

The Welsh Government’s Draft Budget 2023/24: The Housing Support Grant

A briefing from Cymorth Cymru and Community Housing Cymru
6th February 2023

1. What is the Housing Support Grant

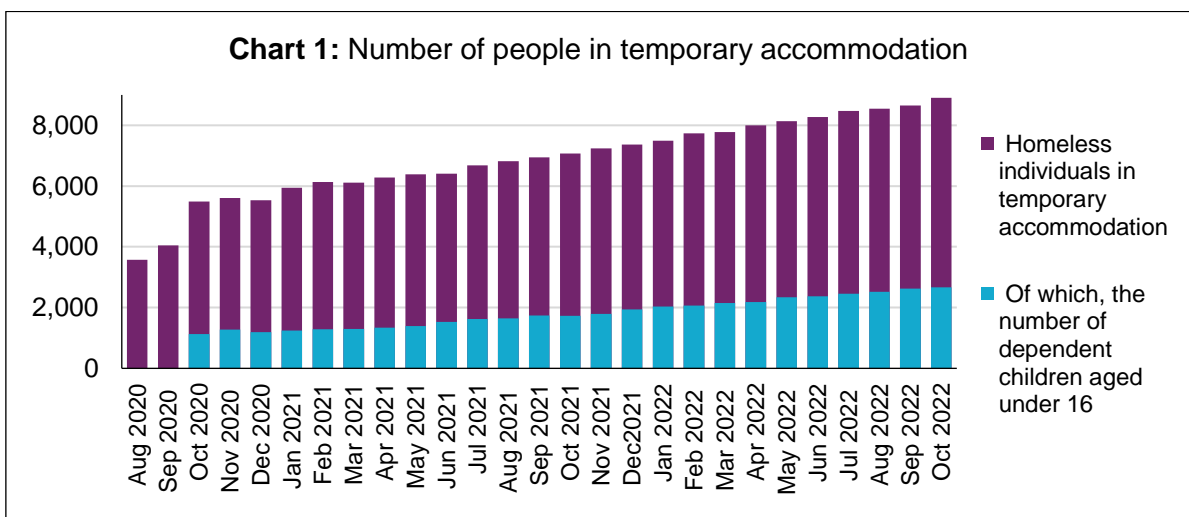
- 1.1 The Housing Support Grant funds the vast majority of homelessness and housing support services in Wales, supporting over 60,000 people every year, through the provision of:
 - Tenancy support that prevents homelessness and keeps people in their homes.
 - Supported accommodation for a range of client groups, including refuge for survivors of violence against women, domestic abuse and sexual violence.
 - Housing First projects that support people with a history of repeated homelessness to access and maintain a tenancy.
- 1.2 It plays an important role in prevention. Research by Cardiff Metropolitan University and Alma Economics has demonstrated that HSG services deliver a net saving of £1.40 for every £1 invested by preventing homelessness, easing pressure on health and social care, and reducing interaction with the criminal justice system.

2. Welsh Government Draft Budget 2023/24

- 2.1 The Welsh Government’s Draft Budget for 2023/24 puts Housing Support Grant funding at **£166.7m**. This is the **same amount as in 2022/23 and 2021/22**, despite inflation and the increased pressures on the homelessness system. The sector **is extremely concerned** about this settlement and has **urged Ministers to reconsider**.

3. Context: Increased homelessness

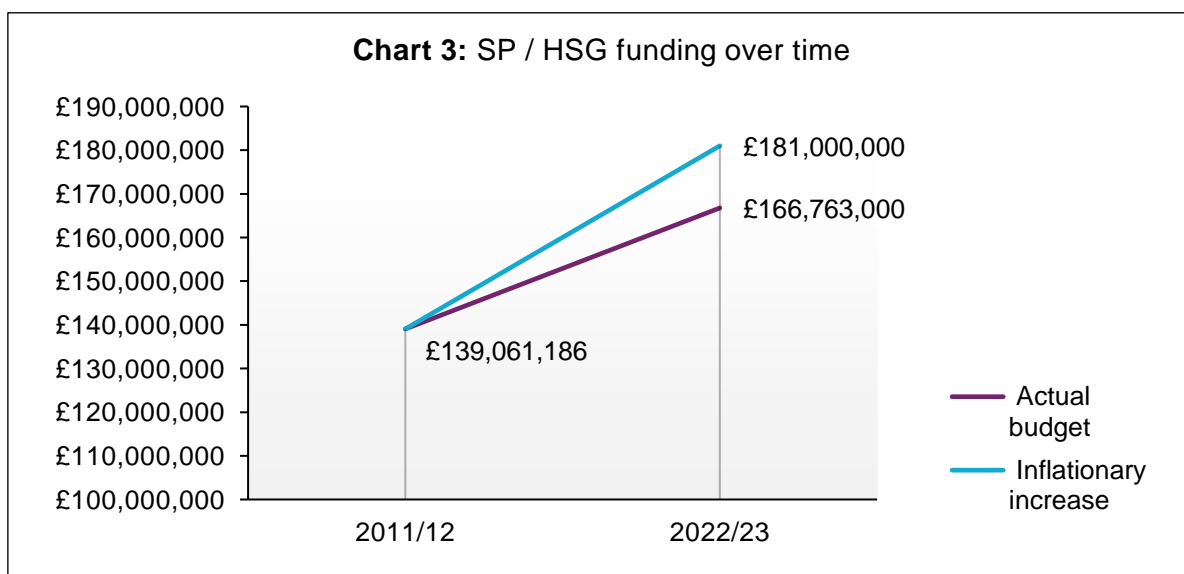
- 3.1 At the present time, the homelessness sector is under more pressure than ever. The most recent Welsh Government [statistics](#) show that 8,906 individuals were in temporary accommodation as of 31st October 2022, of which 2,672 were dependent children.



- 3.2 Over the last two years, an average of 1,225 people have been placed in temporary accommodation (TA) every month. The average number of people moving out of TA and into suitable long-term accommodation is only 561 per month.
- 3.3 Support services are absolutely **critical** to helping people to cope with the trauma of homelessness and the stresses of living in temporary accommodation, as well as supporting people to find and move into a settled home and maintain that tenancy. It is clear that they are desperately needed to support local authorities at this time.
- 3.4 Looking to the future, HSG services are absolutely vital to the delivery of the Welsh Government's ambitions to end homelessness, including the transition to [Rapid Rehousing](#) and the implementation of the [Ending Homelessness Action Plan](#). These services are key to making homelessness **rare** (tenancy support to prevent homelessness), **brief** (enabling people to move into supported accommodation or their own home) and **unrepeated** (by continuing to provide support that enables people to maintain their tenancy).

4. Funding over time

- 4.1 Over the past decade, Housing Support Grant funding (formerly the Supporting People Programme Grant) has reduced in real terms. In 2011/12 it was £139 million, which equates to £181 million in 2022, according to the Bank of England's [inflation calculator](#).
- 4.2 This means that the HSG budget has been cut by over £14million in real terms, even if the demand for homelessness services had remained the same. In reality, demand has grown and services are under much more pressure than a decade ago.

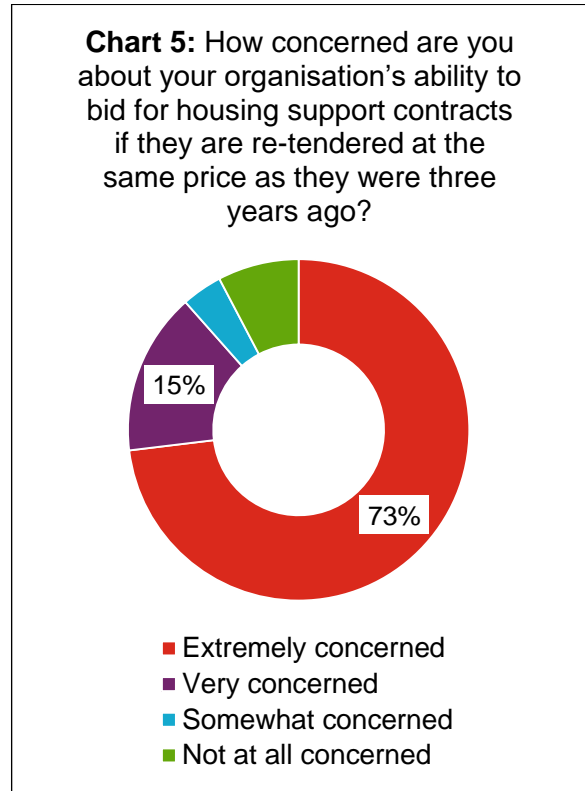
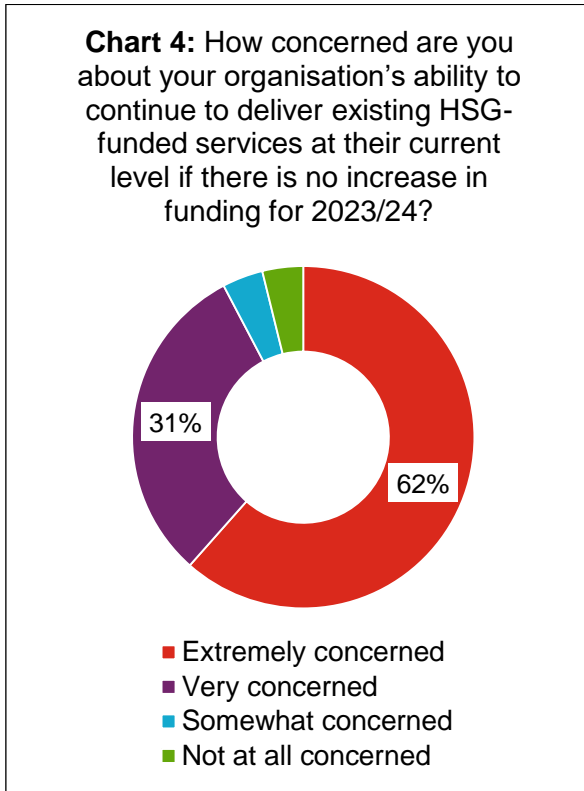


5. Welsh Government comments on funding

- 5.1 In response to scrutiny of the Draft Budget, the Welsh Government has pointed to the increase to the HSG during the pandemic. While we warmly welcomed this investment at a time of crisis, it predominantly helped to fund additional services to meet growing demand, rather than providing financial support for existing services and staff pay. And as Chart 3 demonstrates, the increase has not kept pace with inflation.
- 5.2 The Welsh Government has also highlighted the increase to the Homelessness Prevention Grant in its Draft Budget. Again, this is welcome, but it is important to point out that this will predominantly help local authorities to continue providing temporary accommodation. This increase has no impact on the vast majority of homelessness and housing support services in Wales, which are funded through the HSG, and will therefore not help to sustain these services or the HSG workforce.

6. Risk to service delivery

- 6.1 The absence of any increase to the HSG budget means that service delivery is now at risk. Local authorities and support providers are increasingly concerned about the cost of running services and their ability to recruit and retain staff. One commissioner told us that no increase to the HSG means they will need to choose between cutting service capacity in order to afford a wage rise for frontline staff, or retaining service capacity and continuing to lose staff. This isn't a choice at all, particularly with the huge numbers at risk of homelessness, in temporary accommodation and in need of support.
- 6.2 Our survey of support services highlighted that 93% are extremely or very concerned about their ability to continue delivering service if there is no increase to the HSG:



- 6.3 Support providers have told us that if there is no increase in the HSG, they may need to walk away from existing contracts and may be unable to bid for contracts when they are re-tendered:

"We have made the decision that if we do not receive the required uplifts from commissioners in 23/24, we will not be tendering for new contracts and will be giving notice on some of our current contracts where we're struggling to retain staff and are seeing a financial deficit. We have given notice on a number of contracts in 22/23 for this very reason and we've seen that no other provider is prepared to step forward to take on these contracts. The demand for our services has never been higher and we will be unable to meet needs as providers will inevitably withdraw from existing contracts and not take the risk of bidding for new ones."

"The Supported Accommodation services that we deliver just about break even or make a very small surplus. Whilst we are very proud of the services, the increase in the living wage of 10.1 % (from April) coupled with a significant rise in utility costs, will put the schemes into deficit unless Local Authorities are given the additional funds required to cover the true cost of services. Unless this happens, as contracts are up for tender, we would have to consider whether we retender or walk away as the Group cannot afford to subsidise the cost of services."

7. Shortfall between wages and National / Real Living Wage

- 7.1 Over the last two weeks we have collected data from 21 support providers, who shared information about the wages of 2,125 staff members working in HSG-funded projects. This sample showed that:
- **28.8%** of staff working in HSG funded services are currently **paid less than the forthcoming National Living Wage (NLW)** of £10.41 per hour.
 - **29.3%** of staff working in HSG funded services are currently **paid less than the new Real Living Wage (RLW)** of £10.90 per hour.
- 7.2 The **average shortfall** between the current wages of these staff and the **NLW** is £0.45 per hour, which equates to **£819 per worker per year**.
- 7.3 The **average shortfall** between the current wages of these staff and the **RLW** is £0.92 per hour, which equates to **£1,674 per worker per year**.
- 7.4 One support provider told us it will cost them an **additional £500,000** to pay their staff the RLW in the 2023/24. Another told us that it would cost them **in excess of £1million**.
- 7.5 This data illustrates the huge challenge for homelessness and housing support services in Wales: **How are they supposed to pay staff the legally required NLW** – never mind the Welsh Government’s commitment to pay the RLW – if there is no increase in the HSG?
- 7.6 One support provider has told us:

“If there is no increase in the funding we risk losing experienced, trained, talented and knowledgeable colleagues from services and this will massively impact those who are accessing and need our services. We cannot attract or retain colleagues in roles if we cannot afford to pay them well. Inflation is running at 10% we have to be part of a solution for colleagues who are struggling to pay their bills and have some quality of life, work should not be exacerbating an already difficult situation.”

8. Frontline workers: Cost-of-living crisis

- 8.1 The cost-of-living crisis is having a significant impact on frontline homelessness and housing support workers in Wales. We have conducted two surveys about this issue - during the summer of 2022 (560 respondents) and in January 2023 (583 respondents).

Impact of the cost-of-living crisis on people’s lives

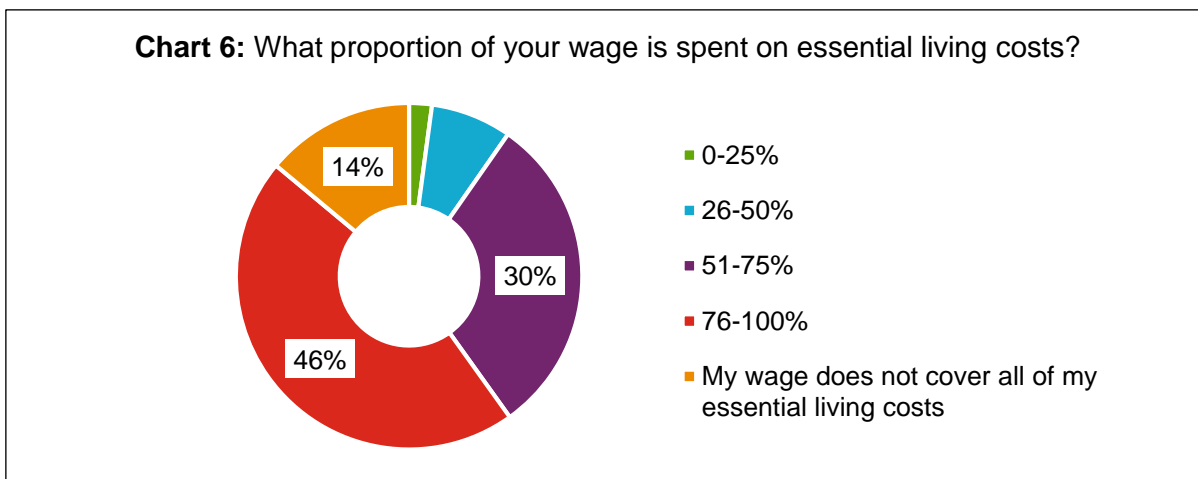
- 8.2 The survey last summer showed that most frontline workers were struggling with the impact of the cost-of-living crisis, but the results from January 2023 are much worse.

Has the cost of living had any of the following impacts on you over the last 6/9 months?	Summer 2022	January 2023
I have needed to use a foodbank	7%	9%
I feel at greater risk of homelessness	6%	12%
I am struggling to pay my rent	10%	18%
I am struggling to pay my bills	44%	56%
I am not putting on the heating in order to reduce costs	79%	86%
I am turning off lighting or electrical appliances to reduce costs	86%	89%
I am not engaging in social activities in order to reduce costs	70%	72%

Proportion of frontline worker wages spent on essential costs

- 8.3 The 50/30/20 rule suggests that people should spend 50% of their income on essential living costs, 30% on discretionary spending, and 20% on savings or paying off debt. We asked frontline homelessness and housing support workers to estimate what proportion of their wage is spent on essential living costs (Chart 6).

- 8.4 Worryingly, **only 10%** said that they spent the recommended 50% or less of their wage on essential living costs. A huge 46% said they spent 76-100% of their wage on essential living costs. A shocking **14% said their wage does not cover all of their essential living costs.**



Quotes from frontline workers

- 8.5 The following quotes from frontline workers illustrate the impact of the cost-of-living crisis:

"I miss meals so that my child can eat."

"I have begun selling belongings of mine to make up costs."

"I have two children and the worry of putting the heating on the way prices are rising is a concern, I won't let them have a bath only a two-minute shower due to the rising costs."

"I love my job but my neighbour is on more money than me who works in Aldi behind a till."

"It is quite disheartening to learn that a Mcdonalds employee is now earning £2 more per hour."

"Eating only one meal a day."

"It has had a great impact on my well-being, increased my anxiety but have to put on a brave face during working hours."

"I have had to take on another job to keep my home running day to day, I now have to work an extra 25 hours per week on top of my fulltime day job just to keep on top of my bills."

"House issues due to not being able to put heating on. Damp / mould appearing in most rooms, unable to complete house repairs that is required to prevent further issues."

"I have a generalised sense of dread about everything - I'm worried about my clients and friends, as well as my own situation. More than anything I would like affordable housing with a decent heating system, no damp and a secure tenancy - this simply seems unattainable."

"In the past 6 months there have been times when I have been really cold in my house but I have not turned the heating up and as a 66 year old I never imagined I would have to sit wrapped in a quilt in the evening."

9. Conclusion

- 9.1 As you can see from our evidence, the challenges facing homelessness and housing support services are stark and it is heart-breaking to hear that these incredible frontline workers are being pushed further into poverty. These services are critical to preventing and alleviating homelessness, but are at serious risk if there is no increase to the HSG budget.
- 9.2 We urge Members of the Senedd to consider this evidence and use their voices to raise these concerns in their scrutiny of the Welsh Government's Draft Budget for 2023/24.