

Community Housing Cymru



Welsh Government Final Budget March 2022

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Introduction

Central to the [Welsh Government's final budget 2022-23](#) is a commitment to create a “stronger, fairer and more equal Wales”. This is reflected in its spend on housing, development, regeneration, public services and boosting the economy, as well as its immediate response to the cost of living crisis.

This budget confirms the first multi-year commitment allocating a total of £965m Social Housing Grant (SHG) over three years. In 2022-23, £310m will be invested through this grant, an increase of £60m from last year. This record-breaking funding allocation highlights Welsh Government's commitment to building good quality, affordable homes and their confidence in the social housing sector.

Housing Support Grant (HSG) has been maintained at £166m for the next three years. While CHC and Cymorth had called for this to increase with inflation, it is still pleasing to see funding that will enable the provision of vital housing support services to keep tenants in their homes.

This budget responds to the cost of living crisis by carrying forward £180m of funding from 2021-22 outside the normal Wales Reserve arrangements to fund additional measures. This sits within a total package for 2022-23 of £330m.

The investments set out today give the sector a strong platform to deliver 20,000 affordable homes that are safe and energy efficient. Today's budget confirms the Welsh Government's commitment to ensuring all homes are up to standard in terms of building regulations and decarbonisation.

Key headlines

- A **£965m allocation of Social Housing Grant (SHG)** over 3 years
 - £310m in 2022/23
 - £330m in 2023/24
 - £325m in 2024/25
- **An additional £8m for the Land for Housing scheme** to enable the sector to secure land sites and support the housing development supply chain
- **£375m capital invested in building safety** up to 2024/25
- Housing Support Grant (HSG) maintained at a baseline of £166m for the next three years
- £100m investment in Fuel Poverty and Warm Homes
- An **additional £15m** to meet the ongoing demand for the Discretionary Assistance Fund
- **£1m investment** in the development of Unnos
- Funds to deal with the aftermath of the pandemic, including £100m for mental health
- £1.8bn targeted investment over three years to coordinate a response to the climate and nature investment
- **£750m investment in local authorities.** This budget highlights that local authorities are crucial to the delivery of education, social care and social housing services
- **£330m to respond to the cost of living crisis**
 - £180m carried over from 2021-22
 - £162m funding from 2022-23



Social Housing Grant

An overall investment of £310m has been made in the SHG for 2022/23. This sits within a £1bn multi-year package for social housing. This is the highest ever investment in SHG during the era of devolved government and builds on the £250m that was allocated in 2021/22. This substantial investment will allow the sector to continue to build new, energy efficient homes and contribute to making Wales a fairer and greener place.

Land for Housing scheme

The Welsh Government has allocated an additional £8m to the successful Land for Housing scheme for Registered Social Landlords. This will enable the sector to increase the supply of housing and the rate of delivery by securing land sites and supporting the housing development supply chain.

Homelessness

Significant funds have been made available in this year's budget to tackle homelessness following the joint lobbying of CHC and Cymorth. HSG has been maintained at a baseline of £166m for the next three years. 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.

Whilst these funding allocations in the draft budget have remained the same, the final budget allocates £10m to Tai Ffres, a partnership between the Welsh Government, Llamau and United Welsh. The funding will support an alternative housing pathway Tai Ffres has established for young people aged 16 to 25 who do not meet the threshold for homelessness services, or the traditional route of supported accommodation services would not be suitable for them.

Building safety

The Welsh Government will invest an additional £6.5m revenue and a total of £375m capital up to 2024-25 into building safety.

Decarbonisation

This final budget allocates an additional £35m on top of the £72m general capital already allocated at the draft budget. It will be used to test and develop new funding models to help accelerate the scale and pace of the decarbonisation of Welsh homes. This funding has been allocated from Financial Transaction Capital (a form of finance agreed between the UK Government and Welsh Government). CHC will continue to work with members and the Welsh Government to clarify medium term funding plans for delivering on the accelerated decarbonisation of social housing.



Other areas of spend

Health & social care

This budget allocates an investment of £250m in health and social care and provides details of a three year funding programme that will run between April 2022 and March 2025. This funding will aid the integration of health and social care services. CHC recently published a briefing specific to this funding that can be found [here](#).

The Welsh Government's budget decisions have prioritised health and local government services. In addition to the increase to the core unhypothecated funding for local government, the Welsh Government is allocating an additional £60m of specific grant funding up to 2023-25 to promote reform and improvement in social care.

Cost of living crisis

The Welsh Government is providing a further £162.4m package of measures in 2022-23 on a time-limited one year basis aimed at helping low income households to meet the immediate pressures on living cost this winter and to reduce the impact of the cut to Universal Credit, Working Tax Credit and the rising cost of energy.

This package includes:

- £90m investment to extend the current provision of the Winter Fuel Support Scheme for a further year to run next winter. The Welsh Government is keen to ensure more people can access this fund and will widen the range of eligible low-income households.
- An additional £15m has been made available to extend the Discretionary Assistance Fund (DAF) to 31 March 2023. This is an increase from the £7m that was allocated in the Draft Budget. It has also been extended to help with some energy costs (off-grid energy costs).
- £1.6m has been provided for the Single Advice Fund, which will offer advice and support on income maximisation
- £2.9m to create sustainable food packages. This funding includes £1m allocation for local action to tackle growing levels of food poverty.

It is also worth noting the Chief Economist's view on the impact of the cost of living crisis on Wales.

Key points include:

- Many price pressures are likely to be temporary, but pressure on energy prices will be longer lasting.
- Wales is particularly exposed to the impact of high inflation on energy prices due to the proportion of Welsh households on low incomes and poorer energy efficiency in homes.
- The Chief Economist notes the impact that cold homes have on health and mortality, plus the exacerbated impact the cost of living may have on different minority ethnic households, disabled people, and certain at-risk groups, including LGBT people, carers, homeless people, refugees and asylum seekers, and those with different types of impairments.



Conclusion

The final Welsh budget is right to focus on further addressing the cost of living crisis and climate change.

We also warmly welcome the extra funding for the Land Housing scheme, in addition to the already record breaking investment in social housing. The funding for testing models on decarbonisation is also a positive step and we will seek to engage with officials in the coming weeks to better understand its focus.

Overall, the final budget sends a strong and clear message of commitment from the Welsh Government to support the sector in building safe, warm and affordable homes across the country over this Senedd period. It is the vote of confidence in our members that we were seeking.

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