



## **In-depth Briefings**

# **Welsh Government's Draft Budget**

**16<sup>th</sup> December 2019**

### **Summary**

Today the Welsh Government has published their Draft Budget for 2020/21. The budget sets out the Welsh Government's spending plans for the 12 months from April 2020 in the devolved areas of responsibility, including health, housing and social care.

The proposals are currently in draft form, and subject to change, with a vote of the Assembly required to approve the budget before the end of the year.

As part of Community Housing Cymru's commitment to our members, we have worked to collate data from the Welsh Government Draft Budget, key statistics and our forecasts as to the potential impact of Draft Budget on Housing Associations in Wales. The measures announced in the budget which are of direct relevance to housing associations are summarised below, with further detail provided throughout.

You can also read our response to today's budget on our website [here](#).



## Key headlines

- To deliver their commitment of an additional 20,000 affordable homes across this Assembly term (2016 – 2021), the Welsh Government has committed to investing £223 million in affordable homes in the next financial year, an increase of £133 million on previous commitments.
- Funding for the Housing Support Grant has been protected following our successful Housing Matters campaign run in conjunction with Cymorth Cymru and Welsh Women's Aid.

## Key budget line allocations

Capital Budget line	2019/20 funding (Supplementary Budget)	2020/21 funding (Draft Budget)	% change
Social Housing Grant	£188.2m	£223.2m	19%
Help to Buy Wales	£62.1m	£68.5m	10%
Land for Housing	£10m	£10m	+/- 0%
Integrated Care Fund	£35m	£42m	20%
Regeneration	£28.6m	£51.8m	81%



Revenue Budget line	2019/20 funding (Supplementary Budget)	2020/21 funding (Draft Budget)	% change
Housing Support Grant	£126.8m	£126.8m	+/- 0%

## Detail on funding announcements

The overall 133m increase in funding includes a number of headline commitments:

- £48m Social Housing Grant
- £50m Housing Loans (for new developments and to begin decarbonising homes)
- £5m Land release funds
- £10m Town Centre Regeneration
- £10m Modular building

### a.) Funding for affordable homes (SHG & HFG)

The Welsh Government have allocated £223 million in the next financial year to meet their 20,000 affordable homes target, which includes Social Housing Grant (SHG).

Alongside this, there is £68.5m in the budget line for the Help to Buy Wales fund and additional market housing schemes, which will fund Welsh Government's commitment to deliver Help to Buy homes, and the Rent to Buy model as part of their commitment to deliver 20,000 homes during this Assembly term.

### Impact

Housing associations will be key to delivering Welsh Government's target of 20,000 affordable homes in this Assembly term, and the additional funding



announced today is a welcome boost to ensure we continue our strong progress towards delivering that target. Alongside those homes delivered through grant funding, housing associations have delivered – on average – around 25% of their affordable homes in Wales annually without grant.

We welcome the increase in capital funding to build affordable housing in this budget. Community Housing Cymru is continuing to work with partners in Welsh Government and the Welsh Local Government Association to deliver on our commitments in our shared housing supply pact. In 2018/19, housing associations and local authorities worked together to deliver a 10 year high in the number of additional affordable homes provided in Wales, leaving social housing providers on course to deliver our commitment to ensure Welsh Government deliver their 20,000 home target.

#### **b.) Housing Support Grant**

Following our Housing Matters campaign, run in partnership with Cymorth Cymru and Welsh Women's Aid, today's draft budget has confirmed that the Housing Support Grant will be protected at 2019/20 levels.

#### **Impact**

This successful campaign result will ensure members who access Housing Support Grant funding can continue to deliver these vital preventative services with certainty. Following the UK General Election additional spending promises made by Conservative Party, and the consequential increased total budget for Wales, we will continue our campaign in the coming weeks and ask for some of this additional funding to be directed at the growing issue of homelessness through the Housing Support Grant. We will also continue to work with members, Cymorth Cymru and Welsh Government to demonstrate the impact of this programme.

#### **c.) Decarbonisation of Homes**

Following the publication of the *Better Homes, Better Wales, Better World* report on the decarbonisation of existing homes in Wales, we are continuing to work with Welsh Government to understand the best way forward for housing associations to deliver against the ambitions set out by this report. While there are no specific funding commitments in this budget for decarbonisation, we expect research on the optimised retrofit to be published



in March 2020. CHC is continuing to lobby for grant funding for housing associations to deliver on our sector wide ambition to decarbonise homes.

#### **d.) Integrated Care Fund**

Today's draft budget has confirmed that the Integrated Care Fund for 2020/21 will be £42m, an increase of £7m on last year's budget.

#### **Impact**

The Integrated Care Fund funds joint housing, health and social care projects which meet the needs of a wide range of groups, including older people with complex needs, people with learning disabilities, children and carers. This is a vital funding pot for the better alignment of health and housing services which housing associations can access through the Regional Partnership Boards (RPBs). With the addition of housing representatives to RPBs, there will be greater opportunity for housing associations to influence this funding, and CHC will work closely with members involved in the RPBs to ensure information and partnership working is shared across the sector.

#### **e.) Regeneration**

Today's draft budget has confirmed £51.8m of capital funding for regeneration projects in the Housing & Local Government portfolio. This is an increase of £23.2m on last year's budget.

#### **Impact**

This regeneration funding provides opportunities for housing associations to fund capital regeneration projects in 2020/21. Alongside today's announcement, Welsh Government have also accepted the recommendation of the Affordable Housing Review that under any new grant framework there should be a distinct funding pot for infrastructure and regeneration to facilitate the provision of additional affordable homes. We are expecting further developments on this following the work of the Financing Affordable Housing group which is considering the delivery of the Affordable Housing Review's recommendations.