



Welsh Government Draft Budget

20th December 2021

Summary

Today the Welsh government has published the Draft Budget for 2022/23. The budget outlines the Welsh government's spending plans in the devolved areas of responsibility. This budget is the first multi-year budget since 2017, which has at its heart a commitment to creating a "stronger, fairer and greener Wales." It also sets out spending to deliver commitments that are part of the recent Labour/Plaid Cymru Cooperation Agreement.

The proposals are currently in draft form, with a debate due to be held in the Senedd on 8th February.

The budget allocates a total investment of close to £1.6bn capital investment in housing priorities, which includes a £1bn allocation to social housing. This is further supported by a £30m investment in housing and homelessness priorities.

The budget has a strong focus on climate change, setting out a new plan for £1.8bn targeted investment to respond to the climate and nature emergency including allocations for decarbonisation of housing stock, flooding, deforestation, biodiversity, active travel and renewable energy.

The measures announced in the budget which are of direct relevance to housing associations are summarised below, with further details provided throughout.



Key Headlines

The Minister for Finance has outlined new funding allocations of £1.6bn into housing priorities which includes £1bn towards social housing. Key spending headlines from the budget are:

- £310m Social Housing Grant (£60m increase in 2022-23)
- £375m for building safety
- £166m for Housing Support Grant
- £1m revenue to establish Unnos, a national construction company
- £100m investing in Fuel Poverty and Warm Homes
- £1.8bn targeted investment over three years to coordinate a response to the climate and nature investment
- £750m for local authorities
- £250m to prioritise social care

Details on Funding announcements

Funding for Affordable Homes

An overall investment of £310m has been made in the Social Housing Grant (SHG) for 2022-23. The budget unveils the first multi-year settlement, and allocates £330m for 2023-24 and £325m for 2024-25. This sits within a £1bn package for housing and highlights the strong confidence Welsh government has in social housing across Wales.

Community Housing Cymru (CHC) welcomes this substantial funding package and represents a vote of confidence in the social housing sector to build the homes that people in Wales need. The Homelessness Action Group was unequivocal in its call to increase the supply of social housing, placing this at the heart of the framework of policies to end homelessness in Wales and was one of the key asks in CHC and Cymorth's [Housing Matters campaign](#).

The budget allocates £1m to establish Unnos, a national construction company which will aid HA's delivery of 20,000 new homes and improve the supply of affordable housing in Wales.

The multi-year commitment is particularly positive, because it will enable Housing Associations to create longer term, more robust plans to deliver affordable housing. However, while this is a significant investment, we are still mindful of the extraordinary pressures that are currently affecting housing associations seeking to build new homes. CHC will continue to work with the Welsh Government and the Welsh Local Government Association to deliver on our commitments in line with our shared housing supply pact.



Building Safety

This year the Welsh government invested an additional £6.5m revenue and a total of £375 m capital up to 2024-25 available for building safety programmes. The budget allocates £75m for 2022-23, £135m for 2023-24 and £165m for 2024-25.

CHC welcomes this investment package as this funding will enable long term investment in the remediation of blocks of flat through a second phase of the Welsh Building Safety Fund, alongside supporting the delivery of the Building Safety Passport Scheme, establishing the Joint Inspection Team and supporting the work on long term reform and remediation.

The budget reinforces that Building Safety is still a key priority for the Welsh government and reaffirms their commitment to ensuring all homes in Wales are safe places to live. The budget specifically references the systemic building safety weakness of high rise residential buildings and details the government's commitment to ensuring the safety of residents within these buildings.

Homelessness

Significant funds have been made available in this year's budget to tackle homelessness following the joint lobbying of CHC and Cymorth through the Housing Matters Campaign. The Welsh government has allocated an additional package of £27.5m revenue up to 2024-25 to boost investment in Homelessness Prevention and Housing Support across Wales.

Last year, the Welsh Government broke the five year freeze on the Housing Support Grant, increasing the funding by 32% to a total of £167m. This year, one of the key aims of the Housing Matters campaign was to maintain baseline funding of £166m for the next three years. Whilst we also called for this to increase with inflation, it is still pleasing to see this allocated in the budget and will allow members to continue to provide vital housing support services to keep tenants in their homes.

Alongside this, the Welsh government is providing capital investments up to 2024-25 of £60m in Market Housing to address the housing needs and boost house building; £8.5m in Homebuy to support shared equity home ownership; and an investment or lease properties in Private Rental Sector for use by Local Authorities to discharge their homelessness duties.

This clear investment in Homelessness prevention signals the continued intention from the Welsh government to deliver the recommendations of the Homelessness Action Group.

Health and Social Care

Health and social care allocations have also benefited from the increased budget freedoms the Welsh government have secured. This budget allocates a total investment of £250m and provides details of a new three year funding programme that will run between April 2022 and March 2025 and see the integration of health and social care services.



The Welsh government has allocated £180 million to support a range of social care programmes to invest both in improving the residential care infrastructure and support investment in the new integrated health and social care hubs. In the draft budget there is also an increase in capital investment in the Integrated Care Fund (up £20m to £62m each year over the next 3 years).

Up until 2024-25 the Welsh government will invest a total of £110m in primary and community care to support their vision for integrated and accessible infrastructure.

Following the commitment made in the Programme for government, the budget details that funding will be allocated through the Local Government settlement to enable authorities to meet the additional costs of starting to pay the Real Living Wage of £9.90 an hour to social care workers from April 2022. We welcome this step forward in ensuring our social care workforce is appropriately acknowledged and rewarded for the work they do. It is vital that the Welsh government continues to work with providers to ensure the Real Living Wage is implemented at pace, and we look forward to seeing more detail on this.

Decarbonisation

Also published today as part of the draft budget, is the new three year Infrastructure Finance Plan which provides a total of £1.8bn investment in creating a greener Wales, including decarbonising housing.

The draft budget allocates £580m up to 2024-25 in additional capital funding to directly support the decarbonisation of existing social housing stock. This includes funding for the Welsh government's flagship Optimised Retrofit Programme (increase to £72m in 2022-23 and then a further increase to £92m in 2023 and 2024).

CHC welcomes this three year commitment to the retrofit programme and other decarbonisation strategies as it supports HA's in their efforts to achieve the standard of WHQS 2 when it is implemented next year.

Fuel Poverty

The government has committed to investing £100m up to 2024-25 to continue the delivery of Warm Homes Nest and successor schemes. Alongside continuing to improve the energy efficiency of around 6,000 homes per year.

This demonstrates Welsh government's continued commitment to the wider fuel poverty agenda and underpins sections within the [Cold Weather Resilience Plan](#) and follows the announcement of the [Winter Fuel Support Scheme](#) released earlier this month.



Other Tax and Funding Announcements

• Welfare/financial support

We welcome the commitment to provide additional financial support as a welcome intervention to support people in Wales who are affected by the record rises in living costs and the impact of Covid 19.

This includes the following allocations;

- An additional £7m to meet the ongoing demand for the Discretionary Assistance Fund
- £90m for free school meals
- £10m investment into the Basic Income Pilot
- £12m to support the delivery of tackling poverty and inequality

• Second homes

This draft Budget does not include any proposed changes to the Land Transaction Tax (LTT) rates which have applied since July 2021. Instead, this is a part of a separate consultation activity on the considerations relating to the local variation of LTT rates for purchases of second homes and holiday lets or additional residential properties.

• COVID 19 Response

This budget recognises the long term impacts COVID-19 will have on the economy allocated £1.3bn directly into the Welsh NHS to ensure they can continue to provide high quality and sustainable health care.

Additionally the budget allocates

- £100m targeted to help improve people's mental health following the impacts of the pandemic
- £110m in additional non-domestic business rate reliefs in retail, leisure and hospitality sectors.

• Regeneration and Community Safety

The Welsh government has committed to investing an additional £3m revenue and a total £100m capital up to 2024-25 to support the sustainable growth of towns and cities and their transformation into places of living, working, learning and leisure.

An additional £4m up to 2024-25 is being allocated to fund 600 Police community support officers throughout Wales to tackle crime and support communities.



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