



In-depth Briefing

Welsh Government's Draft Budget – 2017/18

Cabinet Secretary for Finance & Local Government, Mark Drakeford AM, has today announced the Welsh Government's Draft Budget for 2017/18. The budget sets out the Welsh Government's spending plans for the 12 months from April 2017 in the devolved areas of responsibility, including health, housing and education.

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.

However, it was announced today that Plaid Cymru had secured £119m worth of commitments from Welsh Government, and would allow the budget to pass. Key commitments in the deal between Plaid Cymru and Welsh Government included:

- £44m for the Welsh NHS for areas including end-of-life care and mental health services
- £25m of additional funding for Local Authorities
- £30m for Higher & Further Education

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 the various announcements on the Welsh housing sector. The measures announced in the budget which are of direct relevance to housing associations are summarised below, with further detail provided throughout.

Key headlines:

- Following the commitment to deliver 20,000 affordable homes across the Assembly term, Welsh Government has committed to investing £1.3bn in affordable homes over the course of this Assembly
- Funding for the Supporting People Programme has been protected following a successful Let's Keep on Supporting People campaign run in conjunction with Cymorth Cymru.
- Welsh Government have announced their pre-election pledge to deliver 100,000 apprenticeships will be met with £111m of funding
- A further £60m has been made available for the Intermediate Care Fund





Key Budget Changes:

Capital Budget Line	2016/17 Funding	2017/18 Funding	% change
Increase the supply and choice of affordable housing	£78.8m	£83.7m	+6.2%
Increase the supply and choice of market housing	£26.3m	£103.3m	+292%
Regeneration	£83.5m	£17.5m	-79%

Revenue Budget Line	2016/17 Funding	2017/18 Funding	% change
Supporting People	£124.5m	£124.5m	+/- 0%
Homelessness Prevention	£5.9m	£5.9m	+/- 0%

Detail on funding announcements

1. Funding for affordable homes (SHG & HFG)

The Cabinet Secretary for Communities & Children committed to funding Welsh Government’s 20,000 affordable homes target with funding of £1.36bn in capital funding over the next four years.

There is a small increase in the budget for increasing the supply and choice of affordable housing, which includes Social Housing Grant (SHG). The budget also indicates further revenue support for this area, which will support a second round of Welsh Housing Finance Grant.

Alongside this, there has been a large increase in the budget line for increasing the supply and choice of market housing – which will fund Welsh Government’s commitment to deliver 6,000 Help to Buy homes, and the Rent to Buy model.

Impact

Housing associations will be key to delivering Welsh Government’s target of 20,000 affordable homes in this Assembly term, and the funding announced today will be an important part of 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.





Community Housing Cymru is continuing to work with partners in Welsh Government and the Welsh Local Government Association on a housing supply pact to ensure we have the right environment in which to deliver the target, and discussions on further funding will form part of that discussion.

2. Supporting People Programme

Following the Let's Keep on Supporting People campaign, run jointly by Community Housing Cymru and Cymorth Cymru, today's draft budget has confirmed that the Supporting People Programme Grant will be protected at 2016/17 levels - £124.48m.

Impact

This will ensure members who access Supporting People services can continue to deliver these vital services with certainty. We will continue to work with members, Cymorth Cymru and Welsh Government to demonstrate the importance of this programme.

Following the announcement by DWP in September this year that funding will be devolved to meet support needs of those in supported housing, we will be continuing our work at CHC on the future of supported housing and housing-related support, to ensure that our members can meet the needs of the most vulnerable in Wales.

3. Regeneration

Today's budget indicates a significant cut to the capital budget for regeneration, from 2016/17's budget of £83.5m to £17.5m.

Impact

The original Vibrant and Viable Places programme ran from 2014-17, and we will be calling on Welsh Government to increase the level of regeneration funding from this initial level set out in the draft budget.

4. Intermediate Care Fund

The draft budget has confirmed a further £60m of funding for the Intermediate Care Fund to continue developing services to help older people and those with chronic conditions to maintain their independence in the community and support early discharges from hospital.





Impact

In our manifesto for the 2016 Assembly elections, CHC called for a pot of £50m of health and social care to be directed into funding collaborative projects, managed and delivered by the housing sector. This will allow housing associations and health services to work more closely and on a more consistent basis in order to make saving and free up vital time and resources in the Welsh NHS.

Today's announcement of further funding will give an opportunity to drive further integration of services through joint working.

5. Temporary Accommodation

The management fee for temporary accommodation was devolved to Wales by the UK Government in last year's Autumn Statement. Today's budget see this pot of funding included in the Revenue Support Grant (RSG) for Local Government.

Impact

We are seeking further information on how much funding has been made available to local authorities to support temporary accommodation within the overall Local Government settlement, and working to ensure that the new arrangements meet the needs of those who require temporary accommodation.

Welsh Government figures show that there were 1875 households in temporary accommodation at the end of March 2016, with a further 108 in B&B accommodation, and we will be working with Welsh Government and Local Government to ensure the funding made available meets current and future need.

6. Communities First

Today's budget contains no further information on Communities First, following last week's announcement by the Cabinet Secretary for Communities and Children that the scheme would be phased out.

Impact

As its flagship tackling poverty programme, Communities First has been perhaps one of Welsh Government's best known schemes. However, there have been concerns over its effectiveness for a number of years, with the





Wales Audit Office report in 2011 stating that the progress made by the programme in achieving its ambitious objectives was unclear.

We understand that some members host Communities First clusters, and that many others refer tenants into projects funded by Communities First for support with employability, digital inclusion and health and wellbeing.

7. Apprenticeships

Welsh Government's Programme for Government committed to delivering 100,000 all age apprenticeships across the term of this Assembly; this has today been matched by £111m of funding to support this.

Impact

Today's announcement of further funding is good news for members who are delivering apprenticeships, and will provide opportunities to deliver further apprenticeships over the next few years. However, this announcement comes alongside the Apprentice Levy, which will have a significant impact on members. We will be briefing members on the Apprentice Levy in the coming weeks.

8. Residential Care

In line with Welsh Labour's manifesto commitment, Welsh Government today confirmed they would be doubling the amount of capital people can keep when entering residential care to £50,000.

Impact

This policy is being phased in over a number of years, and the capital limit will increase to £30,000 for those entering residential care in 2017/18. This has been met with a £4.5m budget commitment from Welsh Government to support this policy aim, with further funding expected in subsequent years.

Conclusions

The overall picture for housing in the first draft budget of this Welsh Government term is positive. Following two successful campaigns – *Homes for Wales* and *Let's Keep on Supporting People* – we have seen a significant commitment of capital funding for affordable homes, and further protection of the Supporting People programme.





However, there are concerns over the future of regeneration funding, and clarity is needed on how temporary accommodation will be funded in future. We will be working with Welsh Government to ensure members are kept up to date on these issues, and many others in today's budget.

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