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Institute of
Housing
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What you need to know about the Welsh Government's final budget 2023-2024



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Background

On the 7 March 2023 the final budget for 2023-24 was debated in the Senedd. The finance minister again outlined that this is a budget "made in hard times for hard times". The UK economy is in recession and inflation is at a 40 year high. To protect public services in Wales the minister has reviewed and reprioritised spending to focus the limited resources on areas of greatest need.

The finance minister also outlined that there has been an additional £164 million financial transactions capital available for allocation. This is in addition to the previously announced additional spending for health and education.

Despite additional funding from the UK Government inflationary pressures mean there is an eight per cent real terms cut to capital investment and the settlement received from UK Government could be worth £1 billion less in 2023-24. Even against this background of financial constraint the Welsh Government has committed to keep levels of capital investment as outlined in 2022/23 at the start of the current spending review period up to 2024/25.

A solid commitment to social housing

There are additional monies available for the development of low carbon social homes.

The total amounts now available are:

- 2023/24 - £370 million
- 2024/25 - £365 million

Even though the funding has been increased current inflation levels mean this money will not go as far. We welcome the ongoing commitment to new low carbon homes a vital part of the realisation of the right to adequate housing here in Wales.

With its focus on resourcing the sector to continue its progress in addressing the climate emergency the Welsh Government has retained **£400m for decarbonisation** (up to 2024/25) of existing social housing (although that includes £216 million of dowry funding for LSVTs),

including the investments in the Optimised Retrofit Programme.

Building safety also features prominently with **£300 million in capital funding** provided up until 2024/25.

The budget also allocated **£70 million for the Welsh Government's Warm Homes Programme** (or any future iteration of this programme) which aims to improve the energy efficiency of homes and tackle fuel poverty in the private rented and owner-occupied sectors.

To further support the general house building effort, the budget includes **£50 million to increase the supply and choice of market housing alongside £6.5 million for the Welsh Government's Homebuy scheme.**

Welsh Government has also used £63 million of the additional financial transactions capital to extend help to buy Wales to March 2025.

Other key priorities

There is an **additional £10 million allocated to homelessness prevention**. This means that in **2023/24 there is £46 million allocated to preventing homelessness**. Welsh Government will also be providing **£40 million over two years to help households facing mortgage difficulty at an early stage** to help prevent homelessness. This is in addition to the **£3 million provided to the private rented sector leasing scheme**, which provides local authorities with additional resource to increase the availability of accommodation to address homelessness.

Local authorities are also receiving the following additional budget to help them navigate the cost of living crisis:

- 2023/24 - £227 million
- 2024/25 - £268 million

Welsh Government has committed that no local authority will receive less than a 6.5 per cent increase in core funding in 2023/24.

There is no additional uplift to the monies allocated to the Housing Support Grant which will remain at £166 million per annum. The finance minister acknowledged the additional information received from stakeholders but due to the current financial climate was unable to meet all the asks made.

There is a commitment to invest a **further £165 million into health and social care** in addition to the £9.4 billion existing funding. **From April 2022 Social Care Workers in Wales will be paid the Real Living Wage. £70 million has been allocated** to meet this commitment.

There will be ongoing support for those households in Wales most at risk from the cost of living crisis. There will be an **additional £18.8 million allocated to the Discretionary Assistance Fund**.

Investment into the Pupil Development Grant will continue with an additional allocation of £9 million.

For the **Ukraine Humanitarian** response to continue there will be the following funding provided to Local Authorities to continue service delivery:

- 2023/24 - £40 million
- 2024/25 - £20 million

A view from CIH Cymru

We appreciate the difficult decisions made by Welsh Government during a time of significant financial constraint, with the UK Government settlement being worth £1 billion less in real terms in 2023/24.

We welcome the decision of Welsh Government to use some of the additional financial capital grant to increase the social housing grant levels available, which reflects the continued commitment to develop 20,000 low-carbon

social homes in this Senedd term. Though as outlined by the finance minister this may not be all new homes but include homes brought up to standard and empty homes brought back into use.

Welsh Government is also sustaining the level of funding for social landlords to decarbonise their existing stock. Yet this funding falls short of the total funding needed. There is also no funding allocation to decarbonise the private rented sector. There is however, an ongoing funding commitment for building safety.

It is encouraging to see the favorable funding additions for those individuals who are significantly impacted by the cost of living crisis through an increase to the Discretionary Assistance Fund. This will be much needed as we continue to navigate the cost of living crisis.

We also welcome the financial assistance that will be available to homeowners struggling to pay their mortgage at an early stage to help prevent homelessness. Though the full details of how this will work are not yet available it will be a vital tool for local authority homeless prevention teams.

We appreciate the difficult decisions Welsh Government have made as part of the draft budget and welcome their ongoing commitment to developing additional low carbon social homes in Wales, a vital part of realising the incorporation of a right to adequate housing in Welsh Law.

Further information

CIH Cymru will continue to engage all political parties on how this budget can respond to the needs of housing professionals across Wales. If you would like to provide your view on the final budget, please contact: cerys.clark@cih.org.

