

# Response to the call for information on Welsh Government draft budget proposals for 2017-18

21<sup>st</sup> September 2016

## Our vision

Everyone in Wales should have a decent and affordable home: it is the foundation for the health and well-being of people and communities.

## Mission

Shelter Cymru's mission is to improve people's lives through our advice and support services and through training, education and information work. Through our policy, research, campaigning and lobbying, we will help overcome the barriers that stand in the way of people in Wales having a decent affordable home.

## Values

- Be independent and not compromised in any aspect of our work with people in housing need.
- Work as equals with people in housing need, respect their needs, and help them to take control of their lives.
- Constructively challenge to ensure people are properly assisted and to improve good practice.

## Introduction

Shelter Cymru welcomes the opportunity to respond to this consultation. We welcome that the Committee is focusing on preventative spending. There is considerable evidence that investment in housing and housing-related services reduces reliance on health and social care. For example, we published research with the BRE Trust in 2011 which found that poor quality housing leads to ill health and accidents in the home that cost the NHS around £67 million a year in treatment costs alone<sup>1</sup>. The total cost to society of dealing with the worst hazards in the home was estimated at around £168 million.

The Welsh Government has established an ambitious target for affordable housebuilding over the next Assembly term. Meeting this target is critical for prevention of homelessness, so we would strongly argue that Social Housing Grant should be a priority.

## Preventative spending

Supporting People Grant was protected for 2016-17, which we welcomed, although in the same budget Welsh Government cut homelessness prevention funding by 8.1 per cent. This had an impact on a wide range of services including ours.

A twin concern is the transitional funding that Welsh Government has made available for local authority Housing Solutions services to help them implement Part 2 of the Housing (Wales) Act 2014. This transitional funding has proven to be critical to the success of the legislation, since local authorities use it to fund their individual homelessness prevention budgets. The funding was £5.6 million in 2015-16. It was cut to £3 million for 2016-17, which led some local authorities to reduce their individual prevention budgets. This would be expected to have had an impact on Housing Solutions teams' prevention success rates (a National Indicator).

We understand that the transitional funding was never intended to be a long-term solution but we have asked that the Welsh Government consider retaining it in some form, to assist the success of the legislation.

Funding for homelessness prevention services is modest compared to other parts of the Budget, but the difference it makes to people's lives is considerable. Research by Citizens Advice shows that every £1 spent on housing advice saves the state £2.34<sup>2</sup>. In the last

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<sup>1</sup> Davidson, M., Nicol, S., Roys, M. and Beaumont, A. (2011) The Cost of Poor Housing in Wales. BRE Trust and Shelter Cymru

<sup>2</sup> Citizens Advice (July 2010) Towards a business case for Legal Aid: paper to the Legal Aid Research Centre's eighth international research conference

year Shelter Cymru has helped more people than ever before, preventing homelessness in a record 93 per cent of the cases where it was faced.

Supporting People and other homelessness prevention funding streams are aiming to achieve the same goals and need to be resourced in a strategically consistent way. Particularly at a time when Wales' innovative homelessness legislation is the focus of international interest, we must give Housing Solutions and other prevention services adequate funding to deliver on the Welsh Government's vision and achieve high success rates for the National Indicator.

## Council Tax Reduction Scheme

We strongly welcome the Welsh Government's announcement that the Council Tax Reduction Scheme will continue to be fully funded in 2017/18. This will avoid considerable hardship for thousands of people in Wales, many of whom are vulnerable and already struggling with multiple cuts to welfare benefits. We also welcome the Government's commitment to review Council Tax to make it fairer. We believe the time is right to have a national debate about progressive alternatives to local government taxation, given that Council Tax is regressive by nature and disproportionately burdensome on people in poverty.

## Temporary accommodation

Finally we would like to highlight the question of the management fee for temporary accommodation, which is to be devolved to Welsh Government with a budget increase. From 2017/18 Welsh Government will need to set this budget and, while we have not yet heard at what level this will be set, we would urge Welsh Government to ensure that current levels of spending are maintained and that any surplus is invested in homelessness prevention.

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