



Llywodraeth Cymru  
Welsh Government

REPORT

# Final Budget 2023 to 2024: Joint Welsh Government and Plaid Cymru paper

Report from the Co-operation Agreement Finance Committee  
on the 2023 to 2024 budget.

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## Summary

Since the start of the Co-operation Agreement on 1st December 2021, there has been regular, constructive engagement between the Minister for Finance and Local Government (MFLG) and the Lead Designated Member on a range of budgetary matters. This has included 7 formal meetings of the Finance Committee, up to the end of February 2023, covering Draft, Final and Supplementary Budgets and associated issues. In addition, around fourteen bilateral meetings have taken place between the MFLG and the Lead Designated Member during this period, including regular briefings associated with UK government fiscal events.

This productive engagement has ensured that, as well as continued protection for the Co-operation Agreement funding commitments, additional funding has also been provided (further detail set out below); and other areas of mutual interest will also receive additional funding, particularly in relation to the cost-of-living crisis and wider pressures on our public services with an emphasis on efforts on the preventative agenda.

## Context for the 2023 to 2024 Budget

The following formed the backdrop of the 2023 to 2024 Budget process:

- The 2023 to 2024 Budget builds upon the indicative allocations agreed as part of the 3-year Spending Review agreed in 2022. (The 2022 to 2025 Spending Review was published in draft in December 2021 for the following 3 year period. It covered the Budget for 2022 to 2023 and indicative spending plans for 2023 to 2024 and 2024 to 2025. It was passed by the Senedd in March 2022). This aimed to provide as much certainty as possible

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for services that rely on funding from the Welsh Government for the next 3 years. This also set out the funding allocations for 13 specific areas within the Co-operation Agreement.

- The Welsh Government undertook a reprioritisation exercise as part of preparations for the 2023 to 2024 Draft Budget, seeking to release money from portfolios to reallocate funding to address pressures on public services, protect the Programme for Government – of which the Co-operation Agreement forms a key part – and help mitigate the impacts of the cost-of-living crisis.
- A limited amount of additional funding was given to the Welsh Government because of the Autumn Statement (£1.2 billion over the next 2 years); this was allocated at Draft Budget and will be confirmed at Final Budget 2023 to 2024.

## Preparation of the 2023 to 2024 Budget

- Welsh Government decisions in formulating the 2023 to 2024 Draft Budget were underpinned by 3 principles: protecting frontline public services and our ambitions for the future; continuing to provide help to those most affected by the cost-of-living crisis; and supporting our economy through recessionary times. This resulted in a number of allocations, in areas where Welsh Government recognises that Plaid Cymru has a keen interest, including:
  - £227 million extra for local government, including funding for schools and social care
  - £165 million extra for NHS Wales to help protect frontline services
  - £40 million to support public transport
  - £18.8 million extra for the Discretionary Assistance Fund
  - £10 million to support housing and homelessness
  - £9 million for sixth forms and FE
  - £9 million for the Pupil Development Grant
  - £5.5m for the Recruit, Recover and Raise Standards programme in

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- response to the pandemic
- £4.5 million to support children and young people with additional learning needs.
- Protection was given to the 46 areas of the shared policy programme of the Co-operation Agreement during this process. This resulted in all 13 funding allocations being protected, despite the particularly challenging budgetary position. They were not subject to reprioritisation, reductions in funding or a revised delivery profile, unlike other areas of activity.
- In addition, all money allocated to Co-operation Agreement commitments for the 2022 to 2023 financial year has been revised and reprofiled where there are underspends so that no funding is lost from the Co-operation Agreement allocations in any area of government.

A series of bilateral meetings between individual ministers and Designated Members have explored individual portfolio budgets and ensured that the commitments within the Co-operation Agreement are on track and that the appropriate funding and resources are in place to deliver the shared policy programme. We will continue to monitor these closely as part of regular bilateral meetings in addition to the Joint Policy Committees and Joint Oversight Board. The revised set of profiles have been agreed by the MFLG and the Lead Designated Member.

## **Appropriate funding for the Co-operation Agreement shared policy programme**

- An additional £10 million revenue in 2023 to 2024 and 2024 to 2025 was allocated in the Draft Budget towards expanding free childcare to all 2-year-olds and agreement that the Joint Oversight Board will regularly monitor this – relevant to Co-operation Agreement commitment number 2.
- Of the additional funding provided to the National Library of Wales in the

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Draft Budget, £150,000 of revenue was provided as a result of the Co-operation Agreement. We will also ensure that funding to support the cross-governmental Culture Strategy being developed currently will help sustain the culture, arts and heritage sectors and our national cultural institutions.

Over recent weeks, further discussions between MFLG and the Designated Member have highlighted areas in the Co-operation Agreement where additional revenue funding for 2023-24 will be provided:

- An additional £100,000 to £150,000 to continue our joint work on promoting the purchasing of Welsh-made goods and services, potentially similar to the successful Irish model, helping to keep the money in the local economy – relevant to CA commitment number 10.
- An additional £80,000 for an exploration of the best future structures for addressing the challenges and opportunities in the Arfor region and for partnership across the south Wales valleys – relevant to CA commitment number 26.
- An additional £111,500 to explore how the establishment of a National School for Government might contribute to a step change in embedding the idea behind a One Welsh Public Service – relevant to CA commitment number 27.
- There is also a joint commitment to closely monitor the budgetary requirements for the delivery of CA commitment number 1 on Free School Meals.

## Influence on other areas

There are a number of areas beyond the Co-operation Agreement where we have been able to agree additional financial allocations:

- An additional £1 million revenue for 2023 to 2024 for the Welsh language –

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linked to CA commitment number 36 and as part of support to understand and pilot interventions in response to the results of the 2021 Welsh Language Census in Carmarthenshire and the former industrial heartland areas of the Western Valleys. This additional funding could be provided to work in partnership with others to deploy to safeguard and grow the language in communities critical to its future.

- Building on the package of measures in the Co-operation Agreement on second homes and to improve the availability and affordability of housing in local communities for those on local incomes, as well as in response to the impact of cost of living, we intend to develop a new package of support for housing.

With this in mind, housing was a key focus of Financial Transactions Capital (FTC) allocations and most allocations have been made to the Climate Change Main Expenditure Group (MEG).

This includes £20 million in 2023 to 2024 and £20 million in 2024 to 2025 of FTC to assist those in mortgage difficulty at an early stage to enable them to stay in their homes.

An allocation of £40 million in 2023 to 2024 and £19 million in 2024 to 2025 has also been made towards supporting the delivery of new low carbon social housing. A mix of short- and long-term loans will be provided to registered social landlords to encourage continued house building.

We will ensure that these FTC proposals operate effectively with our work to establish the National Construction Company, Unnos, CA commitment number 5.

Further options to support those in financial difficulty to stay in their homes during the current cost of living crisis as well as for those wishing to buy a home but trapped by high rents will be the focus of further discussion and engagement between the Minister for Climate Change and the Designated

Member. This, in addition to our commitment to explore options for local mortgage availability, will also greatly assist in our aim to tackle second homes and unaffordable housing in our communities for local people on local incomes.

- We will provide an additional £750,000 revenue, split over the next 2 financial years, for the National Exercise Referral Scheme – a health intervention that supports people to make and maintain healthier lifestyle choices and a vital preventative measure.
- We will provide £150,000 revenue for 2023 to 2024 to provide free entry to low-income families for the 2023 National Urdd Eisteddfod in Sir Gâr.
- We will provide new allocations to ensure that our aspirations and shared position on the importance of FSM is maintained and enhanced in the context of the cost of living crisis.

## Priority areas for 2023 to 2024

In addition to the ongoing pressure of public sector pay, and as part of the ongoing budgetary relationship, the following areas have been noted as priority areas for Plaid Cymru for discussion in the event of any further consequentialia from the UK government:

- Increase in Educational Maintenance Allowance
- Extending eligibility to Free School Meals in secondary schools
- Extending the Bus Emergency Scheme (BES)

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# Annex A: Text from the Co-operation Agreement - mechanisms

The Co-operation Agreement signed on 1 December 2021 included the following paragraphs on the budget in the mechanisms document:

- “ The Co-operation Agreement will be resourced as agreed and oversight of the delivery and budget allocations for it will be jointly monitored through a Finance Committee whose membership shall include the Welsh Minister responsible for Finance and the relevant Plaid Cymru designated member. The frequency of the meetings shall be determined but they will be regularly convened in the period leading up the Senedd’s annual Budget procedures, and any discussions on supplementary budgets and on end of year underspends / adjustments.
- “ A three-year budget cycle underpins this Agreement. Any additional resources would be jointly identified and considered on a year-by-year basis by Plaid Cymru and the Welsh Government around the issues in the Co-operation Agreement.
- “ The Welsh Government commits to consultation and collaboration with Plaid Cymru throughout the development and scrutiny of all stages of the annual budget process.
- “ On the basis that the above commitment will result in appropriate funding for the shared policy programme and influence on other budgetary matters, Plaid Cymru agrees to facilitate the passing of Annual and Supplementary Budgets for the duration of this agreement.
- “ The Welsh Government has well established procedures for monitoring and reporting the use of funds allocated through the budget process.

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These procedures will apply equally to funds allocated under this agreement. The responsibilities of the Permanent Secretary as Principal Accounting Officer will continue to extend to the entirety of Welsh Government expenditure. ”

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