



CHC's Response

Finance Committee Consultation – Welsh Government Draft Budget Proposals for 2017/18

About Us

Community Housing Cymru (CHC) is the representative body for housing associations and community mutuals in Wales, which are all not-for profit organisations. Our members provide over 158,000 homes and related housing services across Wales. In 2014/15, our members directly employed 8,800 people and spent over £2bn (directly and indirectly) in the economy, with 79% of this spend retained in Wales. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

Our objectives are to:

- Be the leading voice of the social housing sector.
- Promote the social housing sector in Wales.
- Promote the relief of financial hardship through the sector's provision of low cost social housing.
- Provide services, education, training, information, advice and support to members.



- Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.

Our vision is to be:

- A dynamic, action-based advocate for the not-for-profit housing sector.
- A 'member centred' support provider, adding value to our members' activities by delivering the services and advice that they need in order to provide social housing, regeneration and care services.
- A knowledge-based social enterprise.

Our response

1. What, in your opinion, has been the impact of the Welsh Government's 2016-17 budget?

Welsh Government's 2016-17 budget saw continued investment in Social Housing Grant as the social housing sector worked towards an affordable housing target of 10,000 homes, and this was essential in helping housing associations build the homes needed to tackle the housing crisis in Wales. Further to this, continued investment in the Welsh Housing Finance Grant



allows the sector to effectively turn a small amount of revenue funding into capital, and has a substantial impact on increasing the supply of affordable housing.

Alongside this, CHC was delighted that Welsh Government chose to protect the Supporting People Programme Grant during this budget round.

However, this decision was made at the expense of other homelessness prevention budgets, which received significant cuts, and we are concerned that Welsh Government could, in effect undermine its own focus on prevention through such decisions.

2. What expectations do you have of the 2017-18 draft budget proposals?

Affordable Housing

CHC has welcomed Welsh Government's increased affordable housing target of 20,000 homes across this Assembly term, but this ambition must be matched with investment, both through increased Social Housing Grant and through an extension of the Welsh Housing Finance Grant scheme.

We also welcome Welsh Government's intention to continue investing in a Help to Buy product for those who want to access the property market, and we believe that widening access to home ownership is essential to a functioning housing market which works for everyone.

As part of a strategy to help those who want to access home ownership, we believe there could also be scope for a shared ownership programme as a



further option to help those who are currently unable to access home ownership in the current environment.

Supporting People & Homelessness Prevention

Further to this, we are working in coalition with a number of organisations to call for the protection of the Supporting People Programme Grant (SP) and other homelessness prevention funding.

SP has been helping vulnerable people in Wales since 2004. Since then, around $\frac{3}{4}$ of a million people have been able to turn their lives around because of SP-funded services. A study into the impact of SP has found that those who access SP services report a decline in their use of GP and A&E services. Any cut in SP funding is likely to result in increased usage of acute services.

It is vital to protect this preventative fund, but also to ensure there is a continued focus on prevention across the board. Welsh legislation on homelessness prevention has been attracting interest as an example of good practice from elsewhere in the UK, and across Europe, and Welsh Government should not jeopardise its important work by reducing other homelessness prevention funds.



Temporary Accommodation

UK Government's Autumn Statement in 2015 announced that the management fee for temporary accommodation will be devolved to English local authorities and to Welsh Government, with an increase in the budget¹.

Our members, who provide temporary accommodation, have had no indication of what level Welsh Government will set this vital budget at from 2017-18. Welsh Government must ensure that the draft budget offers clarity on this budget, and that funding for temporary accommodation – a vital part of assisting those who become homeless – is maintained at current levels.

Rural Housing Enablers

We welcome Welsh Government's commitment in its Programme for Government to continue its support of Rural Housing Enablers, and we hope this is reflected in maintaining the budget that funds their work.

Rural Housing Enablers are vital to ensuring there are vibrant and sustainable communities throughout Wales, working closely with local communities to understand housing need, break down barriers and navigate the planning system to provide homes that are needed and tackle the housing crisis.

¹ <http://www.parliament.uk/business/publications/written-questions-answersstatements/written-question/Commons/2015-12-07/18896/>



Council Tax Support

CHC has welcomed Welsh Government's commitment to supporting those in need of financial assistance with their Council Tax by filling the £24m gap that existed in the budget following its devolution. Removal of this funding would have an adverse impact on many vulnerable groups, including those already living in poverty, and with the recent Institute for Fiscal Studies report² indicating councils will likely be forced to raise council tax to plug gaps in their own budget, the problem is only going to get worse.

In the short term, there is a clear need for Welsh Government to support those who could be forced into further poverty or face the increased prospect of bailiffs enforcing council tax debt, and continue this funding stream. However, in the longer term, there is an opportunity to look at how council tax operates, and we welcome the Welsh Government's intention – set out in its Programme for Government – to review the tax to make it fairer, so the people with low and moderately valued properties pay less than they do now.

Health and Housing

The important links between health and housing have been widely recognised and well documented over many years, and it is therefore imperative that health and housing are integrated more closely.

The Intermediate Care Fund has sought to break down some of these barriers, helping to keep people living independently in their own homes,

² <https://www.ifs.org.uk/publications/8471>



and we are encouraged by the reference to the continuation of this fund in the Programme for Government. However, CHC believe there is a need for more action on the integration of health and housing, and the delivery of the ICF must now link across other funding pots to allow this closer integration in the long term.

CHC's Healthy Homes, Healthy Lives publication³ gives some examples of good practice, and we are also working in partnership with Public Health Wales as part of a Memorandum of Understanding to make progress in this area. We would be happy to provide the committee with further evidence in this area.

4. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

- Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)

We support the committee in this aim, and believe there should continue to be a focus on preventative spending in the scrutiny of the budget. With increasing pressures on acute services, there will of course be difficult trade-



offs for the Welsh Government, but these acute pressures will go sharply and significantly if there is not investment in preventative programmes with well-evidenced outcomes, such as Supporting People and homelessness prevention programmes.

Furthermore, investment in building quality affordable homes is both a key preventative measure and an important economic stimulus. Poor housing has been shown to cost the NHS in Wales at least £67m per year, with the wider societal cost reaching around £168m⁴. Therefore, investment in quality affordable homes is key to continuing preventative agenda.

- Welsh Government policies to reduce poverty, mitigate welfare reform and prepare for an aging population

We welcome this focus from the committee. Welfare reform continues to have a severe impact on thousands of housing association tenants across Wales, and it is vital that Welsh Government understands the impact and assists those in need where it can. There are significant changes coming down the line with a reduction in the Overall Benefit Cap in November 2016⁵,

⁴ <http://www.brebookshop.com/samples/326669.pdf>

⁵ http://chcymru.org.uk/uploads/events_attachments/Benefit_cap_briefing_FINAL.pdf



the capping of Housing Benefit at Local Housing Allowance Rates from April 2018^{6 7 8}, and the continued rollout of Universal Credit.

- Sustainability of public services, innovation and service transformation

We agree that this should be at the heart of all the committee's considerations on the impact of the draft budget.

- Preparation for the UK to leave the EU

CHC has prepared both pre and post referendum briefings^{9 10} on the potential impact of leaving the EU on the housing sector, but the long term impact remains unclear. The committee needs to consider the financial impact that a number of areas may have, on housing and other public services, including:

- The overall economic impact
- The supply of labour
- The supply of materials

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http://chcymru.org.uk/uploads/events_attachments/Indepth_Briefing_LHA_Cap_on_Social_Housing_Rents_NEWYDD.pdf

⁷ http://chcymru.org.uk/uploads/general/Impact_of_Capping_Housing_Benefit_at_LHA_rates_-_In-depth_briefing_paper_April_2016.pdf

⁸

http://chcymru.org.uk/uploads/events_attachments/Supported_Housing_LHA_Briefing_Sept_2016.pdf

⁹ http://chcymru.org.uk/uploads/general/EU_Briefing_-_June_2016.pdf

¹⁰

http://chcymru.org.uk/uploads/events_attachments/The_EU_Referendum_and_HAs_in_Wales__Post_Referendum_July_2016.docx



- Access to European funding programmes, including the European Investment Bank

- Low carbon budgeting and preparing for the Future Generations Act

Housing associations have a track record of delivering energy efficiency measures that both reduce carbon emissions and support tenants in fuel poverty. We welcome the committee considering this area.

- Preparation for the impact of further devolution included with the Wales Bill

The committee needs to keep a keen eye on budgets that are being devolved to Wales. As well as those areas that will be devolved by the Wales Bill, the introduction of Universal Credit across the UK and the English localism agenda is regularly resulting in small pots of welfare funding being devolved to Welsh Government. This previously happened with Council Tax Benefit and the Social Fund, and we have seen it once more with Temporary Accommodation. A new mechanism of funding Supported Housing in England will also see a pot devolved to Wales from 2019.

We welcome the opportunity to tailor some of these funds and programmes to better meet Welsh needs, but the Finance Committee has an important role to play in assessing the impact of these devolved budgets and ensuring Welsh Government continues to support those in the most.



5. The previous Welsh Government have highlighted that the Draft budget 2017-18 will be aligned with national indicators for Wales.

- What, if any, additional national and local indicators would you like to see as a means of supporting the shift towards a greater focus on preventative spending?
- What, if any, additional national and local indicators would you like to see as a means of supporting the shift towards a greater focus on reduction or eradication of poverty?

We have previously responded to Welsh Government's consultation¹¹ on the national indicators for Wales, and we believe there is significant room for improvement in these indicators.

In particular, we believe additional indicators should consider whether people are able to access housing that is adequate to their needs, and whether people feel physically and digitally connected. We also believe there is room for improvement in how some of the indicators are measured, and need for the indicators to be supported by more and better data.

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[http://chcymru.org.uk/uploads/events_attachments/Community_Housing_Cymru_Group_response_Well-being_of_Future_Generations_\(Wales\)_Act_2015_natioanl_indicators.docx.pdf](http://chcymru.org.uk/uploads/events_attachments/Community_Housing_Cymru_Group_response_Well-being_of_Future_Generations_(Wales)_Act_2015_natioanl_indicators.docx.pdf)



6. What spending commitments and priorities would you like to see in the 2017-18 draft budget in order to ensure that progress is being made on preventative spending and, in particular, the area of health and social services?

As discussed throughout our response, the protection of the Supporting People programme and other homeless prevention funding is vital, and there will be a significant adverse impact on health and social services in the long term if they are not protected.

Similarly, investment in quality affordable homes will also result in better health outcomes and less pressure on health services.

We also believe there needs to be continued investment in health and housing, and the Intermediate Care Fund should deliver more in terms of integrating health and housing and breaking down barriers to allow affordable housing providers and health services to work more closely.

7. What spending commitments and priorities would you like to see in the 2017-18 draft budget in order to ensure that progress is being made on reducing poverty and preparing for an aging population?

There are currently 90,000 households on housing waiting lists across Wales; more than 8,000 of these have been on the waiting list since the last Assembly election in 2011. To tackle poverty, it is vital that we tackle this issue, and invest in affordable homes to deliver the 20,000 homes target.



Alongside this, continuation of Council Tax support in 2017-18, with a plan to tackle the wider issues around council tax in the long term, is needed, as is clarity of the Temporary Accommodation budget.

9. What changes to allocations and priorities do you feel need to be reflected in the draft budget 2017-18 and subsequent years as a result of the vote to leave the EU?

As stated previously, the long-term impact of leaving the EU remains unclear. The sector remains especially concerned about the long term economic impact, and particularly the impact on the housing market and construction. Investment in housing in this budget will provide confidence in the sector, and provide a stimulus for the economy in uncertain times.