



Welsh Government Draft Budget 2023-24

December 13th 2022

Summary

On 13th December 2022, the Welsh government published its [draft budget for 2023-24](#).

This draft budget responds to the challenging economic environment by prioritising support for individuals and infrastructure. It also reinforces the Welsh government's aspiration to build a 'stronger, fairer and greener' Wales. The draft budget narrative notes that 'inflation has eroded the cash value of our plans but not our ambition'.

In March 2022, the Welsh government confirmed a record breaking three year investment programme of almost £2bn capital and £700m in revenue investment for housing and homelessness prevention support (more details about these three year spending commitments can be found [here](#)). Since then, high inflation rates across the UK have put pressure on the amounts that the Welsh government has available to invest.

Within this draft budget, the Welsh government has honoured the commitments it made regarding capital investment for 2023/24 and 2024/25.

However, Welsh government has undertake a re prioritisation exercise to focus the draft budget on three main priorities;

- Protecting public services and local communities.
- Continuing to provide help to those most affected by the crises we face
- Supporting the economy through recessionary times



The measures announced in this budget that are of direct relevance to housing associations (HAs) are outlined below.

Key Headlines

The Minister for Finance has outlined new funding announcements which honours the multi-year settlement and allocates a total of £1bn for housing priorities (between 2022-25). Key spending headlines from this draft budget are:

- £330m Social Housing Grant (SHG)
- £166 Housing Support Grant (HSG)
- £10m for the Homelessness Prevention Grant (HPG)
- £135m for Building Safety
- An additional £227m for Local Authorities in 2023/24
- An additional £165m for health and social care
- An additional £18.8m for Discretionary Assistance Funding

Increasing the supply of affordable homes & maintaining existing housing stock

Building new homes

Last year, Welsh government provided welcome long term certainty through a three year commitment to a £1bn funding package for housing. This draft budget honours the Welsh government commitment to investment of £330m in SHG for 2023-24.

Community Housing Cymru (CHC) welcomes this renewed commitment to building the new, low carbon affordable homes for social rent that people in Wales so desperately need. Despite the significant headwinds that housing associations are facing, commitment to increasing the supply of affordable homes has not diminished. CHC will continue to work with the Welsh government and other partners to work together to find solutions that alleviate some of these challenges.

The budget allocates £200m for achieving quality housing. Additionally, this budget allocates £60m to developing and implementing flood and coastal risk, water and sewage policy and legislation, with £2m allocated to enabling Natural Resources Wales.

Building Safety

As expected, this budget allocates £135m for Building Safety. This package was unveiled in last year's budget which set out funding for three years as follows: £75m in 2022-23, £135m in 2023-24 and £165m for 2024-25.



Decarbonisation

In March 2022, the Welsh government confirmed a three year Infrastructure Fund which provides a total of £1.8bn investment in creating a greener Wales. This year we are pleased to see a continuation of significant funding with £1.7bn total capital funding allocated to climate priorities. This includes £92m for residential decarbonisation and quality.

Welsh Housing Quality Standard

Welsh housing associations have a commitment to maintaining existing properties and ensuring they are safe, warm, affordable places to live.

During 2022, the Welsh government issued a consultation on the Wales Housing Quality Standard (WHQS) 2023. This included plans to require the social housing sector to achieve a higher standard of EPC A / SAP 92 ahead of other parts of the UK.

CHC provided a response on behalf of the social housing sector which explained that WHQS 2023 proposals were simply not deliverable and would have placed colossal unfunded pressures on housing associations. With no financial package attached to them, the proposals would have resulted in housing association covenants being breached. This would threaten the viability of the sector and reduce its attractiveness to private borrowing.

As the 2023/24 draft budget has provided no further certainty on the specific package for WHQs 2023, CHC will be seeking to engage with Welsh government to gain clarity on their funding intentions before the final budget is published in March.

Optimised Retrofit Programme (ORP)

Last year's budget allocated £35m to test the use of new funding models through the ORP. As outlined in the budget for 2022-23 this year's budget honours Welsh government's commitments and allocates £72m to ORP funding.

Prevention of homelessness and support for individuals

Homelessness and housing support

Funding for the Housing Support Grant has been maintained at a baseline of £166m. It is disappointing not to see an inflationary increase, as CHC and Cymorth Cymru have consistently called for, recognising the increasing pressures on services and front-line staff. Working with Cymorth



Cymru, we will continue to make representations to the Welsh Government for an inflationary increase.

This year's budget sees the allocation of an additional £10 m to homelessness prevention budget in order to support local authorities and other support providers continue the 'no-one' left out approach.

Housing associations as care providers

As part of Welsh government plans to protect public services £165m has been allocated to invest further into health and social care in 2023/24, this will be baselined into 2024/25. This sits within £10.1bn package of existing revenue funding to support health and social services. We are pleased to see this additional investment which will provide some much needed financial support to stabilise and support the sector through a period of unprecedented pressure. The budget also allocates £60.5m to the Integrated Care Fund.

We are pleased that our calls, made in partnership with the National Provider Forum, for funding for the Real Living Wage (RLW) for those working in social care. The 2023/24 draft budget commits £70 million to Welsh local authorities and health boards so that they can implement the real living wage uplift - to £10.90 an hour - with workers feeling the benefit by June 2023

Financial support for individuals

Last year, the Welsh government budget announced a £162 million package to provide financial support for individuals in what was expected to be a challenging year.

This year the budget announces multiple measures to support people through a series of crises including:

- An additional £18.8m for the Discretionary Assistance Fund
- £2.2m for the basic income pilot
- £9m for the Pupil Development Grant
- £35m for Fuel Poverty Programme
- £25m for the Welsh government Energy Service

Other funding announcements

- **Long-term sustainability for public services**

Local authorities will receive an additional £227m of funding in 2023-24 this will rise to £268m in 2024-25. This builds on the spending package announcement in 2022 which will now provide £1bn up to 2024/25

- **Covid - 19**

This budget provides £3m of funding to ensure Wales can fully contribute to the UK Covid-19 Inquiry.



- **Senedd Reform**

£0.8m has been allocated to meet the costs of a Senedd reform to ensure the Senedd can fully represent the people of Wales in the future.

- **Ukrainian Humanitarian Response**

In 2023/24 Welsh government has committed an additional £40m to ensure people fleeing the war in Ukraine have a place of safety and sanctuary.

- **Public Transport**

This budget allocates an additional £40m to support the public transport sector on its journey to become net zero by 2050.

- **Helping business navigate the recession**

The Welsh government has allocated £460m to help business struggling with rising costs over the next two financial years

To discuss this briefing further, please contact Laura Courtney & Rhea Stevens, Heads of Policy & External Affairs

Laura-Courtney@chcymru.org.uk

Rhea-Stevens@chcymru.org.uk

