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What you need to know about the Welsh Government draft budget 2023-24



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Background

The Welsh Government announced the detail of its draft budget on December 13th 2022. The finance minister 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. In order to protect public services here in Wales the minister has reviewed and reprioritised spending in order to focus the limited resources on areas of greatest need.

Even though there has been additional funding from the UK Government due to inflationary pressures this has resulted in an 8% real terms cut to capital investment and the settlement received from UK Government could be worth £1bn less in 2023-24. Yet even against this background of financial constraint Welsh Government has committed to keep levels of capital investment as outlined in the 2022/23 budget.

A solid commitment to social housing

Funding for the ongoing development of low-carbon social homes has been maintained. The total amounts available are:

- 2023/24 - £330m
- 2024/25 - £325m

Yet even though these levels have been maintained current inflation levels mean this money will not go as far. Whilst we welcome the ongoing commitment the finance minister has stated these monies may not provide just new homes going forward. It may also include homes brought up to standard and empty homes brought back into use.

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 £216m of dowry funding for LSVTs), including the investments in the Optimised Retrofit Programme.

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

The budget also allocated **£70m 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 **£50m for market housing** alongside **£6.5m for the Welsh Government’s Homebuy scheme**.

Other key priorities

There is an **additional £10m allocated to homelessness prevention**. This means that in **2023/24 there is £46m allocated to preventing homelessness**. Add to that **the £3m provided to the private rented sector leasing scheme**, this 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 - £227m
- 2024/25 - £268m

There is no additional uplift to the monies allocated to the Housing Support Grant which will remain at £166m per annum.

There is a commitment to invest a **further £165m into health and social care** in addition to the £9.4bn existing funding. **From April 2022 Social Care Workers in Wales will be paid the Real Living Wage. £70m 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 £18.8m allocated to the Discretionary Assistance Fund**.

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

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

- 2023/24 - £40m
- 2024/25 - £20m

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 £1bn less in real terms in 2023/24. It is against this backdrop that Welsh government have made the welcome decision to maintain the level of capital investment for Social Housing Grant 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 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 draft budget, please contact: cerys.clark@cih.org.

