



Julie James MS, Minister for Climate Change
Rebecca Evans MS, Minister for Finance and Local Government
cc. Emma Williams, Director of Housing and Regeneration

15 November 2022

Dear Ministers,

Welsh Budget 2023/24: Housing Support Grant

We are writing to you regarding the upcoming Welsh budget and the need for additional investment in homelessness and housing support services in Wales.

We recognise that Ministers are anticipating a very challenging budget settlement, but we strongly believe that the Housing Support Grant should be one of the Welsh Government's priorities and given an inflationary increase. The services funded by this grant are absolutely critical to the prevention and alleviation of homelessness, and we are deeply concerned that failure to increase the grant for 2023/24 will put them at significant risk at a time when they will be more important than ever. The same applies to the Homelessness Prevention Grant.

Cost of living crisis and frontline staff wages

We warmly welcomed the increase to the Housing Support Grant during the pandemic, reflecting the need to fund more services. However, this has not resulted in a meaningful increase in staff wages. In September 2022, Cymorth published a [report](#) that exposed the financial challenges facing frontline homelessness and housing support workers. This research shows that even before the cost-of-living increases this autumn, 79% of frontline workers were not putting on the heating in order to save money, 44% were struggling to pay rent and bills, 7% were using food banks and many others were skipping meals and taking on additional jobs. Others are leaving the careers they love because they cannot make ends meet.

With record numbers in temporary accommodation and immense pressure on housing support services, there is a very real risk that providers will be unable to retain enough staff to maintain service delivery. Unless funding is increased to enable an increase in wages, frontline workers will be pushed further into poverty, or will continue to leave the sector for better paid jobs with less stress.

The increased cost of running services

Homelessness and housing support providers are increasingly concerned about the cost of running services. Accommodation-based services such as temporary and supported accommodation have particular concerns about the increase in energy bills, which are often paid centrally by the support provider. We have also received feedback from some providers that they feel unable to bid for some housing support contracts, as the funding offered does not cover the true cost of delivering the service. In some cases, the contract value is the same as a few years ago, with no inflationary increase to reflect the cost of running the service today. As well as choosing not to bid for contracts, there is a risk that some providers may walk away from existing agreements if there is no increase in funding.

Increased pressure on services

The scale of homelessness in Wales, reflected in the huge number of people in emergency or temporary accommodation, is putting acute pressure on services and the staff responsible for delivering them. They are also contending with implementation of the Renting Homes (Wales) Act 2016 and trying to engage in the planned transition to rapid rehousing. We fully support the Welsh Government's ambition to transform services and end homelessness, but this, along with the continued impact of COVID, is putting incredible pressure on services. While our members want to be part of the solution, they need more resources to retain and recruit more staff, expand provision, and maintain delivery of these critical services.

Financial hardship for individuals

During this acute cost of living crisis, the preventative approach that Welsh Government has committed to is more important than ever before. Supporting early intervention grants such as the Housing Support Grant is a critical part of this. It is also important that access to all preventative funding streams is straightforward and consistent to maximise impact. We would be pleased to work with your officials to ensure that funding is being used effectively to prevent crisis and to enable individuals to maintain financial resilience.

Risks to other public services

[Research](#) conducted by Cardiff Metropolitan University has demonstrated that homelessness and housing support services deliver significant benefits to other public services, with a net saving of £1.40 for every £1 invested in the Housing Support Grant. We also know that support providers often pick up the pieces when people who have experienced trauma and system failure have nowhere else to turn. If housing support providers are unable to maintain their service provision, the negative impact will not be limited to homelessness, but will also be felt by health, social care and criminal justice services.

We understand that Ministers face extremely difficult decisions as you set the budget for 2023/24, but the risks posed by not increasing homelessness and housing support funding are significant. We hope the issues we have raised in this letter are given careful consideration over the coming weeks and that an inflationary increase is awarded to the Housing Support Grant and the Homelessness Prevention Grant.

Your sincerely,



Katie Dalton
Director
Cymorth Cymru



Stuart Ropke
Chief Executive
Community Housing Cymru