



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref JB/PO/40/26

John Griffiths MS
Chair
Local Government and Housing Committee

23 January 2026

Dear John,

I responded formally today to the Committee's report on the *2026-27 Welsh Government Draft Budget*.

At the scrutiny session I also committed to providing members with a written response on the availability of the Standard Spending Assessment (SSA) calculation for each authority. Please find this below.

Standard Spending Assessment:

The underpinning information for the SSA calculation is available online in the Green Book.¹ The document '*Background information for standard spending assessments*' outlines the Settlement formula – including how the available funding is distributed across Individual Based Assessments (IBAs). The spreadsheet named '*Service IBAs*' details the overall SSA value for each IBA, and the spreadsheet named '*Indicators*' provides the raw data for each individual indicator, including relevant weights and the percentage shares across each authority.

Using this information, it is possible to replicate how the funding for each IBA is distributed across authorities and I have included a worked example in Annex A.

The only data element which may be missing is a table showing the breakdown of the overall SSA into individual IBAs (although the general process is detailed in the '*Background information for standard spending*'). I have asked my officials to consider how best to include this information in future versions of the Green Book.

I trust that this response is helpful in responding to the questions raised by committee members.

¹ [Local government revenue and capital settlement: background information for standard spending assessments 2025 to 2026](#)
[IGOV.WALES](#)

Yours sincerely,

A handwritten signature in black ink that reads "Jayne Bryant". The signature is written in a cursive style with a large, prominent 'J' and 'B'.

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

ANNEX A – Worked example of funding calculation

In 2025-26, the total *Nursery and Primary school teaching and other services* Indicator Based Assessment (IBA) is £1.387 billion (worksheet '3' of the 'Service IBAs' spreadsheet). This figure is arrived at by taking total Standard Spending Assessment (SSA) and breaking it down according to data collected on total local authority revenue account (budgeted expenditure for 2025-26) and revenue outturn (actual expenditure for 2024-25) data for this IBA area. The total for the IBA is then multiplied by the respective indicator weightings for the IBA, found at the bottom of worksheet '3':

- 81.5% for the number of primary school pupils and modelled nursery school pupils,
- 9.8% for the population in each authority outside settlements of 1,000,
- 8.7% for the number of primary school pupils eligible for free school meals

These weightings are then multiplied by each authority's percentage share of that indicator which are found in the '*Indicators*' spreadsheet (Primary school pupils and modelled nursery school pupils- worksheet 2a, Population outside settlements of 1,000 - worksheet 5a, Primary school pupils eligible for free school meals – worksheet 2a).

Adding them together gives the share of the total IBA for that authority. A worked example for Swansea would be:

Total of IBA	Weighting	Swansea's share	Result
1,387,273,000	0.815	0.077812187	87,976,598
1,387,273,001	0.098	0.045229959	6,149,137
1,387,273,002	0.087	0.086057083	10,386,466
Total			104,512,202



Welsh Government Draft Budget 2026-27

Response to the Local Government and Housing Committee Report (December 2025)

23/01/2026

In December 2025, the Local Government and Housing Committee submitted its report on the Welsh Government Draft Budget 2026-27. The report includes 11 recommendations and 8 conclusions. This is the Welsh Government's response to those recommendations and conclusions.

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Introduction

On 14 October 2025 the Welsh Government laid its outline Draft Budget for 2026-27 and subsequently its detailed Draft Budget on 3 November 2025.

On 20 November 2025 the Committee held a scrutiny session with the Cabinet Secretary for Housing and Local Government to examine the housing, regeneration and land allocations in the draft budget. A further scrutiny session was held with the Cabinet Secretary on 26 November 2025 to look at the allocations for local government and the provisional local government settlement.

Recommendations following the two scrutiny sessions have been considered carefully. We would like to thank the members of the Local Government and Housing Committee for their continued support.

Response to the 11 Recommendations

Funding Formula

Recommendation 1

The Welsh Government must publish the revised local government settlement with indicative figures as soon as possible, and before the Final Budget is published in January. This would provide local authorities with certainty and enable them to plan budgets accordingly.

Response: Accept

Revised figures were provided to Local Authorities on 9 December 2025 to support their planning. The Final Local Government Settlement will be published, with the Final Welsh Government budget, on 20 January 2026.

Financial Implications – this work will be accommodated within existing budgets.

Recommendation 2

The Welsh Government must prioritise the review of the data and indicators that underpin the funding formula so that future settlements are fair and accurately reflect the needs of Welsh communities. It should also provide us with the scope of the review outlining what data and indicators are being assessed, any timetable attached, actions taken and keep us updated on progress.

Response: Accept

The Welsh Government is working with local government to undertake a detailed review of the individual elements within the local government funding formula. This work focusses on recalibrating the weightings, and reviewing and updating the indicators used to distribute funding, with the main underlying methodology, which takes account of both relative need and resource, remaining unchanged. The quantum of funding available is out of scope of this review. By working closely with local government and stakeholders throughout, the review aims to maintain a system that continues to support local services effectively. There is a full-time member of staff dedicated to this work and recruitment of additional dedicated analytical resource is underway. Data Cymru has also committed capacity to support data collection and analysis.

The review will primarily focus on replacing outdated Census-based indicators (from 1991 and 2001, which distribute around £1.4bn (18.5%) of SSA) with 2021 Census data. This involves recalibrating indicator weightings and reviewing the

selection of indicators to ensure they still provide the best reflection of current relative need to spend.

The initial pilot phase, which began in 2024, took a preliminary look at the Nursery and Primary notional service (Indicator Based Assessment (IBA)). The next step is to consolidate this work and expand to the Secondary and Special Schools IBAs. The next step is to begin assessing the data collection requirements for the more complex Personal Social Services (PSS) IBAs, before moving on to the remaining IBAs that rely on Census data. In response to discussions at DSG, there is also the potential to review the non-Housing Revenue Account (HRA) IBA, considering the changing patterns of local authority expenditure relating to homelessness.

The below table outlines the proposed timelines for each workstream:

Workstream	Timeline
Scoping and Planning	Autumn 2025
Main Education IBAs Recalibration	Autumn 2025 – Spring 2026
PSS IBAs Recalibration	Winter 2025 – Autumn 2026
Remaining Education IBAs Recalibration	Winter 2025 – Summer 2026
Other Census-based IBAs Recalibration	Summer 2026 – Spring 2027
Governance and Stakeholder Engagement	Ongoing
Modelling and Impact Analysis	Autumn 2026 – Spring 2027
Damping/Phasing and Deprivation Grant Review	Spring 2027 – Summer 2027
Finalisation and Sign-off	Summer 2027
Continuing IBA Recalibration/Review	Summer 2027 Onwards

Much of the work carried out to date has centred around planning, establishing key relationships and laying the groundwork for the review (for example, researching and testing models and methodologies used in the last major calibration of weightings, around 20 years ago). More tangible outcomes are expected as we head towards the spring.

Financial Implications - this work will be accommodated within existing budgets.

Prevention and innovation in local government

Recommendation 3

The Welsh Government should embed prevention in the budget setting process and acknowledge that there is a need for a fundamental shift to resourcing preventative services.

Response – Accept in principle

Prevention is key to good public services. It improves people's lives and can reduce costs in the longer term. It is also a fundamental part of acting in line with the Wellbeing of Future Generations Act which applies to all of the public sector.

In terms of the majority of funding to local government, this is un-hypothecated; it can be used by local authorities as they choose and as suits local circumstances and priorities. This is important because prevention will mean different things in different services and in different circumstances and situations. Many of Local Government's activities could be described as preventative in one way or another. That is why we have been keen to work collaboratively to bring greater clarity and consistency to how we define and assess preventative spend. The Welsh Government is not persuaded by the arguments in favour of ring-fencing preventative funding.

The 2025–26 budget prioritised investment in prevention, and this has continued into 2026-27. We remain committed to improving how we identify, measure, and communicate preventative spend. We continue to use the agreed existing definition of preventative spending, which has served as a useful foundation. However, we recognise the importance of embedding that definition more widely across the Welsh public sector to support better planning and evaluation.

The Cabinet Secretary for Housing and Local Government met with the Future Generations Commissioner to discuss this issue and is supportive of efforts to strengthen the understanding and application of preventative spend across public services. This includes exploring how the definition can be used more consistently in budget planning, impact assessments, and scrutiny processes.

The developing work by CIPFA and the Health Foundation about mapping preventative spend and a Health Determinants Research Collaboration (HDRC) between Rhondda Cynon Taf CBC and the National Institute for Health and Care Research may offer practical suggestions to local and Welsh Government about how to further support such approaches. The HDRC focussed significantly on

how local authority expenditure contributed to the health agenda while the CIPFA work offered local authorities a tool to consider how they map their expenditure against a classification of prevention from primordial to tertiary. That is from whole population support to prevent risk factors emerging in the first place to supporting people with ongoing conditions to prevent them worsening.

Financial Implications – None.

Recommendation 4

The Welsh Government should provide local authorities with strategic leadership and set a clear pathway for adopting good practice and innovation around preventative services, while also encouraging them to adopt or justify their decisions.

Response: Accept

The Welsh Government provides appropriate strategic leadership through the legislative and funding frameworks that enables local government to share innovation and practice and undertake effective scrutiny of their actions, recognising that councils are accountable to their own electorates. Clear expectations of the role of the Welsh Government and local government in sharing and improving practice are laid out in the co-developed Strategic Partnership Agreement with local government.

We express additional clarity on the specific areas for adopting good and emerging practices through the Digital Strategy for Wales and AI Plan for Wales. These provide vision and a plan for public sector, as well as confidence in the Welsh Government's whole-system approach to investing in digital solutions.

In respect of specific improvement priorities for local government, where appropriate, we provide clarity of our priorities through the Cabinet Secretary for Housing and Local Government's offer letter to the WLGA for the Improvement and Digital Grant, worth £2.15m in 2026-27. This letter informs the delivery plan of the Sector Led Improvement Board. This board provides the mechanisms for local government to own and be accountable for decisions and actions.

Financial Implications – this work will be accommodated within existing budgets.

Overall funding for Housing and Regeneration

Recommendation 5

The Welsh Government should prioritise housing, as an essential preventative service, for receipt of any further funding made available ahead of the final budget.

Response: Accept in principle

The Welsh Government recognises housing as a vital preventative service, underpinning better health, well-being, education, and economic outcomes for people in Wales. Robust evidence shows that safe, secure, and good quality homes are fundamental to enabling individuals and families to thrive and are central to delivering the seven well-being goals set out in the Well-being of Future Generations (Wales) Act.

In line with this, we have allocated £2.6m in the Final Budget 2026-27, in addition to £4.7m provided at Draft Budget to Homelessness Support & Prevention. This is an overall increase of £7.3m in 2026-27 to address unfunded Real Living Wage pressures, supporting frontline stability and demonstrating our commitment to the most vulnerable at risk of homelessness.

Prevention can be interpreted very widely and many of the Welsh Government's activities could be described as preventative in one way or another. That is why we have been keen to work collaboratively to bring greater clarity and consistency to how we define and assess preventative spend.

We continue to use the agreed existing definition of preventative spending, which has served as a useful foundation. However, we recognise the importance of embedding that definition more widely across the Welsh public sector to support better planning and evaluation.

As stated in the response to Recommendation 3 above, the Cabinet Secretary for Housing and Local Government met with the Future Generations Commissioner to discuss this issue and is supportive of efforts to strengthen the understanding and application of preventative spend across public services. This includes exploring how the definition can be used more consistently in budget planning, impact assessments, and scrutiny processes.

We are not persuaded by the arguments in favour of ring-fencing preventative funding, as we believe benchmarking is a more powerful tool for driving improvement.

Financial Implications - None. An allocation of £2.6m has been made to the Homelessness and Prevention BEL at Final Budget.

Homelessness and housing support

Recommendation 6

The Welsh Government should publish the Institute of Fiscal Studies analysis of the impact of Employers' National Insurance Contributions changes on services funded by the Housing Support Grant, as well as any other analysis of wider impacts of these changes across the third sector and other providers.

Response: Accept in principle

The Institute of Fiscal Studies' analysis of the impact of changes to employers' National Insurance Contributions is already in the public domain and was published on 30 October 2024: **Increase in employer National Insurance contributions by employee earnings, 2025–26** | Institute for Fiscal Studies.

The supporting data presents estimates of the proportional increase in employer cost by employee earnings. This analysis is a broad UK-wide assessment of the fiscal impacts and was not commissioned by the Welsh Government.

The IFS analysis helped to inform high-level internal modelling on the likely impact on services funded through the Housing Support Grant (HSG). However, as outlined to the Committee, there are significant limitations to this modelling due to the absence of detailed data on salary levels and working hour composition of staff employed by HSG-funded services, which the Welsh Government does not hold. The high-level modelling indicated that the estimated impact could be between £4.4m and £8.25m on the total HSG budget in 2025-26.

It is important to reiterate that the HSG budget was uplifted by £21m (or 11.45%) in 2025-26 at the same time that increases to employer NICs came into effect in April last year. Whilst not the original intention of the funding uplift, an element of it is being used to help meet increases to employer NICs. Cymorth Cymru and Community Housing Cymru's **Home Matters** report, published on 3 December, suggests that 91% of the survey respondents used the HSG funding uplift in 2025-26 to cover the additional employer NICs costs.

In addition, these changes had the biggest impact when they were first introduced. This is due to the reduction to the threshold at which employers start paying NICs (from £9,100 to £5,000), coupled with the increased rate

payable (from 13.8% to 15%). Therefore, there was a larger proportional 'step change' to employer NICs for lower-paid and part-time staff in 2025-26.

There is also no robust analysis to quantify the impact of changes to employer NICs for the housing support sector in its entirety (i.e. for services not funded by the HSG), or for the wider third sector in Wales, because of the caveats mentioned previously.

Financial Implications – None.

Housing supply

Recommendation 7

The Welsh Government should publish a plan of action showing how they will speed up the reduction in the number of empty homes and address the issues raised in the evaluation of the Empty Homes Grant scheme.

Response: Accept

The recent publication of the [Handbook on Empty Properties in Wales](#) (5 December 2025) demonstrates the Welsh Government's commitment to accelerating the reduction of empty homes and addressing issues highlighted in the evaluation of the Empty Homes Grant scheme. The handbook sets out a clear, structured plan of action, providing practical guidance for local authorities and stakeholders on best practice, funding options, and enforcement measures. By consolidating policy direction and operational advice into a single resource, it ensures a consistent approach across Wales and strengthens efforts to bring empty properties back into use more efficiently.

As outlined in the handbook, the Empty Homes Grant is part of a wider suite of interventions, including Leasing Scheme Wales, Transforming Towns Loans, the Placemaking Grant, the Land and Buildings Development Fund, and the Transitional Accommodation Capital Programme. In addition, the Cabinet Secretary for Housing and Local Government confirmed in December the extension of the Empty Homes Grant application window until September 2026, alongside a pilot removing the requirement for local authorities to provide a 10% contribution in 2026–27. This pilot directly responds to one of the emerging issues identified in the recently published independent evaluation of the grant.

Financial Implications - this work will be accommodated within existing budgets.

Recommendation 8

The Welsh Government should give further consideration to whether the Help to Buy – Wales Scheme should be restricted to first time buyers, in particular whether such a restriction would ensure the scheme is focused on tackling the most pressing cases of public need.

Response: Accept

The Welsh Government is actively considering all future options associated with Help to Buy - Wales.

Despite the previous UK Government ending Help to Buy in England in March 2023, we are providing an extra £57m to extend our Help to Buy Wales scheme until at least September 2026.

Since April 2022, 85% of Help to Buy Wales purchasers have been first time buyers and the scheme has helped almost 15,000 people of all circumstances to purchase a new home over its lifespan.

It should also be noted that more than 70 developers, mostly SMEs, are signed up to participate in the scheme and are benefitting from new customers.

Financial Implications - this work will be accommodated within existing budgets.

Building safety

Recommendation 9

The Welsh Government should set out how underspends in the Building Safety Capital Grant for 2024-25 were reprofiled and how much of an underspend is expected for 2025-26.

Response: Accept

In 2024-25, £67.67m of the Building Safety Capital Grant was reprofiled into the Transitional Accommodation Capital Programme (TACP) at the Second Supplementary Budget, reducing the Building Safety allocation to £60m. Following this, a further £34.88m was reprofiled to Registered Social Landlord development loans, supporting delivery of 277 additional low-carbon social homes and improvements to meet WHQS 2023. The remainder was reprioritised towards other Housing and Regeneration priority areas.

For 2025-26, the Building Safety programme forecast has reduced to £30m, reflecting persistent delivery challenges. These include the complexity of fire safety remediation, limited specialist supply chains, and extended lead times - often 12 to 18 months from survey to mobilisation. Social sector delays have also been linked to new procurement rules introduced in February 2025 and contractor shortages. Despite mitigation measures such as the availability of Welsh Government-appointed contractors and enhanced monitoring, these factors continue to constrain expenditure.

Furthermore, the original £375m programme budget was based on early estimates assuming widespread cladding remediation. Subsequent investigations have shown fewer buildings require such works, with many issues requiring less costly interventions.

Fire safety remediation work is being progressed at the fastest pace possible; the availability of budget has had no negative impact on delivery. These projects are complex and are subject to many external factors beyond the control of Welsh Government.

Financial Implications – Forecast underspends for 2025-26 have been re-profiled to other priority areas.

Housing standards

Recommendation 10

The Welsh Government should publish figures showing how much Warm Homes funding was spent during 2024-25, and how much is expected to be spent in 2025-26.

Response: Accept in principle

We are committed to publishing annual reports outlining progress in delivering the Nest service as soon as final data has been received and verified by our statisticians.

The Warm Homes Nest annual report for 2024-25 will be published before the end of this financial year.

The allocated budget for 2025-26 was £37.5m to cover the Warm Homes Nest scheme and remediation works in Caerau, Bryn Carno and Arfon. The final spend and associated benefits delivered through the scheme will be set out in the annual report for Year 2.

Financial Implications - None.

Land

Recommendation 11

The Welsh Government should set out its plan on how it will meet its commitment to implement the Affordable Homes Taskforce recommendation to increase the delivery of land for affordable housing.

Response: Accept

The 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 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 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.

A pipeline of land sites for the delivery of affordable housing-led developments is an important aspect not just in delivering housing in the short term, but also in the medium/longer term. As part of the Welsh Government's Affordable Housing Taskforce, Place Division is proactively identifying land that may be brought forward for development.

We will not be competing with the market on the sites we are looking to acquire. We are interested in those difficult sites that have stalled for a variety of reasons.

It is not just the larger strategic sites we are interested in. Smaller sites that have become stalled right across Wales can make an important contribution to housing supply, supporting the foundational economy and SME home builders can play an important part in that process.

We have met with all Health Boards and Trusts in Wales to discuss the suitability for housing on vacant and surplus sites they have. We will continue to work with them and provide support where needed to assist with the process.

We also have funds available via the Land and Buildings Development Fund to assist Registered Social Landlords and local authorities to advance their stalled sites for affordable home delivery. The fund concentrates on assisting with abnormal costs associated with difficult to deliver land and repurposing buildings for residential use.

Financial Implications – None.

Response to the 8 Conclusions

The provisional local government settlement

Conclusion 1

We would encourage innovation in other areas to enable local authorities to fund improvements in schools, local infrastructure and other core areas of capital expenditure.

Response

There are a variety of approaches used to support local authority capital expenditure. These include the un-hypothecated general capital funding, capital grants at varying rates of support and funding to support borrowing such as through the coastal risk management programme (CRMP) and the Highways Local Government Borrowing Initiative (LGBI). The Welsh Government will continue to work with local government to agree appropriate mechanisms for different programmes, taking account of the availability of capital and revenue funding, the balance of risks for Welsh and Local Government, and the relative costs of borrowing.

Prevention and innovation in local government

Conclusion 2

In the absence of sufficient funding, we believe that leadership from the Welsh Government is crucial in providing clear strategic direction and guidance to local authorities. The Welsh Government need to assist the sector in removing barriers to innovation and ensuring effective sharing of good practice. We are disappointed at the lack of emphasis on future planning and limited focus on innovation and partnership work. The Welsh Government should provide clear direction, priorities and support for local authorities, enabling them to adopt proven, innovative approaches to preventative services. Local authorities should be required to provide justification if these services are not implemented.

Response

We agree that prevention is critical to supporting improved outcomes and helping reduce the strain on services. We also recognise the importance of supporting innovative approaches, particularly in the context of constrained finances and growing pressures.

Our role is to work in partnership with the sector to innovate and share practice, not to introduce additional requirements which risk undermining local decision-making and adding unnecessary complexity. This approach aligns with our commitment to the principle of subsidiarity, ensuring decisions are taken as close as possible to the communities they affect, thereby respecting the separate democratic accountability of local authorities. The Welsh Government does not believe that directing or requiring specific approaches would be consistent with this principle and have therefore adopted an approach designed to empower local authorities to innovate and tailor solutions to local needs.

The WLGA leads the Sector Led Improvement Board to deliver its plan to provide support for digital, data and improvement for the whole sector. We support this plan with £2.15m of funding to support innovation and share practice. In addition, Public Services Boards (PSBs) provide a mechanism for public sector bodies on a local footprint to deliver well-being plans. PSBs provide strong platforms for collaboration, enabling partners to pool resources and share expertise using the five ways of working – of which, one is prevention.

We recognise the importance of innovation and future planning, and while implementation rests with local authorities and their partners, we will continue to provide strategic support and guidance, where appropriate. Our philosophy remains clear: to enable and support sector-led improvement through collaboration and knowledge sharing, reflecting our confidence in the sector's ability to lead sustainable change.

Overall funding for Housing and Regeneration

Conclusion 3

The availability of an updated cost benefit analysis could have been useful to the Cabinet Secretary in securing a higher percentage of the overall budget for housing and regeneration and we are disappointed that our recommendation from last year has not been taken forward, despite having been accepted by the Welsh Government. The Welsh Government should press ahead with progressing an updated cost benefit analysis of the impacts of investing in housing and regeneration on wider public spending.

Response

The benefits of investment in housing on wider public spending are well established and evidenced. This has informed our sustained level of record investment in affordable housing, which is driving delivery.

Recent evidence was provided in the report published by **Savills**, who assessed the impact of housing associations in Wales across key themes (people, economy and public services).

An evaluation of the Transforming Towns Programme has already been commissioned and will result in a report early next year (March 2026). The evaluation will look at the impact of our investment for supporting regeneration projects in Wales.

We are using this information to support our strategy development and to ensure that strategic investment in homes across all tenures is something which will form part of future cross-government budget planning.

Homelessness and housing support

Conclusion 4

We believe the Welsh Government should be more proactive in pushing for an uplift to the rates of Local Housing Allowance that local authorities can claim to offset the costs of temporary accommodation. The Welsh Government has written to the UK Government, but we believe more robust efforts are needed.

Response

The Welsh Government shares the Committee's concern regarding the impact of current Local Housing Allowance (LHA) rates applicable to temporary accommodation, which limits local authorities' ability to offset the costs of providing temporary accommodation for people experiencing homelessness.

We will continue to strongly press UK Government for an uplift to LHA rates.

Conclusion 5

Housing Support Grant is a key area of preventative spending and should be prioritised for additional funding in line with recommendation 5.

Response

We agree with the Committee that the Housing Support Grant (HSG) is a key area of preventative spending. The Welsh Government has continued to prioritise investment for the HSG and increased the budget by over 60% - or £77m - since it was established in 2019. We have consistently baselined budget increases and are building on them in the 2026-27 Draft budget.

In addition to the £4.1m funding uplift allocated at the draft budget stage, we have allocated a further £2.6m to Homelessness Support & Prevention at Final

Budget towards addressing unfunded Real Living Wage pressures. This means an additional £6.7m to the Housing Support Grant in 2026-27, taking the total budget to £211m. This will support frontline stability and demonstrates our commitment to the most vulnerable at risk of homelessness.

Housing supply

Conclusion 6

In light of the upward revision of inflation following the UK Government's Autumn Budget Statement, we note that the Welsh Government's success in achieving 20,000 homes by the end of 2026 depends on a series of assumptions that are going to be challenging to reach.

Response

We recognise the ongoing challenges the sector is facing. Since 2021, we have faced a global pandemic, a cost-of-living crisis, the impact of Brexit on supply chains, high inflation and a disastrous mini-budget at the hands of the previous UK Government – all significantly impacting the housebuilding sector.

The projected delivery we **published** in November represents our pipeline across 2026 - and what the sector has told us we can expect our trajectory to be, in the context of these and other challenges.

The estimates are drawn from management information collected throughout the year. This data supports monitoring of housing delivery linked to government funded programmes. Alongside the statistical release, we published a Chief Statistician's blog which provided users with additional information on the strengths and limitations of both the official statistics and the management information. The Office for Statistics Regulation has supported our approach to publishing more timely management information alongside the accredited official statistics.

There is also a natural time lag between investment being made and housebuilding completions which is why the statistics show increased delivery as we near the end of the Senedd Term.

Maintaining budgets at record levels is a significant part of maintaining the confidence of the sector and continuing to meet future ambitions.

We continue to monitor delivery progress and, with the support of the 'Affordable Housing Taskforce Recommendations – Implementation Group',

progress work to address barriers to delivery including by identifying public land, resourcing the planning system, tracking schemes and skills support.

Building Safety

Conclusion 7

Over several years we have raised the pressing need for the pace of remediation work on high-rise residential buildings to increase and we will continue to do so. Despite this, and despite the assurances given by the Welsh Government that undertaking the remediation work is a priority, we are deeply concerned that leaseholders continue to raise significant concerns with us at the lack of progress. The continued underspends from this fund are a demonstration that the current approach to remediation has not resulted in work being undertaken at the pace required. The Cabinet Secretary chose not to use the Building Safety (Wales) Bill to legislate for this work, which led us to recommend that provisions for legally enforceable deadlines and sanctions in respect of remediation, and for penalties for failures by developers to address deficiencies, are brought forward.

Response

As stated in response to Recommendation 9 above, fire safety remediation work is incredibly complex. The programme is being progressed at the fastest pace possible, and the availability of budget has had no negative impact on delivery. Furthermore, as the Cabinet Secretary for Housing and Local Government stated in her response to the Committee's Stage 1 report on the Building Safety (Wales) Bill, it would not be appropriate to include legally enforceable deadlines for remediation in the Bill. Developers have signed up to a contract committing to remediate the buildings they are responsible for.

Land

Conclusion 8

We are disappointed that this draft budget does not demonstrate any change in the Welsh Government's approach to land compared with previous years. Rather than relying on receipts from land sales at market rates, the Welsh Government should recognise that investment in public land, and the work of the Land Division, is a vital aspect of social housing supply and needs to be scaled up in order to develop the large-scale sites that Wales needs.

Response

The current draft budget position has not had a negative impact on the Land unit's activity. While sale receipts are currently needed to address the negative revenue position, the sales are still progressing on the basis of maximising policy outcomes, rather than generating maximum receipts. This is evidenced by the recent disposal of land at Cosmeston Farm to Barratt Redrow where the overall development, both affordable and private market, will be to Welsh Development Quality Requirement standards. This will comprise 50% affordable and the overall development will be net zero carbon in operation.

The Land unit within Place Division is continuing to pursue a number of potential land acquisitions throughout Wales. It is targeting stalled development sites, with the aim of de-risking them following acquisition and contributing to the referenced pipeline of sites for affordable housing led developments. The budget position has not had an impact on this activity.

On the issue of transferring land at a discount to Registered Social Landlords for example, it is important to note that the land will be transferred at market value. The "market value" will reflect the Welsh Government's policy position for the site and will likely deliver more affordable housing than what is identified within the local development plan and to higher standards. This is therefore likely to be at a lower value than could be potentially achieved in the market.

We will continue to keep the Land unit's budget under review to ensure that its activities are not being hampered by pressure to sell land to raise funds.