



In-depth Briefings

Welsh Government Supplementary Budget

May 2020

As stated by Rebecca Evans, the Minister for Finance and Trefnydd, supplementary budgets are normally technical events which regularise allocations to and from reserves, transfers within portfolios and include adjustments to the Wales budget to reflect the impact of UK Government fiscal events.

We're not however, in normal times. The outbreak of the coronavirus has resulted in a number of substantial changes within government and society. Unprecedented levels of government investment has meant that a different approach has been taken to the first supplementary budget of 2020.

There is no doubt that it focuses on the fiscal impact of the COVID-19 pandemic, and has been published earlier than normal for this reason. Since the Welsh Government's budget for 2020-21 was approved on the 3rd March, the budget has increased by more than 10% in order to support the economy and public services through the crisis.



Over £2.4bn has been allocated to the supplementary budget, which has been drawn from three main sources – UK Government COVID-19 consequentials, reprioritising funding from departmental budgets, and repurposing European funding.

Key headlines from the budget include:

- Over £2.4 billion to be dedicated to the Welsh Government's response to coronavirus
- Since March, £750mn has been provided to fund the NHS and Public Services
- £40mn to provide frontline social care workers with a £500 payment
- A £640mn rates relief package
- £500mn Economic Resilience Fund providing grants and loans to SMEs
- The Welsh Government are calling for more flexibility from the UK to help respond to the crisis. They are looking for an end to limits on borrowing, the removal of the limits on the amount drawn from reserves, and the ability to switch capital funding to day-to-day revenue spending.

While there have been no major changes to the allocations of funding to individual housing budget lines, there will be a number of funding developments of interest to housing associations under the four main areas covered in the supplementary budget.

Furthermore, during the Welsh Government's daily press conference on 27th May, the Finance Minister also set out Welsh Government's request for further funding flexibilities to the UK Government. The Welsh Government is seeking:

- An end to the "arbitrary" limits on Welsh Government borrowing
- The removal of the limits on the amount Welsh Government can draw down from their own reserves;
- And the freedom to switch capital funding to day-to-day revenue spending



The four main areas covered in the supplementary budget, in response to the Welsh Government's COVID-19 response, and the subsequent funding announcements can be found below:

Health and Public Services

- £40mn has been allocated to make a payment of £500 to every care home worker and domiciliary care worker providing personal care across Wales.
- £10mn has been provided to health and social care organisations to help get those recovered from Covid-19 home sooner.
- £30mn to ensure the costs of childcare for the children of critical workers and vulnerable children aged 0-5 are provided free of charge
- £57mn has been allocated to support the Welsh Government's Test, Trace, Protect Strategy.

Supporting the Economy

- The Welsh Government has committed £1.7bn for a package of measures to support the economy and protect jobs – the equivalent of 2.7% of Welsh GVA in 2019-20.
- A £500mn Economic Resilience Fund has been established to offer support for businesses, particularly SMEs.
- More than £1bn has been provided for local government to distribute in non-domestic rates relief to businesses in retail, leisure and hospitality sectors.

Voluntary Sector and Communities

- £15mn has been allocated for a direct food delivery scheme.
- Since March £750,000 has been provided for the Discretionary Assistance Fund, allowing those in need to access emergency crisis payments for food and energy.
- £24mn has been provided to support the Welsh voluntary sector, helping charities and third sector organisations financially through the crisis.

Transport



- Bus companies' passenger numbers have fallen by up to 90%, so action is being taken to ensure the public transport sector will be able to continue to serve communities.
- £40mn to support the continued operation and maintenance of train services.

Other interventions have also taken place in response to COVID-19, funded within the Main Expenditure Group (MEG) budgets. These include:

- £35m of capital funding from the Integrated Care Fund and Innovative Housing Programme to accelerate discharge from hospital and decelerate hospital admissions and for more permanent accommodation for vulnerable people temporarily housed.
- £200k Capital funding for the Violence Against Women, Domestic Abuse and Sexual Violence grant to address emerging issues faced by refuge providers.
- Up to £500k existing funding for Homelessness Prevention, to secure additional accommodation for people who are displaced during the pandemic, including victims of domestic abuse and potential early prison release persons. This funding aims to provide resilience and additional capacity in the event that local authorities are unable to meet demand locally.

Conclusion

The Supplementary Budget has been drawn up in response to the COVID-19 crisis, in order to protect lives, jobs, and businesses. While no significant changes have been made to the individual housing budget lines in the Supplementary Budget, further policy and funding announcements are likely to follow in the coming weeks and months. Immediately after the publication of the budget, we saw the announcement of [£20m of additional funding to transform homelessness services and ensure no-one need return to rough sleeping.](#)

We will be monitoring the situation in relation to funding flexibilities very closely as Welsh Government's desire to convert capital funding into revenue presents some risk to existing capital budgets. We will continue to press for additional funding in housing and ensuring that the vital capital budgets which will support housing's roles in the economic recovery following the pandemic are not threatened.