft Budget 2025-26, we have again prioritised protecting core frontline public services as far as possible, supporting the hardest hit households and prioritising jobs. We have therefore provided a rise of 4.3% in the local government settlement.
- 30.** Budget increases for Housing and Regeneration have sought to support the drive to end homelessness in Wales. We recognise that to do so we must increase the supply of affordable homes alongside providing the right support and prevention services. Investing in more homes will benefit people without a suitable home as well as helping to reduce pressure on Local Authority revenue budgets.
- 31.** General Capital budgets for the Social Housing Grant BEL have increased from £330m to £411m as part of Draft Budget 2025-26. This is the key budget line for increasing the supply of affordable housing.
- 32.** The need for more affordable homes is evidenced through Local Authority Market assessments across Wales with all areas reporting a heightened unmet need as well as newly arising need for social rented accommodation. In particular, there is an acute need for one bedroom accommodation which is the highest reported category across all Local Authorities.

- 33.** The number of households experiencing difficulty maintaining a tenancy or facing homelessness continues to rise. Citizens Advice cost of living dashboard for November 2024 notes the number of people they have helped with housing affordability issues continues to follow an upwards trend since 2019. The groups of people they see most for housing affordability issues are single people including single parents, social tenants, 35–44-year-olds and those with a long-term health condition or disability.
- 34.** As of 31 August 2024, 11,339 individuals were in temporary accommodation, a 1% increase from 31 August 2023. 2,860 of these were dependent children aged under 16, a decrease of 16% from 31 August 2023. The number of dependent children has been decreasing over recent months, with the numbers dropping below 3,000 for the last four months. The type of accommodation temporarily housing the most individuals at the end of August 2024 was 'bed and breakfast and hotels' with 32% of individuals, of which 17% were dependent children under 16.
- 35.** The Bevan Foundation and Shelter Cymru consider that the best way to move people on from temporary accommodation is to provide more social homes that are available to people living in temporary accommodation.
- 36.** Information from Local Authorities suggests they are spending on average over £5m a month across Wales on temporary accommodation.
- 37.** The majority of the funding allocated to the Homelessness Support and Prevention BEL funds the HSG which is the primary funding source to support Local Authorities in the prevention of homelessness. An additional allocation of £21m has been awarded to this grant in Draft Budget 2025-26 and will support the sector in achieving the Real Living Wage for staff delivering these critical services and build capacity in the system to respond to the increased demand and complexity of need.

6. Climate Change, Well-Being of Future Generations Act and Decarbonisation

38. The Wellbeing of Future Generations Act requires Local Authorities, alongside other public bodies, in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other. Funding through the RSG to the Local Authorities will support work to prevent persistent problems such as poverty, health inequalities and climate change.

39. Our continued investment in **Residential Decarbonisation & Quality** supports the key PfG commitment to decarbonise more homes through retrofit, delivering quality jobs, training and innovation using local supply chains. It also delivers against two key statutory requirements: Climate Change (Wales) Regulations 2021 – delivery of reduction in greenhouse gas emissions from the housing sector; and Section 33A of the Housing Act 1996 – regarding the setting of standards (i.e. WHQS)

- Capital funding will predominantly be used to support the social housing sector, through the Optimised Retrofit Programme (ORP). Our ambition is to ensure all social housing landlords participate in this scheme so that they can integrate the decarbonisation agenda within their planned maintenance programmes.
- An additional £3m of Financial Transactions Capital has been invested in 2025-26 to support the continuation of Housing Retrofit Loans.
- Our investment in Major Repairs Allowance and Dowry Gap Funding also supports the tackling of climate change and decarbonisation. Welsh Government, together with social landlord delivery partners, have invested billions of pounds to significantly improve and maintain the quality of social homes across Wales over the last two decades following the introduction of the original WHQS standard. By 2022, all social housing in Wales has met the challenging Standard and social landlords continue to maintain that Standard today.
- A new version of the WHQS standard was launched in October 2023. This new standard builds on the excellent achievements of its predecessor, keeping anti-poverty requirements at its heart, improving energy efficiency, with the aim of putting more money in tenant's pockets and

supporting their comfort and well-being. In the face of the cost-of-living crisis and climate change emergency we cannot stand still, and we must continue to push progress and set standards to address decarbonisation through a variety of measures in existing social housing. The current WHQS has already improved the energy efficiency of social homes, which is a significant benefit in the current cost of living crisis. WHQS 2023 builds on this while continuing to ask for more on energy efficiency.

- The new standard focuses on more than just decarbonisation though with the introduction in the standard for suitable flooring to be provided throughout the home at each new tenancy if required and the introduction of water efficiency standards, encouraging landlords to consider biodiversity opportunities across the land that they own and manage.

40. Building on capital funding provided in previous years for the decarbonisation of heating of Local Authority buildings has been increased by £10m to £30m. This funding can be used in stand alone projects or as part of wider capital programmes to reduce the carbon footprint of the local authority estate.

7. Capital Spending on Housing

- 41.** This section will confirm how capital spending on housing will be increased to meet the target of delivering 20,000 new low carbon social homes for rent, as well as funding social homes that will be started in 2025-26 and completed in the next Senedd term.
- 42.** Investing in more homes provides families with the opportunity to thrive , improving health, wellbeing, quality of life and outcomes. Building new homes contributes to local economies, creating and supporting jobs, training opportunities and strengthening supply chains.
- 43.** SHGBEL funding allocations have been increased by £81m from £330m to £411m in 2025-26. This is the key budget line for increasing the supply of affordable housing and is the key contributor towards the PfG priority of building 20,000 low carbon homes for social rent in this Term of Government.
- 44.** SHG is currently the main capital programme supporting the delivery of high-quality affordable housing in Wales by local authorities and RSLs..
- 45.** The TACP was established in response to the growing pressures on temporary accommodation where homelessness figures are increasing due to the worsening cost of living crisis, as well as wider resettlement schemes. TACP provides grant funding to local authorities and registered social landlords (RSLs) to bring forward good quality longer term accommodation at pace to support everyone in housing need.
- 46.** The funding awarded in 2025-26 will be used across both the SHG and TACP programmes to support the delivery of additional homes against the target of delivering 20,000 new low carbon social homes for rent in this term of government, as well as new homes approved and started in 2025-26 that will complete in the next Senedd term.

8. Homelessness and Housing Support Grant

- 47.** This section will provide a breakdown of the draft budget on homelessness, including the Housing Support Grant element of the Homelessness Support and Prevention BEL and how this is laying the foundations for the forthcoming legislative reform.
- 48.** As outlined above, the HSG is the primary funding source to support Local Authorities in the prevention of homelessness.
- 49.** The additional £21m investment in the HSG provides increased investment in preventive services and supports our transformation agenda, providing a strong foundation and preventative focus ahead of the forthcoming legislative reform. Viewed alongside our investments to deliver more homes, this underlines our commitment to our long-term goal of ending homelessness by making it rare, brief and unrepeatable.
- 50.** This additional allocation in funding awarded to this vital Grant will support the sector in achieving the Real Living Wage for staff delivering these critical services and build capacity in the system to respond to the increased demand and complexity of need.
- 51.** £21.32m has also been transferred out of this BEL to the RSG, as part of Draft Budget 2025-26 allocations. This funding is intended to support provision of Temporary Accommodation, Discretionary Homelessness Prevention Funds and Strategic Coordinators, and reflects that where funding supports delivery of statutory duties it should rightly be funded through RSG rather than Grant. Local Authorities are responsible for ensuring that those who need it can access emergency and temporary accommodation and for provision of discretionary support to prevent or relieve homelessness
- 52.** The remainder of funding in this BEL supports a range of homelessness prevention activities, including housing advice services, youth homelessness innovation funding, the housing first programme, and Leasing Scheme Wales.

9. Building Safety Bill

53. This section will explore how the allocations will support the implementation of the upcoming Building Safety Bill.

54. As stated above, addressing fire related building safety remains a priority for the Government and we are continuing to invest in our building safety remediation programme. We are working at pace to finalise the planned Building Safety (Wales) Bill for introduction before the summer in 2025. An important element of this ongoing work is engaging with local authority partners and others to understand the resource and workforce implications of the legislation. We are also exploring what can be done nationally to support implementation, for example around digital systems to enable the new regime. This work will continue into early 2025 and will inform future budget planning

10. Gypsy, Roma and Travellers

- 55.** There are no allocations within the LGH MEG to support Gypsy, Roma and Travellers and there have been no specific transfers into the RSG in respect of these communities.
- 56.** There are 14 actions within the Anti-racist Wales Action Plan which relate to housing for Gypsy, Roma and Traveller communities, these actions are supported by a revenue budget of £1.63m in the Social Justice MEG, that is contributing to the provision of appropriate and suitable housing including transit sites.
- 57.** Also included within the Social Justice MEG, the Gypsy Traveller Sites has a capital budget of £3.44m for 2025-26 which is unchanged from the 2024-25 Final Budget (restated). The budget covers the development of new sites, site extensions and refurbishment projects at local authority owned sites across Wales. The Cabinet Secretary for Social Justice will be providing evidence to the Equality and Social Justice Committee in respect of these budgets.

11. Annex A

HOUSING & LOCAL GOVERNMENT					
RESOURCE BUDGET					
Action	BEL No.	BEL Description	2025-26 Revised Baseline £000	2025-26 changes £000	2025-26 Draft Budget December 2024 £000
Homelessness Prevention	1120	Homelessness Support & Prevention	219,910	-320	219,590
Total Homelessness Prevention			219,910	-320	219,590
Independent Living	1100	Housing Policy	1,368	0	1,368
	1285	Rapid Response to Independent Living	5,103	1,255	6,358
Total Independent Living			6,471	1,255	7,726
Homes & Places	0950	Warm Homes	3,731	0	3,731
Total Homes & Places			3,731	0	3,731
Achieve Quality Housing	1065	Residential Decarbonisation & Quality	1,673	0	1,673
Total Achieve Quality Housing			1,673	0	1,673
Building Safety	2255	Building Safety	4,500	0	4,500
Total Building Safety			4,500	0	4,500
Increase the Supply and Choice of Affordable Housing	0984	Housing Finance Grant	4,100	1,185	5,285
Total Increase the Supply and Choice of Affordable Housing			4,100	1,185	5,285
Housing Revenue Funding	1181	Housing Programme Revenue Funding	400	700	1,100
Total Housing Revenue Funding			400	700	1,100
Land Division	6410	Land Release Fund	-1,550	0	-1,550
Total Land Division			-1,550	0	-1,550
Regeneration	4151	Regeneration	-13,329	0	-13,329
	4162	Cardiff Harbour Authority	5,400	0	5,400
Total Regeneration			-7,929	0	-7,929
Funding Support for Local Government	0840	Local Govt General Revenue Funding	4,721,513	278,383	4,999,896
	0875	Non-Domestic Rates Rates Relief	78,730	-1,000	77,730
	0860	Police General Revenue Funding	112,331	0	112,331
	0885	Local Govt PFI Revenue Consequences	2,596	-185	2,411
	0887	Transformation & Legislation	6,567	-535	6,032
	0940	Non Domestic Rates Collection Costs	5,172	0	5,172
	1600	Emergency Financial Assistance	1	0	1
Total Funding Support for Local Government			4,926,910	276,663	5,203,573
Valuation Services	1500	Valuation Office Agency Services	17,000	0	17,000
	1540	Valuation Tribunal for Wales	1,925	0	1,925
	1550	Local Taxation Reform	4,800	0	4,800
Total Valuation Services			23,725	0	23,725
Building Local Democracy	1440	Democracy and Boundary Commission Cymru	1,367	140	1,507
	1462	Expenditure to Promote Local Democracy	126	-60	66
	1463	Election Policy	3,400	0	3,400
Total Building Local Democracy			4,893	80	4,973
Local Government Improvement	1571	Improvement & Support	641	2,150	2,791
Total Local Government Improvement			641	2,150	2,791
Academi Wales	7093	Academi Wales	1,269	0	1,269
Total Academi Wales			1,269	0	1,269
Supporting Collaboration and Reform	1574	Community and Town Councils	144	0	144
Total Supporting Collaboration and Reform			144	0	144
Fire and Rescue Services and Resilience	1265	Fire and Rescue Service	3,426	-780	2,646
	1697	Fire and Rescue Service - Communication Systems	1,275	0	1,275
	1698	Community Fire Safety	371	0	371
Total Fire and Rescue Services and Resilience			5,072	-780	4,292
Ystadau Cymru	1576	Ystadau Cymru	500	0	500
Total Ystadau Cymru			500	0	500
HOUSING & LOCAL GOVERNMENT - TOTAL RESOURCE BUDGET			5,194,461	280,933	5,475,394

CAPITAL BUDGET					
Action	BEL No.	BEL Description	2025-26 Revised Baseline	2025-26 changes	2025-26 Draft Budget December 2024
Independent Living	1,285	Rapid Response Adaption Programme	19,500	5,500	25,000
	1,182	Private Rented Sector	1,500	2,000	3,500
Total Independent Living			21,000	7,500	28,500
Homes & Places	0986	Health & Housing	60,500	0	60,500
	0950	Warm Homes	35,000	2,500	37,500
Total Homes & Places			95,500	2,500	98,000
Achieve Quality Housing	1061	Major Repairs Allowance and Dowry Gap Funding	108,000	0	108,000
	1065	Residential Decarbonisation & Quality	92,000	3,000	95,000
Total Achieve Quality Housing			200,000	3,000	203,000
Increase the Supply and Choice of Affordable Housing	0982	Social Housing Grants (SHG)	330,000	107,250	437,250
	0989	Land for Housing - Repayment	0	-1,000	-1,000
Total Increase the Supply and Choice of Affordable Housing			330,000	106,250	436,250
Building Safety	2255	Building Safety	127,670	0	127,670
Total Building Safety			127,670	0	127,670
Increase the Supply and Choice of Market Housing	0987	Market Housing and Other Schemes	25,000	57,000	82,000
	0987	Market Housing and Other Schemes - Repayment	0	-3,260	-3,260
	0980	Homebuy	4,000	0	4,000
Total Increase the Supply and Choice of Market Housing			29,000	53,740	82,740
Land Division	6410	Land Release Fund	25,000	0	25,000
	6410	Land Release Fund - Repayment	0	-9,128	-9,128
Total Land Division			25,000	-9,128	15,872
Regeneration	4151	Regeneration	40,000	0	40,000
Total Regeneration			40,000	0	40,000
Local Government General Capital Funding	1675	Local Govt General Capital Funding	200,000	30,000	230,000
Total Local Government General Capital Funding			200,000	30,000	230,000
Fire and Rescue Services and Resilience	1265	Fire & Rescue Services	1,250	-350	900
	1697	Fire and Rescue Service - Communication Systems	210	0	210
	1698	Community Fire Safety	1,000	0	1,000
Total Fire and Rescue Services and Resilience			2,460	-350	2,110
Ystadau Cymru	1576	Ystadau Cymru	1,000	-1,000	0
Total Ystadau Cymru			1,000	-1,000	0
HOUSING & LOCAL GOVERNMENT - TOTAL CAPITAL BUDGET			1,071,630	192,512	1,264,142

RESOURCE BUDGET - AME					
Action	BEL No.	BEL Description	2025-26 Revised Baseline	2025-26 Draft Budget December 2024	2025-26 Draft Budget December 2024
Increase the Supply and Choice of Market Housing	0981	Market Housing - AME	-5,398	4,823	-575
	Total Increase the Supply and Choice of Market Housing			-5,398	4,823
Funding Support for Local Government	0870	Non-Domestic Rates Distributable Amount - AME	1,079,000	-2,000	1,077,000
	0865	Bad Debt Provision - AME	227		227
Total Funding Support for Local Government			1,079,227	-2,000	1,077,227
Fire and Rescue Services and Resilience	1699	Fire Service Pensions - AME	38,328	-1,177	37,151
Total Fire and Rescue Services and Resilience			38,328	-1,177	37,151
HOUSING & LOCAL GOVERNMENT - TOTAL RESOURCE AME BUDGET			1,112,157	1,646	1,113,803

Agenda Item 4

Local Government and Housing Committee

15 January 2025 – papers to note cover sheet

Paper no.	Issue	From	Action point
2	Welsh Government Draft Budget 2025–26	Cymorth Cymru	To note
3	Welsh Government Draft Budget 2025–26	Llamau	To note
4	Welsh Government Draft Budget 2025–26	Climate Change, Environment, and Infrastructure Committee	To note
5	Social Housing Supply	Welsh Government	To note

Evidence for the Local Government and Housing Committee

Welsh Government Draft Budget 2025-26

A submission from Cymorth Cymru

December 2024

1. Introduction

- 1.1. We are grateful for the opportunity to respond to the Finance Committee's consultation on the Welsh Government's Draft Budget for 2025-26.
- 1.2. Cymorth Cymru is the representative body for providers of homelessness, housing and support services in Wales. We act as the voice of the sector, influencing the development and implementation of policy, legislation and practice that affects our members and the people they support.
- 1.3. We are extremely proud to represent approximately 90 organisations that provide homelessness, housing and support services across Wales. This includes third sector support providers, housing associations and local authority teams. Our members deliver a wide range of services that support people to overcome tough times, rebuild their confidence and live independently in their own homes. This includes people experiencing or at risk of homelessness; young people and care leavers; older people; people fleeing violence against women, domestic abuse or sexual violence; people living with a learning disability; people experiencing mental health problems; people with substance use issues; and many more.
- 1.4. This consultation response focuses on the Housing Support Grant, but we also want to make clear our support for **increased funding for social housing** in Wales. This is absolutely critical to making progress towards the ambition of ending homelessness in Wales.

2. Housing Support Grant

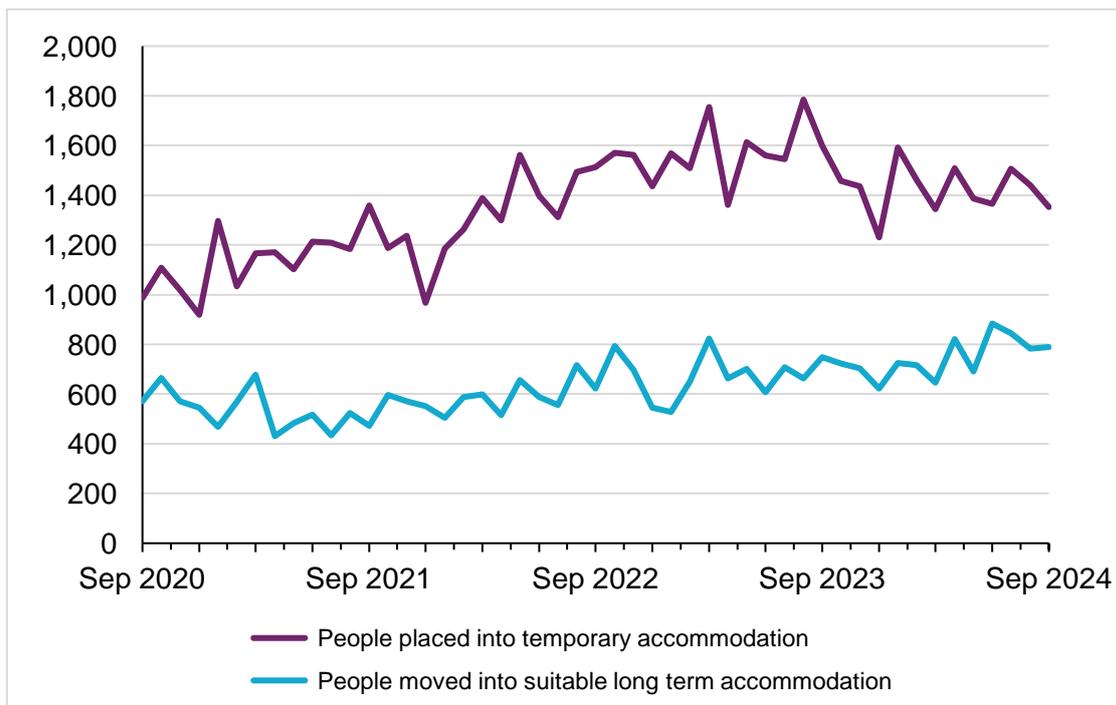
- 2.1. Everyone has the right to a safe and stable home. Housing support services play a vital role in preventing and alleviating homelessness, helping tens of thousands of people every year to recover from trauma and to live safely and independently in their home. However, services have been under constant pressure over the last decade, with funding constraints, huge growth in demand, and an increase in complexity of support needs, all pushing the sector closer and closer to breaking point.
- 2.2. **Over the last few weeks we have been collecting evidence from providers of homelessness and housing support services in Wales.** We received data from 36 organisations, including small charities operating in one or two local authorities, larger charities operating regionally or nationally, and housing associations. These organisations provide the majority of homelessness and housing support services in Wales and we are therefore confident that our data is representative of the sector. The information we have collected evidences the **significant pressure and challenges** facing services and organisations. It highlights the **growing complexity and risk** that frontline workers are facing on a daily basis, the **impact on their wellbeing**, and the need to make further progress on ensuring they receive the **recognition, reward and support** they deserve.
- 2.3. Housing support providers should not have to continuously fight for fair funding, and fair reward and recognition for their workers. However, this situation is not new. The campaign for housing support funding has now been running for over a decade. Ultimately, we need to secure a long term, sustainable multi-year funding settlement that ensures these vital services continue for as long as they are needed in Wales.
- 2.4. **As the Welsh Government makes key decisions about its budget for 2025/26, the message from the homelessness and housing support sector is clear. The Housing Support Grant must be increased to ensure that services can meet growing demand and complexity, pay frontline workers at least the Real Living Wage, and cover the costs of increased National Insurance contributions.**

3. The importance of the Housing Support Grant

- 3.1. The Housing Support Grant (HSG) funds the vast majority of homelessness and housing-related support services in Wales, including tenancy support, supported accommodation, domestic abuse refuges, Housing First, and much more. It plays a key role in preventing homelessness, helping people who are at risk of eviction to overcome challenges and remain in their home. It also provides a range of emergency and supported accommodation for people who are homeless or fleeing abuse and violence. These services are critical to helping local authorities to respond to people's needs and meet their legal obligations to provide accommodation and support.
- 3.2. In addition to preventing homelessness, the HSG also reduces pressure on a myriad of public services, by reducing hospital admissions, supporting people's mental health, avoiding social services interventions and preventing people from going to prison. It is an excellent example of an invest-to-save intervention. [Research](#) conducted by Cardiff Metropolitan University in 2020 found that every £1 invested in HSG services delivers £1.4 net savings to public services in Wales, including health, social care and criminal justice services. Based on the current £182m HSG budget, this translates to a total gross saving of £442m, with £204m to the health service, £177m to social care services and £70m to criminal justice services.

4. Context: Homelessness in Wales

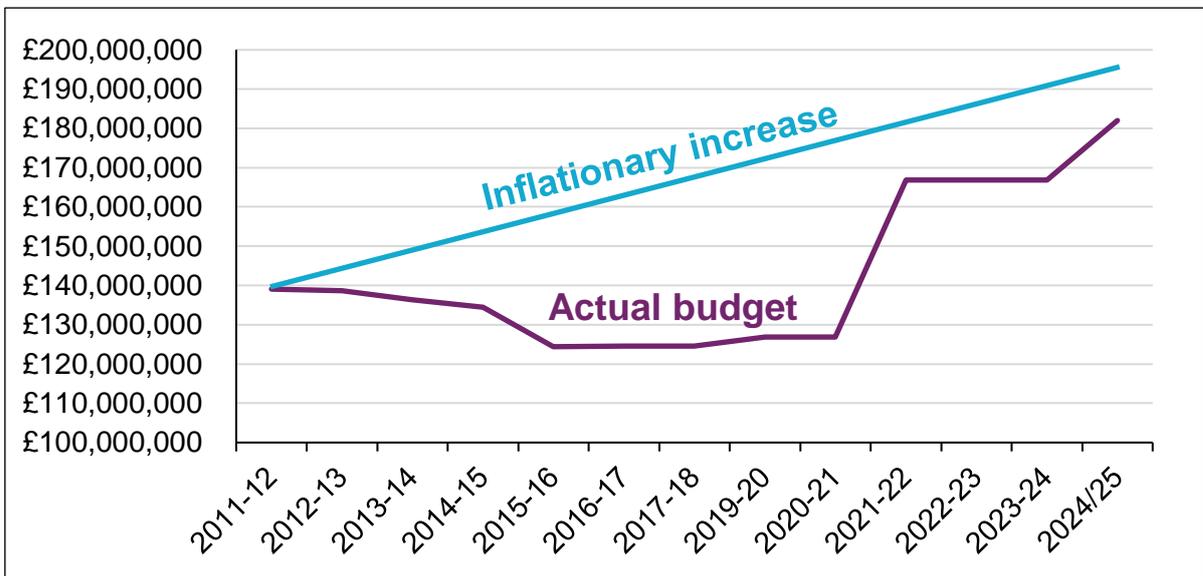
- 4.1. The pressure on the homelessness and housing support system has never been greater. Welsh Government [statistics](#) show that 173 people were sleeping rough and 11,363 people were in temporary accommodation on 30 September 2024.
- 4.2. Ever since the pandemic, the number of people entering temporary accommodation has far exceeded the numbers who are moving out of temporary accommodation and into settled homes (see graph below). In September 2024, there were 1,353 occurrences of homeless people placed into temporary accommodation, with only 790 people moving into suitable long-term accommodation.



- 4.3. While the availability of suitable, affordable housing stock is critical to helping people to move swiftly out of temporary accommodation, **housing support services also have a vital role to play**. The number of people in temporary accommodation is too high, but housing support services prevent even more people from losing their homes. In addition, housing support services are incredibly important in helping people to cope in temporary accommodation, and then move into (and maintain) a settled home.

5. Reduction in real terms budgets

- 5.1. In 2011/12 the Supporting People budget was £139 million. Over the next few years, it endured a series of cuts and was reduced to £124 million in 2015/16. In 2018, it was merged with two other grants to form the Housing Support Grant, with a total budget of £126 million. During the pandemic it was increased to £167 million to reflect the increased pressure on services as a result of the 'everyone in' approach. It remained at that level for three years, before it was increased by £13 million in 2024/25. Some of the smaller homelessness grants were also merged into the HSG in 2024/25, meaning the HSG current stands at £182 million.
- 5.2. **In real terms, the budget has reduced by £13 million since 2012.** We have calculated this figure using the Bank of England inflation calculator, which shows that £139 million in 2012 equates to approximately £195 million in October 2024.



- 5.3. This would be concerning if demand for homelessness and housing support services had remained the same. Unfortunately, we know that both demand for services and the complexity of support needs has increased significantly in the last few years, meaning that the current Housing Support Grant budget falls far short of what is necessary.

6. Impact of last year's budget

- 6.1. Last year the homelessness and housing support sector was in a very precarious position, with many services warning that they would be forced to reduce capacity or even close if additional funding was not provided. Given the significant pressures facing the Welsh Government, **we were delighted that the Housing Support Grant received a £13 million uplift** in the final budget. Providers warmly welcomed the additional funding and it enabled some organisations to reverse planned cuts to their services and avoid staff redundancies.

"We had significant and advanced plans to reduce number of units (people we could support) as well as plans to lay off certain roles based on a static budget assumption. The increase was hugely well received as it meant these plans were never enacted."

- 6.2. However, **only 17% of providers said it enabled them to reverse plans** (based on the draft budget) to reduce service capacity and/or make staff redundant. The evidence collected from providers suggests that the increase was not enough to cover all costs. **Only 14% of respondents to our survey said the final budget settlement was sufficient to cover all of the costs of running a high quality, well-staffed service.**

"The rise was welcomed (and will make a positive difference) however we are still struggling to cover the costs of support staff and running costs."

"In real terms, it has been cut dramatically - we are nearly at the same level of funding as we were receiving in 2011 but with inflation it is a huge reduction."

- 6.3. Unfortunately, the additional £13 million came too late for many services, as it was not announced until the final budget on 27th February 2024. Local authorities and providers based their financial planning for 2024/25 on the draft budget in December 2023, which featured a cash-flat HSG budget. **17% of respondents to our survey said it was announced too late** to avoid some service reductions and/or staff redundancies.

"The announcement was also made very late in the budget setting process therefore decisions about service priorities had already been made."

7. Subsidising services due to funding shortfall

- 7.1. Despite the increase in the budget, **81% of support providers are running HSG services at a deficit** - i.e. costing more to run than the funding they receive from local authority commissioners. As a result, organisations are having to subsidise HSG services from the following sources:
- 64% are using income from other parts of the organisation (e.g. rental income, training income)
 - 52% are using their organisation's reserves
 - 27% are using fundraising revenue (from trusts/foundations/the public)
- 7.2. **Support providers are clear that this is not sustainable.** Most organisations cannot afford to subsidise services in the future and will need to hand back contracts if the funding deficit is not resolved. The boards of these organisations are becoming increasingly concerned about these deficits and some have told their leadership teams to hand back contracts if this continues.
- 7.3. When asked how long they could continue to subsidise HSG projects with funding from other sources, the most common answer was one year or less (15 respondents). The maximum length of time quoted by respondents was 3 years (4 respondents).

"We are currently in negotiation with a Local Authority, unless they can find the additional funding required, we will have no choice but to serve notice and terminate the contract."

"Cost of living rises over the past three years have impacted on our reserves. Our reserves are now at a level where we cannot use them to sustaining operational costs."

8. Real Living Wage

- 8.1. Homelessness and housing support workers in Wales do incredibly challenging and skilled work, but funding constraints mean they do not receive the reward and recognition they deserve.
- 8.2. **The story last year:** In December 2023 we gathered data on the salaries of more than 3,000 workers funded by the Housing Support Grant. This showed that:
- 41% were being paid below the upcoming (April 2024) minimum wage of £11.44/hour
 - 67% were being paid below the 2023/24 Real Living Wage of £12.00/hour
- 8.3. In January 2024, we [wrote](#) to the First Minister and highlighted the disconnect between the wages in the homelessness sector and the Welsh Government's commitment to Fair Work and the Real Living Wage. We called for an increase in the HSG budget to enable support providers to increase frontline worker wages. Once the £13 million uplift to the 2024/25 budget was announced, we were delighted that the Minister for Climate Change [wrote](#) to local authorities to state her 'very clear expectation' that this should be used to address pay pressures and support providers to deliver the Real Living Wage:

"In recognition of the inflationary pressures on housing support services and as the main homelessness prevention grant, I have allocated an additional £13m to the Housing Support Grant (HSG) budget which takes HSG funding to £182,348,128 in 2024-25.

"This increase equates to a 7.8% increase on 'core' HSG funding of £166,763,000 and I have allocated this additional funding with the very clear expectation that this should be used to address pay pressures in the first instance, and assist commissioners in supporting providers to deliver on our broader commitment to Fair Work and the Real Living Wage."

- 8.4. While we, and the Welsh Government, recognised that this was unlikely to be enough funding to cover the Real Living Wage, it was viewed as the first step towards achieving this aim. Over the next few months, we worked with providers, local government and the Welsh Government to try and ensure that the uplift was passed onto providers to enable them to increase wages.
- 8.5. In our most recent survey of providers (October 2024) we asked them to share whether they had been able to pay staff the Real Living Wage, and whether they had received enough HSG funding to cover the whole cost of this.
- 91% of organisations say they are paying frontline staff the RLW
 - However, **only 21% are able to pay for this wholly with HSG funding**. The remaining 79% are having to subsidise wages using their reserves, fundraising or other income.
 - Only 20% said that their HSG funding enables them to maintain appropriate differentials for immediate managers.
- 8.6. It is clear that there needs to be further increases in the HSG to cover the costs of the Real Living Wage in homelessness and housing support services. We hope that the Welsh Government maintains a commitment to ensure that this becomes a reality on next year's budget. On average, providers say **they would need a 17% increase in their HSG funding to cover all of the costs of paying the RLW next year** and maintaining appropriate differentials for immediate managers.

9. Increased demand and complexity

- 9.1. The pressure on the homelessness and housing support system has never been greater. Welsh Government [statistics](#) show that 11,363 people were in temporary accommodation on 30 September 2024. Many of these people will need support to help them cope in temporary accommodation and then move into a settled home. Housing support services are also playing a key role in preventing even more people from entering temporary accommodation.
- 9.2. Evidence we have collected from support providers demonstrates that demand for homelessness and housing support services has increased over the last year, as well as the complexity of people's support needs.
- **91% said demand for their services had increased since last year**
 - **94% said the complexity of support needs had increased since last year**
- 9.3. A number of homelessness and housing support providers have shared how the increased levels of complexity and risk is affecting services.

“Increased incidents involving alcohol. Increased incidents involving mental health. Increased incidents of suicide attempts. Increased incidents involving violence.”

“Recently 62% of residents have experienced suicide ideation and have attempted suicide and/or are self-harming in response to the trauma they have experienced. For some, this is coupled with substance usage, chaotic lifestyles and no support networks. [...] In addition, it is also very difficult for the other residents and their children who are living with the day-to-day fear that a death will occur.”

“Staff in services are dealing with significant issues. Within the last quarter, staff have had to deal with suicide attempts, self-harm, violent crime.”

“We are working with far more YP and women with significantly higher mental health needs, including serious self-harm and suicide ideation. For the first time ever, we are seeing many young people we support threaten staff with weapons and are carrying weapons.”

“We are now dealing with intensity of support needs we wouldn't have come across a few years ago. The high need cases are now the norm in our services. We are supporting residents through the most complex safeguarding, domestic abuse, substance use and mental health issues.”

10. Impact of the current environment on staff

- 10.1. We have become increasingly aware of the impact of increased demand and complexity, coupled with restricted funding and job uncertainty on staff health and wellbeing.
- 10.2. **91% of providers who responded to our survey said there had been a negative impact on staff wellbeing, sickness and burnout**, with 41% saying this had been extremely negative. Many provided further detail about how this was affecting staff, with some hugely concerning comments about staff mental health.

“I have sadly lost a staff member through suicide, I have also had more significantly more staff off work for long periods citing stress, anxiety and compassion fatigue/ burn out.”

“Staff are tired. One member of staff recently said 'it shouldn't be this hard to help people' and that's how it feels. Everything is a challenge due to shrinkage of services.”

“Higher staff turnover, shorter tenure in role. Increased staff sickness absence due to work related stress and anxiety.”

“We believe staff wellbeing has been negatively impacted by increased complexity. We have seen higher numbers of staff leaving than previous years. Further to this, numbers of staff referrals to our counselling services have doubled.”

“We have seen an increase in sickness absence, increased use of agency (which impact on continuity of support provided to residents). The sector is poorly funded which makes recruitment and retention difficult as people can earn the same in far easier, less complex roles.”

“We have a high staff sickness rate with the majority of cases being stress-related.”

11. Impact of staff sickness and turnover

- 11.1. 50% of respondents to our survey said there has been an increase in staff turnover over the last year. Of those who said that turnover had stayed the same, several wanted to highlight that turnover had increased significantly in previous years and still remained very high.
- 11.2. Support providers were keen to outline how high staff turnover affects people using services, who have often experienced a lifetime of trauma and system failure. We asked people to tell us how staff turnover affected people using services.

“It has had significant impact - support is based on relationships and staff turnover directly negatively impacts the person we support through having to repeat stories and build trust over and over again.”

“The quality of the support received by a service with high turnover is much decreased, the client is continually having to work to trust a new person and possibly tell their story again and there is a high chance of disengagement.”

“The people we support rightly complain about not seeing the same people delivering support when we have to use agency. This inevitably makes it hard for them to build positive relationships, feel safe and achieve their outcomes.”

- 11.3. We also asked about the impact on remaining staff members, who are already under significant pressure

“Higher workloads during vacancies, increased risk of burnout.”

“Puts pressure on other staff to cover rota's, having to work additional hours. Can't take their annual leave.”

“Staff having to pick up one or more on the caseload for a week or two (or three). General fatigue on staff who remain in service.”

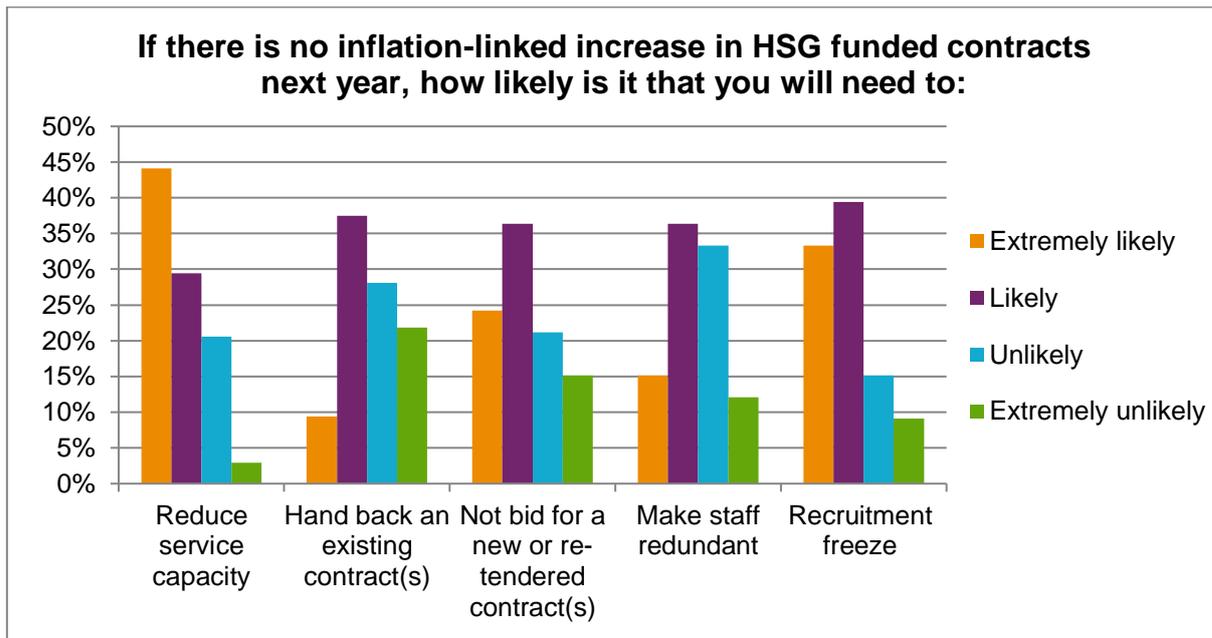
“Staff shortages are significantly burning out the rest of the team. Therefore, when one person is off long-term sick we often find other staff are impacted and more sickness occurs. It is a constant strain and battle.”

12. Looking to the future: HSG budget 2024/25

12.1. We asked support providers to consider the impact of a cash flat settlement (real-terms cut) for 2025/26. The data paints an incredibly concerning picture, with a large proportion of service providers likely to reduce capacity, hand back existing contracts and choose not to bid for new or re-tendered contracts if there is no increase in funding.

12.2. Our survey of support providers showed that a cash-flat budget would have the following impact:

- 74% will likely need to reduce service capacity / support hours
- 73% will likely need to freeze recruitment / leave vacancies unfilled
- 61% will likely not bid for new / re-tendered contracts
- 52% will likely make staff redundant
- 47% will likely need to hand back existing contracts



13. Changes to employer National Insurance contributions

13.1. The survey referenced throughout this report was conducted before the UK Government Autumn Budget, and there are now significant concerns about the impact of the increase in National Insurance contributions. This poses an additional huge risk to the sustainability of high-quality services, which could leave local government without the tools they need to prevent and alleviate homelessness. Most crucially it could result in people who are

experiencing or at risk of homelessness being unable to access the housing and support they desperately need.

13.2. In the last two weeks, we have collected further data from 22 providers of HSG funded services about the increase in costs resulting from the changes to employer National Insurance contributions. **The costs are significant. The highest figure quoted is £621,000 and the average estimated cost is £120,162.**

13.3. Given the financial pressures outlined earlier in this report, the risk facing the homelessness and housing support sector is huge. We also asked providers how much their HSG funding would need to be increased in order to cover the additional NI costs. **The average response was 8.8%.**

“The impact of the NI increase and a commitment to the RLW will cost us £859k. This is a significant sum.”

“Charity’s long term viability at risk due to employer NI changes coupled with National Minimum Wage increase.”

“The NI Increase and lowering of the threshold has a significant negative impact upon our organisation. [...] Should no budget increase be forthcoming, we would have to reduce our workforce and a proportion of support hours to make the projects financially viable.”

“We are extremely worried about these additional costs. We want to pay RLW next year but at this point it looks extremely unlikely. However we will legally have to pay the NI increases and NLW - how on earth are we expected to fund this? The NLW increase and the NI increases will cost us an extra £700,000 next year (4%). Paying NI, RLW and keeping salary differentials would cost us an additional 8%.”

“As an organisation, the total cost as a result of the increased contributions for the whole organisation will cost us £50,000+ per annum. We are having a budget review meeting next week and tough decisions may need to be made to reduce staffing [...] We are in a very precarious position because we are unable to reduce frontline staff due to the increased demand for all our services. It is proving very difficult to access revenue funding from other sources and we feel we are on the verge of crisis point. It feels very unstable at the moment and very concerning.”

13.4. The increase in employer National Insurance contributions is a UK Government decision, and the UK Government should ensure additional funding is made available to cover the additional costs facing homelessness and housing support services. It is imperative that any financial support is not restricted to ‘in-house’ public services, but includes commissioned services.

13.5. However, given uncertainty surrounding this issue, the Welsh Government also needs to make appropriate preparations to ensure that homelessness and housing support services get the financial support they need. We have written to the [First Minister](#) and the [Cabinet Secretary for Housing and Local Government](#) about this issue.

13.6. If the UK Government does not provide additional support for homelessness and housing support services, we are asking the Welsh Government to:

- Provide additional funding in the Welsh Government’s budget for 2025/26 to cover the additional National Insurance costs facing Housing Support Grant and other Welsh Government-funded homelessness and housing support services in Wales.
- Work with local government and providers to ensure that the required funding reaches providers at the start of the financial year.

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4th December 2024

Dear John,

Thank you again for sponsoring Llamau's Impact Event last month.

We are writing to you in your role as Chair of the Local Government and Housing Committee and attach a copy of our response to the Finance Committee's consultation on the budget.

As you know, we are extremely concerned about the financial situation charities like Llamau are being placed in. Charities across Wales are going to be hugely impacted by the UK Government's budget decision to increase National Insurance Employer contributions. Whilst I appreciate this is not a Welsh Government decision, the impact of this decision will be felt throughout Wales. The NI Employer Contribution will cost Llamau an additional £500k per annum from April 2025.

With nearly all commissioned services not paying full cost recovery, charities like Llamau simply cannot manage without additional funding to meet these costs. If services or charities close, the pressure on public services will hugely increase.

A recent Cymorth Cymru survey of homelessness and housing support providers in Wales found that a failure to increase the Housing Support Grant would result in 74% of providers likely to reduce service capacity, 61% unlikely to bid for new or retendered contracts and 47% likely to hand back existing contracts. This survey was conducted before the UK Government Autumn Budget, and there are now significant concerns that the increase in National Insurance contributions have the potential to push these support providers over the edge.

Llamau were delighted last year, when the Welsh Government Budget increased Housing Support Grant by £13million to allow the sector to finally move towards paying Real Living Wage. At Llamau we were able to use this money to achieve the then current Real Living Wage rates; however, without an additional increase to Housing Support Grant in the Welsh Government Budget for 2025/2026, we will not be able to maintain this. Last year's increase was the first increase in 15 years.

As we demonstrated at our Impact Event last month, the work of Llamau and the homelessness and housing support sector more generally, can demonstrate a positive lifelong impact on the people we support, helping them leave homelessness

behind for good and enabling them to become economically active and financially independent. Without an increase to our funding, to allow us to recruit and retain colleagues on an acceptable wage, services will end and again the people in most need in Wales will suffer.

We sincerely hope that the forthcoming Welsh Government budget for 2025/2026 contains the following to ensure our sector both continues to support individuals to leave homelessness behind for good, and allows charities and support providers to continue supporting the pressures on public sector services:

- Provide additional funding to cover the additional National Insurance costs facing charities providing Housing Support Grant and other Welsh Government or local authority funded homelessness, housing support and Social Services contracts in Wales.
- Provide additional funding to allow charities delivering these services to maintain Real Living Wage salaries.

We desperately need your and the committee's support. Without an uplift to the Housing Support Grant for the financial year 2024/25, there is a real risk of services collapsing and vulnerable people being left with nowhere and no one to turn to.

I would also like to take this opportunity to invite you and/or committee members to visit some of our services and meet with incredible young people and women who are being supported by Llamau to overcome homelessness.

Best wishes,



Sam Austin, Frances Beecher

Chief Executives, Llamau

Llamau Submission to the Finance Committee:

Welsh Government Draft Budget proposals for 2025-26.

Introduction

Homelessness and housing support services in Wales continue to face significant pressures. Demand for Llamau's services has increased substantially, and with it, an increase in the number of young people, women and children we support who are presenting with very complex support needs. Our funding is for 'Housing Related Support', yet we continue to provide so much more than that, which simply isn't factored in – or paid for - in existing contracts. In some cases, it is this work which is literally keeping people with a history of serious self-harm, or suicide attempts, alive.

The Welsh Government's final budget for 2024/25 included a £13 million uplift to the Housing Support Grant (HSG), having initially allocated flatline funding. We were pleased that Ministers listened to the compelling case to find extra resources, which equated to a 7.8% increase from the previous year. Much of this was used to address pay pressures, in line with the Government's commitment that all frontline staff should be paid the Real Living Wage. However, facing challenges of their own in funding statutory services, Local Authority contracts did not cover this in full. (See Staff Wellbeing and Retention section).

We note that the Ending Homelessness National Advisory Board's autumn update, published on 23rd October 2024, states that despite continued financial challenges facing Government, 'Board members have expressed the need to protect the gains made in the last budgetary settlement and continue to invest in HSG and the workforce'.

There are clear reasons for this. The cost of delivering services has increased significantly and many of our contracts are paid between 20% and 30% less than the real cost for funding these services. We are already subsidising low value contracts through our own charitable fundraising, but this is becoming more and more challenging as businesses and individuals face their own difficulties. Our fundraising efforts through trusts and foundations is limited because of the size of Llamau's turnover.

In addition, the recent UK budget announcement that the amount we must pay on employees' national insurance contributions will increase from 13.8% to 15% from April 2025, will significantly impact third sector organisations across Wales, costing Llamau an additional £500,000 next year alone.

Increase in demand for services:

In common with organisations across the sector there has been an increase in demand for our services. In the last year, over 11,000 young people, women and children were reached by Llamau across all services. This includes:

- Over 5,500 people including children supported by Llamau's domestic abuse service
- Over 5000 young people supported by our range of Early Intervention & Prevention, Safe Home and Move on services
- Over 200 people, including children, were supported by Llamau's domestic abuse refuges
- Over 1500 young people were supported by Llamau's floating support services
- Over 500 young people at risk of homelessness were supported through Llamau's supported accommodation for youth services across Wales
- Over 300 young people were supported by Llamau's Family Mediation Service
- Nearly 1,000 children were supported by Llamau's Debrief and Mediation services for missing children in Gwent and Dyfed Powys
- Over 500 young people received specialist advice and support, including through the Youth Homeless Helpline.
- Nearly 400 young people were supported through Llamau's Learning, Training and Employment programmes
- Over 1700 people and children were supported by Llamau's range of Domestic Abuse Outreach Services
- 36 young people with complex needs were supported at our range of Housing First for Youth projects across Wales
- Nearly 550 people were identified at risk and supported by our IRIS service
- Over 300 people engaged with our specialist counselling services

Referrals have continued to increase for refuge spaces across Llamau, with 296 referrals for our 67 spaces in 2023/24. During this year we increased capacity by opening 3 dispersed refuges, 2 in Merthyr CBC and 1 in Caerphilly CBC. Demand for spaces meant we were unable to accommodate 187 referrals primarily due to there being no space available, unsuitable for person's needs, or risk area too close to refuge. In the community, our Floating Support services received 999 referrals; an increase of 110% compared to the previous year.

Llamau's Youth Homeless Helpline continues to provide out-of-hours support for young people who are homeless or at risk of homelessness. The number of calls has increased significantly since last year however – an increase of 81% on the 157 calls received during 2022/23.

Staff wellbeing and retention:

Recruitment and retention of colleagues continues to be a challenge for the health and social care sector in Wales and for Llamau. The increased demand and complexity of support needs, coupled with restricted funding is impacting staff wellbeing and sickness. We are working with far more young people and women with significantly higher mental health needs, including serious self-harm and suicide ideation. For the first time ever, we are seeing many young people we support carrying weapons and threatening staff. In addition, we are losing well trained colleagues to Local Authorities, who are setting up 'in house' services, and offering 10% more in terms of salary.

The staff turnover rate continues to be much higher than before the Covid pandemic but has remained static over the last year. We have had to start relying on agency staff while we recruit - leading to higher costs (not covered by contracts) and lower quality. We have continued to make improvements to our recruitment, onboarding and induction processes but the costs of HSG services do not cover full salaries, the necessary training, or PIE services for example, even though we must demonstrate all of these at audit and tender/retendering.

Following the increase to the HSG in the final budget for 2024/25, there was a clear expectation from Government that this should be used to address pay pressures and assist commissioners in supporting providers to deliver on the commitment to Fair Work and the Real Living Wage. Llamau currently pays all staff the Real Living Wage, but this is not covered through the contracts and has had to be subsidised by fundraising efforts and by using reserves. To maintain the Real Living Wage increase for 25/26, alongside the additional costs of increases to National Insurance Employer Contributions, will cost Llamau approximately £1.5million. This is not sustainable and without additional funding for the sector for 25/26, we cannot meet these costs.

Real Living Wage, National Insurance Employer contribution rises, and inflationary increases mean we would need an increase in HSG funding of 7.9% to meet these costs. If there is no such inflation-linked increase in HSG funded contracts next year, it is likely that we will have to reduce service capacity, leave vacant staff posts unfilled and potentially make staff redundant. Without further support to ensure fair wages for our staff, we would certainly be unable to pay Real Living Wage for 25/26 and will be unlikely to award *any* pay increases to colleagues within the organisation.

The Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

The sector is consistently being told by commissioners that prevention services are at risk as they face their own funding challenges and feel they need to concentrate funding on crisis interventions. This is, in our view, a false economy as the preventative and early intervention services save money in the longer term, as these examples show:

- Mediation can sustainably prevent family relationship breakdown and the costly crisis of homelessness for a young person; saving over £27,000 per person in specialist supported accommodation costs.
- Family relationship breakdown is consistently shown to be the main driver of youth homelessness. Targeted early intervention like our mediation services can successfully enable young people to remain safely in their family home, preventing the significant costs of often inappropriate temporary accommodation – shown to have doubled in Wales in the last 5 years to over £40m.
- Supporting an individual to better manage their mental health through our specialist services such as counselling has a profound impact on their happiness and quality of life. Nearly £5 billion is lost through reduced productivity and healthcare costs in Wales annually.

- By facilitating re-engagement with education and preventing exclusion, our EMPHASIS outreach services can save the state an estimated £370,000 in lifetime education, benefits, healthcare, and criminal justice costs.

The lack of preventative spend is short sighted. It can take some years for prevention programmes to work and ease future demands on services, so during a funding crisis they are often the first areas of expenditure to be cut – even though it will result in higher spend in the future.

Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost-of-living crisis and the pandemic, sufficient?

As documented above, we have seen an increase in complexity of needs and risk for the young people we are supporting, with greater experience of trauma and associated mental health and well-being needs. This is at a time when support from other agencies is more difficult to access.

In the last year, the number of women facing homelessness because of domestic abuse has also risen. This has been coupled with a slowdown in the availability of move on properties for women and families due to unprecedented demand for accommodation, and more general homelessness pressures.

Some of the longer-term impacts of the pandemic are only now becoming clear in terms of the number of highly complex cases being referred to support services such as ours.

Conclusion

Llamau has always strived to deliver high-quality, effective support services and the impact of our work reduces pressure on public services across Wales. However, it is difficult to see how these services can be maintained at the current level without a significant increase in funding via the HSG. The whole sector is struggling with increased demand, the complexity of needs and a lack of funding to properly cover the cost of the services provided.

There is simply nowhere else to turn to in terms of cost savings.

—
**Climate Change, Environment,
and Infrastructure Committee**

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Jayne Bryant MS

Cabinet Secretary for Housing and Local Government

16 December 2024

Draft Budget scrutiny 2025-26

Dear Jayne,

Thank you for your response to our latest letter regarding decarbonisation of housing. We appreciate your engagement with the Committee on this topic.

The Climate Change, Environment and Infrastructure Committee has started its preparations for scrutiny of the Welsh Government's draft Budget for 2025-26.

Following publication of the draft budget on 10 December 2024, and to assist the Committee in its preparations, I would be grateful if you would provide information to address the matters set out in Annex 1. Of course, you should not feel limited by our request and are welcome to address any other matters you believe will assist the Committee in its work.

I should be grateful for a response as soon as possible, and by **23 January** at the latest.

I am copying this letter to John Griffiths MS, Chair of the Local Government and Housing Committee.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg. / We welcome correspondence in Welsh or English.

Warm Homes Programme

The new Warm Homes Programme commenced in April 2024. Eligible households will receive a 'Whole House Assessment', captured in a 'passport' showing the work required and the order in which it will be done. The new programme will also prioritise low carbon technologies 'where it makes sense to do so'.

Both the resource and capital budgets for the programme have increased – capital from £35m to £37.5m, and resource from £2.48m to £3.73m.

- Will these allocations enable the prioritisation of low carbon technologies in a greater number of households accessing support through the programme?
- What is your estimate of the number of households you will support through the programme in 2025-26, and how does this compare to previous years?
- How have the changes to the programme's eligibility criteria and the increased budget cap per household impacted the number of households eligible for support?
- Why does responsibility for the Warm Homes Programme (the Welsh Government's 'primary mechanism to tackle fuel poverty') sit in your portfolio, when responsibility for fuel poverty sits with the Cabinet Secretary for Social Justice?
- How are you working for the Cabinet Secretary for Social Justice to balance the need to decarbonise homes through deeper retrofit with the urgent need to tackle fuel poverty?
- Can you provide an update on work to develop an area-based scheme as part of the programme, and clarify whether any of the budget allocation under this BEL is earmarked for such a scheme?

Residential decarbonisation and quality

Capital funding for residential decarbonisation and quality has decreased from £96m to £95m, and resource funding has remained static at £1.673m.

- Can you outline which projects and programmes fall under this BEL?
- How much funding has been allocated to the Optimised Retrofit Programme (ORP), and what are the priorities for its next phase (ORP4)?
- How will allocations under this budget line support owner occupiers to decarbonise their homes?

Launched in October 2024, Green Homes Wales is a Welsh Government initiative, managed by the Development Bank of Wales. It is designed to support eligible homeowners in making energy efficient improvements to their homes. The Scheme offers both interest free financing and fully funded expert support, aiming to help householders save money on energy bills and reduce carbon emissions.

- How much funding has been allocated to Green Home Wales for 2025-26, and how many households do you estimate the scheme will support during that period?



Local Government and Housing Committee's inquiry into Social Housing

Welsh Government Response to Recommendations

10/01/2025

The Local Government and Housing Committee published their report on 20 November 2024, following their inquiry into Social Housing. The report includes 17 recommendations covering a wide range of topics within Social Housing. This document provides responses to those recommendations.

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Introduction

This Government is committed to ending homelessness from both sides – preventing people from losing their homes at one end whilst also working to deliver more affordable homes, as quickly as possible, at the other. Only by doing both can our ambitions be achieved.

We know that investing in social housing reduces poverty, improves health and helps drive economic growth. Good quality affordable housing can positively impact on health, mental health, and education.

Wales has never moved away from its support for the most affordable housing – social rent. It is why we are working to fulfil our Programme for Government commitment to deliver 20,000 homes for rent in the social sector this Senedd term.

We are, however, trying to deliver vital homes in challenging circumstances. In the context of the economic and budgetary pressures Wales is facing, our continued support for the Social Housing Grant demonstrates our fierce and unwavering commitment to providing social housing. However, we know it is more costly to build a home now than ever before, placing significant pressures on the housing sector.

I am committed to working with the sector to explore all means necessary to deliver more affordable homes as quickly as possible. I welcome the work of the Local Government and Housing Committee, and I would like to thank its members and the stakeholders who provided vital evidence to the committee on such an important topic.

Response to the 17 recommendations

Recommendation 1

The Committee recommends that the Welsh Government improves its understanding of housing need by reviewing its approach to data. This should include monitoring and evaluating the new LHMA methodology; considering how LHMA's could be linked up with other data sources; costing out different methodologies for a Welsh Housing Survey including length of survey cycle; and how the Welsh Government intends to monitor and evaluate its data framework.

Response: Accept

Local Housing Market Assessments (LHMAs) provide vital evidence for both the Local Development Plans and the Social Housing Grant prospectus. The new approach to undertaking LHMAs asks local authorities to consider using local level data from all sources to support the national data contained within the LHMA tool. This includes data around specific housing need for older people, disabled people and those with protected characteristics.

The first cycle using the new LHMA approach has recently been completed and reports are being analysed against the new Welsh Government sign-off process for completeness. Throughout the process, officials have worked with local authorities to provide advice and support, as well as make minor changes to enhance the process. Alongside this, officials are also undertaking a process review of the new LHMA methodology, including seeking feedback from local authorities to ascertain what has worked well or not so well to support the new approach going forward. It is envisaged that this process will be completed in the new financial year.

Welsh Government statisticians have considered options for the timing of updating the estimates of additional housing need. A full update of all input data is not currently possible as the key dataset, **subnational household projections**, will not be available until 2025. We will review the data, methodology and assumptions to ensure robust estimates of additional housing need can be published in Autumn 2025.

A business case on options for delivering a Welsh Housing Survey is currently being prepared and is expected to be completed for Ministerial consideration by March 2025. An update will be provided to the Committee once the Cabinet Secretary has considered the business case.

Financial Implications: The financial implications of the Welsh Housing Survey will be considered as part of the business case.

Recommendation 2

The Committee recommends that the Welsh Government publishes a full data breakdown of homes delivered towards the 20,000 target so far, showing how many homes delivered this term are for social rent, intermediate rent, shared ownership and temporary accommodation.

Response: Accept in principle

A breakdown of Registered Social Landlords and Local Authority delivery by new build and acquisition is already published as part of the Affordable Housing Provision in Wales Statistical Release. In line with the recommendation from Audit Wales, this breakdown will be added to Stats Wales by the end of the financial year.

A breakdown of the number of RSL homes delivered for social rent, intermediate rent and shared ownership was published in the 2022-23 statistical release. A full breakdown for all providers is not currently collected. We will explore the feasibility of collecting this information for all providers from 2024-25 onwards.

The data collected for the statistical release only refers to the tenure of homes and does not reflect how those homes are used to address housing need, e.g. temporary accommodation. It is therefore not possible to publish this information as part of the current statistical release.

All homes that count toward the target are required to meet specific standards including energy efficiency. Further details will be provided within the Programme for Government Annual Report. We will explore the feasibility of reporting low carbon data for the current or any future target.

Financial Implications: None.

Recommendation 3

The Committee recommends that the Welsh Government proactively works with local authorities and housing associations to address the need for one bed homes. This approach should make the most of acquisitions, remodelling and infill sites to provide homes within existing mixed communities as much as possible.

Response: Accept

We recognise that there is a clear need for single person households. This is evident from Local Authority's Local Housing Market Assessments and from the number of single individuals in Temporary Accommodation.

We are focussing efforts on aligning delivery through the Social Housing Prospectus with evidenced need. It must be recognised that local authority development programmes will also reflect the ambition of the authority and not just the local need. Opportunities are also being further explored to meet this need now, including using the Transitional Accommodation Capital Programme to invest in single person properties. We also continue to explore how properties can be designed or adapted to offer flexibility, ensuring they can meet immediate need or be reconfigured to address changing demands over time.

Financial Implications: None

Recommendation 4

The Committee recommends that the Welsh Government should aim for social housing to comprise a critical mass of at least 20 per cent of the housing stock, and up to a third in the longer term. The Welsh Government should develop a strategy for delivery which sets out how close to 20 per cent Wales can get within the next Senedd term.

Response: Accept in Principle

Long term planning is already a crucial part of housing development. We are delivering significant levels of affordable housing with record levels of investment in this Senedd term. This is a significant achievement given the challenging times experienced over the last five years and the extremely challenging budgets this Government has faced.

In line with the Audit Wales recommendation, we will assess options for delivery over the longer term considering the range of options including investing in acquisitions compared to new build and exploring all delivery options including tenure mix, utilising market housing and alternative funding methods. We are committed to tackling the housing crisis and accept the recommendation to develop a long-term strategy to deliver more housing.

Whilst we are delivering record levels of affordable housing, further increasing the pace and scale of delivery will take time and require a commitment that spans several government terms. Therefore, we are committed to working to increase the percentage of housing stock for social housing. We will undertake analysis to understand the steps needed to secure a higher percentage and to inform timescales.

Financial Implications: This will be considered as part of the longer term strategy.

Recommendation 5

The Committee recommends that the Welsh Government establishes a national development corporation to lead on delivery of large-scale strategic sites and to support alignment of housing and regeneration efforts. As part of this it should review the future role of Unnos and whether it could fulfil the function of a national development corporation and land agency. The Welsh Government should consider a development corporation's potential functions, powers and duties in relation to delivering new towns, urban extensions and rural development; and any other necessary functions.

Response: Reject

In response to a recommendation of the Affordable Housing Supply Review in 2019 Welsh Government established a Land Division to unlock the potential of public assets, stimulate a more active approach to using and developing land in the public interest, help improve land supply, facilitate land assembly and help unblock stalled, vacant and derelict land in public ownership.

The role of Land Division has developed over time with the work now forming part of a newly formed Place Division, combining Land and Regeneration functions to deliver proactive place-based approaches.

Place Division is proactively adding to its existing portfolio across Wales as recent acquisitions in both Haverfordwest and Porthcawl demonstrate. These were important acquisitions enabling significant public sector, affordable housing-led regeneration schemes to proceed at scale and pace.

We have already transferred several sites enabling the development of 700 homes, with over 400 being affordable. The next immediate pipeline of sites can deliver 1,170 homes of which 670 will be affordable. These sites will ultimately be delivered by RSLs, Local Authority and private sector partners. Welsh Government will continue to work closely with these groups to ensure our wider policy objectives are delivered on these sites. We are not just focused on outputs in terms of number of homes built, but the outcomes those homes will enable.

A programme of work instigated as part of the Programme for Government commitment to establishing Unnos has supported work to deliver more homes at pace.

Arm's length bodies are expensive and resource intensive to establish and they should only be progressed where there is a proven case that functions cannot be delivered within the confines of Government. Ambitions for the delivery of large-scale strategic sites and supporting alignment of housing and regeneration efforts can, in our view, be delivered by the Place Division. The Division will continue to work with partners within and outside of Welsh Government to those ends.

The statutory functions in relation to new towns could be exercised by Place Division (Welsh Ministers). National planning policy in relation to new settlements (including new towns) is set out in Planning Policy Wales.

Due to their strategic nature new settlements should only be proposed as part of a joint Local Development Plan, a Strategic Development Plan or Future Wales. This is due to their significance and impacts extending beyond a single local authority. This is necessary to ensure new settlements are not isolated housing estates which require car based travel to access every day facilities. In practice, New Towns are only likely to be a consideration in the National Growth Areas identified by Future Wales. This is due to the scale required, more than 10,000 homes.

Financial Implications: None

Recommendation 6

The Committee recommends that the Welsh Government increases the allocation for the Social Housing Grant at the earliest opportunity and considers the merits of establishing a community of practice specifically for the grant.

Response: Accept

Record levels of funding to support the delivery of social housing are being provided this Senedd term with more than £1.4bn allocated over the first three years of the term. Despite extremely challenging budgets we have protected the budget for Social Housing. Welsh Government has a history of redistributing funds where possible and last year we awarded an additional £61m on top of the original £300m budget for Social Housing Grant. An overall budget of £330m has also been set for Social Housing Grant in

2024-25. Furthermore, additional funding of £100m was found to support TACP in 2024-25.

The 2025-26 draft budget, published on 10 December, demonstrates our commitment to tackling the housing crisis and provides an additional £81m across SHG and TACP along with an additional £26m of financial transactions capital to support RSL development loans.

This government is committed to maximising efforts to deliver as many affordable homes as possible across Wales. Building on responses from local authorities and registered social landlords to the call to action over the summer, officials have worked with the sector to identify developable sites not currently in the SHG programme. An additional £10m funding has been located to support these schemes.

Finally, in terms of establishing a Community of Practice, officials already have long established relationships with both RSLs and LAs particularly around the delivery of SHG. Officials meet with LA partners on a quarterly basis to discuss their PDPs and routinely meet with RSLs as well as regular dialogue through WLGA and CHC as sector representative bodies. Regular Housing Leadership Cymru meetings bring together senior leaders across Local Authorities and RSLs to discuss a range of policy matters and share best practice. Nevertheless, consideration will be given to the merits of establishing a more formal Community of Practice for SHG.

Financial Implications: Additional grant funding has been allocated through the budgetary process.

Recommendation 7

The Committee recommends that the Welsh Government engages with the Development Bank of Wales to enable the DBW to become a direct funder of social housing developments.

Response: Accept in principle

The Development Bank of Wales provides sustainable, effective loan finance where options are limited or there is market failure. They focus on supporting responsible businesses that benefit Wales. They currently provide support for SME housebuilders in the market housing sector on behalf of Welsh Government. We welcome the contribution the market housing sector provides to meeting overall housing need and delivery of social housing through S106 gains. Without the investment in the market housing sector through DBW, we would not see the level of social housing gains.

DBW housing funds are currently targeted towards support for the market sector. There are restrictions on DBW's ability to directly fund social housing in Wales. This relates to them being part of the same borrowing calculations that Welsh Government is subject to. However, exploratory work is currently being undertaken on whether it would be possible for DBW to deliver the current RSL loan funding scheme. This would mean DBW will have a greater role in managing both existing and potential future Registered Social Housing Development Loans that Welsh Government provides from FTC funds. This activity will provide DBW with a greater awareness of the social landlord sector enabling them to identify other areas where they could provide additional support.

Financial Implications: Any financial implications will be considered as part of the exploratory work.

Recommendation 8

The Committee recommends that the Welsh Government provides social landlords with greater multi-year funding certainty. This should include greater certainty over rent policy, the TACP, and how decarbonisation of existing stock will be funded.

Response: Accept in principle

The Social Housing Grant programme already has a longer term timeframe, providing support over four years and the main programme supported by both a reserve and indicative programme. The 2025-26 draft budget, published on 10 December, demonstrates our continued commitment to tackling the housing crisis and provides an additional £81m capital across SHG and TACP along with an additional £26m of financial transactions capital. The early notification of TACP funding for 2025/26 is recognised as important providing an early steer to support planning and delivery within the sector.

In line with the response to Audit Wales report, we will explore alternative approaches to funding that might provide longer-term certainty for all affordable housing funds alongside consideration of how to streamline grants.

The Welsh Government's Rent and Service Charge Standard 2020-2025 sets out a very clear framework and the parameters within which social rent uplifts are to be implemented. It makes clear that affordability is paramount. The economic volatility witnessed in recent years – brought about by exceptional external factors - resulted in Welsh Ministers intervening to cap the social rent uplift in three of the five years of the social rent policy. This intervention was in accordance with the social rent policy and was informed by input from social landlords and other representative organisations, leading to difficult decisions which sought to balance the needs of tenants and social landlords.

A review of the current social rent policy is underway. This entails a significant programme of work which is being undertaken in close collaboration with stakeholders from the wider social housing sector. A fundamental part of the work seeks to explore with our stakeholders any opportunities available to increase stability or certainty with social rent policy; and what, if any, mitigating measures exist that could be put in place to provide confidence in the event of any further inflationary spikes in the future. We intend to consult on our proposals for a future social rent policy for Wales next summer.

Updates will be provided to Committee on the outcome of discussions around funding and the consultation on a future social rent policy in due course.

We are continuing to invest in the decarbonisation of existing housing stock. During 2024-25 we are investing £92 million to assist social landlords with improving the quality of their social homes.

As part of the Welsh Housing Quality Standard 2023, social landlords are required to undertake whole stock assessments and develop target energy pathways for each of their homes. This will help build a clear picture of the work required across portfolios to meet the standard in the long term.

Financial Implications: None

Recommendation 9

The Committee recommends that the Welsh Government work with TPAS Cymru and tenants' associations to develop a separate standard for acquisitions of permanent social homes. This work should be completed within six months.

Response: Reject

As a government, we feel it is important to use public sector funding to invest in good quality homes at the outset, reducing the overall investment in the longer term. That is why our Welsh Development Quality Standard for new build homes rightly sets high standards on space, energy efficiency and placemaking. Compromising these standards is not an option.

We are also clear that we must invest in ensuring that our existing stock is maintained and improved so that all social tenants enjoy high quality homes that are affordable to heat. Our Welsh Housing Quality Standard sets out our ambitions for existing housing stock.

We would not wish to create a situation where quality expectations were lower for some homes. However, acquisitions play a vital role in delivering much needed affordable homes more quickly than new builds and we have allowed some flexibility in when a home is required to meet WHQS.

Standards have been carefully reviewed and pragmatism is also applied in relation to TACP funded projects. We agree with continuing to review our standards to ensure they provide the pragmatism needed and we commit to working with stakeholders, including TPAS Cymru and tenants' associations, on this. However, we do not agree that a specific standard for acquisition of permanent social homes is in line with Government commitments around the decarbonisation of homes and to maintaining and improving the quality of all our housing stock.

Financial Implications: None

Recommendation 10

The Committee recommends that the Cabinet Secretary for Housing and Local Government works collaboratively with the Minister for Culture, Skills and Social Partnership to develop a strategy for attracting more people into the construction industry. This strategy must have the necessary funding and measurable targets, and should be shared with the Committee by May 2025.

Response: Reject

The construction and built environment sector is a key part of the Welsh economy and central to Welsh Government's ambitions for promoting green, net-zero skills.

Significant actions are already being taken. These include measures to raise awareness of careers in construction and enhancing work-related learning opportunities. There is now a suite of construction and built environment vocational qualifications with further

bespoke trade pathways under development and ongoing engagement with employers, trade bodies, training providers and learners and degree apprenticeships in construction-related fields have also been available since the start of the current academic year.

Recruitment into the construction industry relies not only on maintaining a strong skills pipeline but also on ensuring the sector is an appealing career choice, including to women, ethnic minorities, disabled people and others who are under-represented in the construction workforce. The construction industry itself has a vital role to play in both recruitment and skills training with the Construction Industry Training Board (CITB) providing key support. We have a long-standing partnership with industry and stakeholders to strengthen these areas and remain committed to evolving our approach to meet future needs, including working with the industry and trade unions to promote fair, safe and secure working conditions.

We also provide substantial support for individuals at all stages of their career journey. This includes Careers Wales services for school pupils and young people, which highlight training and career opportunities in construction and sustainable development for school pupils and young people, together with Working Wales this provides an all-age national careers service. For those over 19 years old and already in employment but looking to upskill or re-skill we have introduced bespoke Green Personal Learning Accounts (PLAs) which provide fully funded courses in a range of construction skills, particularly those associated with retrofit and decarbonisation. The Flexible Skills Programme also supports employer-driven upskilling and reskilling.

However, we will monitor these actions and review the current offer, working with the sector to consider whether they are sufficient to address the challenges in attracting people to the construction industry. I will therefore be seeking meetings with both the Minister for Culture, Skills and Social Partnership and the Minister for Further and Higher Education to consider the current policies and strategies and to explore how we can best work together to encourage more people to pursue careers in this vital sector.

Financial Implications: None

Recommendation 11

The Committee recommends that the Welsh Government analyses what is causing delays and barriers in the statutory consultee process. The Welsh Government should share its findings with us and the steps it intends to take to address these issues.

Response: Accept in principle

Section 38 of the Planning and Compulsory Purchase Act 2004 states that “If regard is to be had to the development plan for the purpose of any determination to be made under the planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise”. Representations from statutory consultees can constitute a material consideration.

Statutory consultees are defined in Schedule 4 of the Town and Country Planning (Development Management Procedure) (Wales) Order 2012. Statutory consultees are identified in legislation because they are expert in a specific field which is deemed relevant to certain development types, and where access to such knowledge or expertise

for LPAs is likely to be otherwise limited or constrained. In the main, the level of resourcing and prioritisation given to responding to consultation on a planning application is a matter for the relevant consultee.

Article 15A of the 2012 Order requires statutory consultees to consultation by respond to Local Planning Authorities (LPAs) within 21 days, or within 30 days for applications which are subject to an Environmental Impact Assessment. Article 15B of the 2012 Order requires statutory consultees to report annually on their performance on this target.

We are currently consulting on proposals to increase the resources available to LPAs in order to ensure they are able to operate a resilient and effective planning service in the future. Any increase in planning fees to raise these resources must also be matched in service improvement. We are therefore also consulting on reinvigorating the planning performance framework, which sets out indicators and targets for performance for all key stakeholders in the planning process, including statutory consultees. Reintroduction of the framework will ensure focus is given to effective use of resources by LPAs and statutory consultees and assist in identifying opportunities for specific procedural improvements.

Financial Implications: None

Recommendation 12

The Committee recommends that the Welsh Government should explore how it can capture more land value for the public benefit. As part of this, the Welsh Government should redouble efforts to seek devolution of powers to introduce a Vacant Land Tax.

Response: Accept in principle

We remain committed to the principle of land value capture and exploring how we can improve those instruments currently utilised such as infrastructure levies, developer obligations and strategic land management, whilst exploring new and innovative methods of land value capture for public benefit.

In terms of taxation, the Welsh Government began the process for devolution of powers for a vacant land tax in 2018. The securing of further powers on devolved taxes in Wales is one of a number of areas of Welsh fiscal arrangements which the Cabinet Secretary for Finance and Welsh Language has discussed with HM Treasury Ministers since September. Welsh Government officials continue to engage with HM Treasury officials to deliver further progress on the devolution of powers to introduce a vacant land tax.

We continue to explore the potential for a land value tax, building on the findings in Bangor University's detailed technical assessment last Senedd term. We will be drawing on a wide range of expertise to develop a clear understanding of what such a significant change would look like for Wales and how it could work in practice.

We will ensure any decisions we take this term also keep open the potential for further reforms in the future. These include looking at alternative approaches and defining the devolved context for the local taxes more clearly. Changes to the local government finance system affect household and business finances in a very direct way. We must, therefore, be able to assess the full impact of any proposals before making further changes.

Financial Implications: None

Recommendation 13

The Committee recommends that the Welsh Government explores how it can ensure that section 106 policy compliance is fully reflected in land values. This should include publishing national viability guidance as a Technical Advice Note; ensuring that viability assessments are published; and providing centralised expert advice to local planning authorities.

Response: Accept

Planning Policy Wales (PPW) is clear about the requirements of land owners and developers in terms of viability and deliverability of housing sites. PPW already provides comprehensive policy for the requirements of land owners and developers at the various stages of development plan preparation.

As part of demonstrating the deliverability of housing sites, financial viability must be assessed prior to inclusion as allocations in a development plan. PPW is clear in that the ability to deliver housing requirements must be demonstrated through a housing trajectory. The trajectory should be prepared as part of the development plan process and form part of the plan. The trajectory will illustrate the expected rate of housing delivery for both market and affordable housing for the plan period. To be 'deliverable', sites must be free, or readily freed, from planning, physical and ownership constraints and be economically viable at the point in the trajectory when they are due to come forward for development.

Planning authorities must use their housing trajectory as the basis for monitoring the delivery of their housing requirement. Accurate information on housing delivery assessed against the trajectory is necessary to form part of the evidence base for development plan Annual Monitoring Reports (AMRs) and for subsequent plan review. Under delivery against the trajectory can itself be a reason to review a development plan.

For sites which are key to the delivery of the plan's strategy a site specific viability appraisal must be undertaken through the consideration of more detailed costs, constraints and specific requirements. Planning authorities must consider how they will define a 'key site' at an early stage in the plan-making process. Planning authorities must also consider whether specific interventions from the public and/or private sector, such as regeneration strategies or funding, will be required to help deliver the housing supply.

The Development Plans Manual, a reference document for practitioners involved in the development plan process, already provides guidance on Viability Testing for a Development Plan, Viability Modelling Considerations and site specific viability appraisals. Corporate Joint Committees (CJCs) provide the opportunity to address the issue of skills at a strategic level by developing regional skills, resources and expertise. We look forward to receiving the work POSW are currently undertaking and will consider whether further guidance would be helpful at that time.

Financial Implications: None

Recommendation 14

The Committee recommends that the Welsh Government work with local authorities on unlocking the potential of smaller sites within existing communities. This should include encouraging local planning authorities to package small sites together locally or regionally and reviewing the standard viability model for Social Housing Grant to assist viability for small sites.

Response: Accept

Over a number of years, Welsh Government have sought to increase the use of small sites, as very often they are previously developed land and they assist in broadening housing delivery options, especially by SME builders. PPW is clear in that planning authorities should set a locally determined target for the delivery of housing on small sites.

To facilitate this, planning authorities should maintain a register of suitable sites which fall below the threshold for allocation in their development plan. Planning authorities should also work with developers to encourage the sub-division of large sites where this could help to speed up the delivery of homes.

In terms of the custom and self-build sector of housing delivery, planning authorities should understand the contribution that all sectors of the housing market and house-builders could make to meeting their housing requirement.

Welsh Government understands that smaller sites are more likely to be adversely impacted by development constraints which may be easier to accommodate and be more readily absorbed into viability cost models on larger developments. We produce Acceptable Cost Guidelines (ACG's) containing cost metrics for use within the Capital Funding Application process for Social Housing Grant.

ACG's are regularly reviewed to reflect market trends and in the case of smaller schemes, reflect some of the relatively higher development costs. ACG's have a greater allocation for schemes of "less than twenty-one" dwellings which was amended at the last ACG review from "less than eleven" dwellings based on feedback from the sector.

ACG's are scheduled to have an external review next financial year at which time we shall be able to consider whether any additional ACG adjustments are needed to help release smaller sites.

Registered Social Landlords (RSL's), have in the past seen the benefit of grouping smaller schemes into larger development packages. Grouping schemes in this way has potential advantages, but not all seriously constrained schemes are deliverable. RSL's should be working with the sector to create viable packages of small (difficult to develop) sites or by twinning small with larger sites in favour of making decisions on site-by-site basis.

Place Division is also working with Local Authorities across Wales and is developing its land acquisition strategy to invest and proactively purchase land in order to unlock sites that would otherwise be challenging for, or overlooked by, the market including smaller sites in communities.

Financial Implications: None

Recommendation 15

The Committee recommends that the Welsh Government works across the public sector to ensure greater transparency in public land ownership, and bringing information and expertise into a central place that is easily accessible to all.

Response: Accept in principle

Ystadau Cymru (YC) is a partnership between public and third sector organisations established by the Welsh Government to enable, support and encourage excellence in public sector collaborative asset management. The aims of YC are to explore the medium and long-term options for delivering public value from building and land assets held by the wider Welsh public sector, whilst influencing and supporting effective collaborative asset management across the Welsh public sector.

YC has published guidance on estate co-ordination and strongly recommends that public bodies offer surplus assets to other public bodies before formal marketing. While not pertinent to organisations outside the immediate public sector umbrella it is already a useful reference in sharing information on available land.

HM Land Registry (HMLR) have been working hard to achieve high levels of registration particularly for public sector land. Whilst recognising HMLR charge a fee for searches, it is modest in comparison to the total costs of development. We would want to ensure that any cost of creating an alternative to the HMLR portal can be justified and currently the value for money evidence is unclear.

The Welsh Government has been growing the data levels available in Data Map Wales (DMW). Many public sector organisations have access to versions of DMW. However, some information contained in the platform is not in the public domain or could be subject to licencing restriction. It may be an option to assess how it could be more widely accessed, subject to budget being made available for further development.

Financial Implications: None

Recommendation 16

The Committee recommends that the Welsh Government looks again at the proposal to establish a revolving loan fund for community-led housing.

Response: Accept

Social housing must be the main priority for housing provision in Wales. However, co-operative and community-led housing has a part to play in the housing solution in Wales. This is signalled by the Programme for Government commitment to support cooperative housing, community-led initiatives, and community land trusts (CLTs).

Welsh Government is committed to supporting co-operative housing, community-led initiatives and community land trusts. £180,000 a year between 2022-23 and 2024-25 is being provided to Cwmpas from Welsh Government to support local communities who are interested in community-led housing. Work has already begun on a future programme of support.

Cwmpas previously submitted a request for a revolving loan fund which, at the time, did not provide a viable solution to funding Community-led Housing in Wales. Since then, the Land and Buildings Development Fund was made available to community led housing groups specifically to support proof of concept ideas. However, it is recognised that this is not a long-term funding solution for Community-led Housing in Wales.

Officials will therefore be exploring how best to provide a long-term funding solution for Community-led Housing in Wales. This will include revisiting the previous revolving loan fund application with Cwmpas, who have committed to revising the request to take account of the different economic climate post Covid-19.

Financial Implications: Financial implications will be considered as part of the longer-term funding solution for Community-led Housing.

Recommendation 17

The Committee recommends that the Welsh Government considers funding Community Housing Enablers across all local authorities.

Response: Accept

Rural Housing Enablers (RHEs) play an important role in supporting rural housing, working with communities to identify local housing need and Welsh Government remains committed to supporting them. We have provided £424,000 for Rural Housing Enablers (RHEs) across Wales over a three year period with 2024-25 being the final year of that funding. Work has already begun to consider funding for RHEs post 2024-25 informed by a review of the current RHE. This will explore whether the role should be expanded to a wider affordable housing role, the footprint of the scheme and learn lessons from other examples including the Community Housing Enabler role in the Second Homes and Affordability Pilot and RHEs across the UK.

Therefore, we will undertake a review into the future of RHE in Wales and work with them to determine the basis of their future. We will report to Committee on the outcome and recommendations of our review.

Financial Implications: Financial implications will be considered as part of the review into RHEs.