

Community Housing Cymru



Welsh Government Final Budget 2023-24

28th February 2023

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Introduction

The [Final Budget](#) remains largely unchanged from the [Draft Budget](#). However, it announces a further £160m of additional Financial Transaction (FT) capital investment over 2023-24 and 2024-25 which will be allocated towards measures to support people to stay in their homes, the Help to Buy Wales scheme and Sustainable Communities programmes. The budget also notes administrative changes such as transfers of responsibilities between Ministerial portfolios and transfers to and from reserves.

The budget narrative provides an update on Inflation and notes that in February 2023, the Bank of England assesses that inflation peaked in Autumn 2022 and is expected to fall over the course of 2023-24 with Consumer Price Index (CPI) projected to decrease by four percent by the end of 2023. The Budget highlights that construction price inflation, energy prices and wages are rising at variable rates that often differ from the headline CPI. Due to the volatile and unpredictable economic environment, the budget outlines a commitment to assess the impact of inflation on its funding position on a continuing basis over the course of 2023-24.

The accompanying written statement from the Government on the budget also points to a further update on forecasts and funding consequential following the UK Government spring statement on 15th March. .

Measures of direct relevance to housing associations are outlined below.

Key headlines

The Welsh Government's Final Budget 2023-24 details the Minister for Finance's new funding announcements which honours the multi-year settlement and allocates a total of £1bn for housing priorities between 2022-25.

This budget allocates:

- Housing Support Grant (HSG) has been maintained at 2022/23 baseline (£166m)
- £10m for the Homelessness Prevention Grant (HPG)
- An additional investment of almost £100m in the Financial Transaction capital investment to keep peoples in their homes, support social tenancies and social home building
- £330m Social Housing Grant (SHG)
- £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 Discretionary Assistance Funding

Building new homes

The Final Budget honours the Welsh government commitment to invest £330m in SHG for 2023-24.



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.

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.

Building safety

The budget allocates £135m for building safety. This package was unveiled in the 2022/23 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

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.

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. The 2023/24 draft or final budget did not provide any details on the specific package for WHQS 2023. We will continue our work with members to make the case for a long-term funding solution to decarbonisation.

Homelessness and housing support

Funding for the Housing Support Grant has been maintained at a baseline of £166m. We are clear that this represents a real terms cut.

We will continue to campaign with Cymorth Cymru on our Housing Matters campaign to secure an increase for FY 2023/24. The forthcoming Spring statement recently announced by the Westminster Government offers another opportunity to potentially secure investment in HSG from consequential funding for Wales.

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.

The final budget also confirms further Financial Transaction capital investment and specifically allocates close to £100m towards measures that will help people remain in their homes and support



social housing with the aim of helping people avoid homelessness, prevent repossession and create more social housing.

Other funding announcements

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 a £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 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 have been actioned. The 2023/24 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

In 2022/23, 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, increasing the total budget for 23/24 to £38.5m.
- £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.

We welcome these measures, however, average energy bills are expected to rise by an estimated 20% from 1st April, with customers unlikely to benefit from the projected fall in energy prices until the height of summer. Already stretched households will continue to struggle, at the same time as government financial support is withdrawing. We will continue our work to call on the Welsh Government to urgently progress discussions with the energy industry to introduce a social tariff for the most vulnerable households.

Help to Buy Wales

This budget allocates £63m to extend the Help to Buy Wales scheme until March 2025. The scheme will be revised to account for the changes in the housing market and the current difficult economic climate.



Sustainable Communities

The Welsh government final budget announces a further £2.4m for the Sustainable Communities for Learning Mutual Investment Model (MIM) programme. The budget describes this as an equity investment with a primary objective of providing new facilities over and above those capable of being supported by the Education Capital Budget.

Conclusion

The Welsh government's decisions to protect capital investment in housing priorities in challenging economic times demonstrates a strong and clear message that the Welsh government seeks to support the social housing sector to deliver safe, warm and affordable homes over this Senedd period.

Alongside our members and Cymorth Cymru, we will continue our work to call for an increase in the Housing Support Grant to protect vital services. Please continue to discuss this campaign with your Members of the Senedd and urge them to continue to raise the urgent need for additional funding with Welsh Ministers in the coming weeks ahead of the Final Budget debate and the UK Government spring statement.

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