

# What you need to know about the Welsh Government's draft budget 2022-2023



## Background

The Welsh Government announced the detail of its draft budget on December 20<sup>th</sup> 2021. The Wales Governance Centre noted the importance of this budget as the level of funding available to the Welsh Government is at a level not seen since 2010. Of the £8bn in additional funding received to tackle the COVID-19 pandemic, around £500m remained heading into this budget round, which was topped up by an additional £270m from Westminster- funding has been provided to each of the devolved administrations to address the Omnicron variant.

## A solid commitment to social housing

The previous financial year saw spending on social housing (through Social Housing Grant) hit £250m. This new budget which includes a three-year funding commitment amounting to an **overall spend of £1bn in building new social homes**. The funding splits over the three years as follows:

- 2022/23 - £310m
- 2023/24 - £330m
- 2024/25 - £325m

These funding levels mark a rapid increase in funding for social housing having stood at (a then record level) of £250m in 2021/22.

**£1m is also provided to 'Unnos'** - the

national construction company that will act as a support in delivering social and affordable housing. (Agreed through the Welsh Labour-Plaid Cymru Co-operation Agreement).

With it's focus on resourcing the sector to continue its progress in addressing the climate emergency the Welsh Government has included an **additional £580m for decarbonisation** (up to 2024/25) of existing social housing (although that includes £324m of dowry funding for LSVTs), including the investments in the Optimised Retrofit Programme.

Building safety also features prominently with **£375m in capital funding and £6.5m in revenue** provided up until 2024/25.

The budget also allocated **£100m for the Welsh Government's Warm Homes Programme** (or any future iteration of this programme) which aims to improve the energy efficiency of homes and tackle fuel poverty in the private rented and owner-occupied sectors.

To further support the general house building effort the budget includes **£60m for market housing** alongside **£8.5m for the Welsh Government's Homebuy scheme**.

**Homelessness prevention was £126m** before the pandemic, but support over the course of the last year has seen that **increase**



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**to £166m.** The budget confirms that as the new baseline for each of the three years up until 2024/25.

Add to that **the £3.5m provided to the private rented sector leasing scheme**, this provides local authorities with additional resource to increase the availability of accommodation to address homelessness.

### Other key priorities

In recognition of the huge pressures on healthcare during the pandemic, and the long-term impact of those pressures over the coming years an **additional £1.3bn in direct funding has been allocated to the NHS.**

Councils have also seen a considerable boost in funding following the promise of additional cash for public services in Wales from the UK Treasury. **This sees funding increase by £384m to a total of £5.1bn.**

As part of the commitment through the Welsh Labour - Plaid Cymru cooperation agreement there is also funding available to provide **free school meals (£90m over the three-year period)** and an expansion of **childcare support for two-year-olds. (£30m).** There is also **£64.5m for "school and curriculum reform** and **£63.5m investment in post 16 education** provision.

There is also £40m for Flying Start and Families First as part of a total additional **£320m over the next three years for education.**

### A view from CIH Cymru

We strongly welcome the record breaking £1bn social housing funding - and that this is a longer-term commitment spanning three years initially. Supporting the sector to manage risks through greater funding certainty is something we've consistently called for in recent years, but in particular since the onset of the pandemic.

The impact of the budget will require careful and consistent monitoring as the economic environment remains uncertain and operational challenges (such as supply chain issues) continue to create a difficult operating environment.

Funding is one, albeit vital, part of the jigsaw in progressing housing policy. We know that many of the measures outlined will require the introduction of legislation - but given the capacity of the Senedd to scrutinise has been reduced due to a format change in the frequency of committee meetings, this could be a real challenge - and pose further difficulties in prioritising the scrutiny of housing policy.

### Further information

CIH Cymru will continue to engage all political parties on how this budget can respond to the needs of housing professionals across Wales. If you would like to provide your view on the draft budget please contact: [matthew.kennedy@cih.org](mailto:matthew.kennedy@cih.org)



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