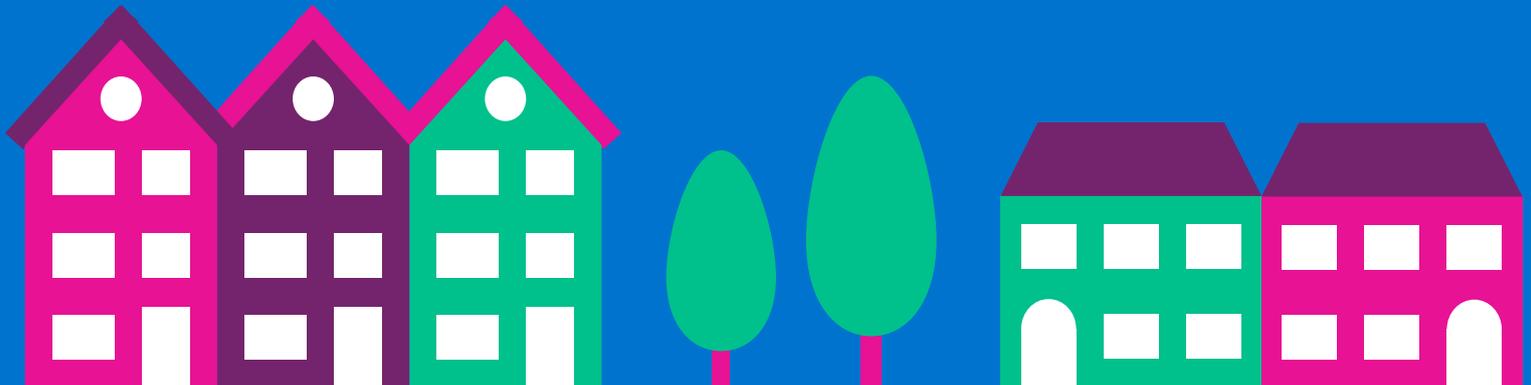


Housing Matters

Welsh budget 2024/25



Cymorth Cymru

Cymorth Cymru is the representative body for providers of homelessness, housing and support services in Wales. Our members provide a wide range of services that support people to overcome tough times, rebuild their confidence and live independently in their own homes. We act as the voice of the sector, influencing the development and implementation of policy, legislation and practice that affects our members and the people they support. We want to be part of a social movement that ends homelessness and creates a Wales where everyone can live safely and independently in their own homes and thrive in their communities.

Community Housing Cymru

Community Housing Cymru is the voice of housing associations in Wales. We represent 34 not-for-profit housing associations that provide almost 165,000 homes and related housing services to 10% of the population across Wales. Our collective vision is to make Wales a country where good housing is a basic right for all. Home is central to all of our lives, which is why we and our members believe that helping people live healthy, fulfilled and connected lives should be at the core of Wales's national plans. We represent the views of housing associations on a national level, to ensure they can continue to carry out their vital work to sustain tenancies, support tenants through life challenges, and create sustainable communities.

Introduction

Everyone has the right to a safe and stable home. Unfortunately, increasing numbers of people in Wales are experiencing, or at risk of, homelessness.

Housing support services play a vital role in preventing and alleviating homelessness, helping tens of thousands of people every year to recover from trauma and to live safely and independently in their home. However, services have been under constant pressure over the last decade, with funding constraints, huge growth in demand, and an increase in complexity of support needs, all pushing the sector closer and closer to breaking point.

Over the last few weeks we have been collecting evidence from providers of homelessness and housing support services in Wales. We received data from 32 organisations, including small charities operating in one or two local authorities, larger charities operating regionally or nationally, and housing associations. These organisations provide the majority of homelessness and housing support services in Wales and we are therefore confident that our data is representative of the sector.

The information we have collected evidences the significant pressure and challenges facing services and organisations following the real terms cut to the Housing Support Grant budget for 2023/24. It also provides an incredibly concerning insight into the likely impact of any further cuts (real terms or cash terms) next year.

As the Welsh Government makes key decisions about its budget for 2024/25, the message from the homelessness and housing support sector is clear: services desperately need a funding injection or there is a real risk of system collapse.



The importance of the Housing Support Grant

The Housing Support Grant (HSG) funds the vast majority of homelessness and housing-related support services in Wales, including tenancy support, supported accommodation, domestic abuse refuges, Housing First, and much more.

It plays a key role in preventing homelessness, helping people who are at risk of eviction to overcome challenges and remain in their home. It also provides a range of emergency and supported accommodation for people who are homeless or fleeing abuse and violence.

Housing Support services are critical to ending homelessness

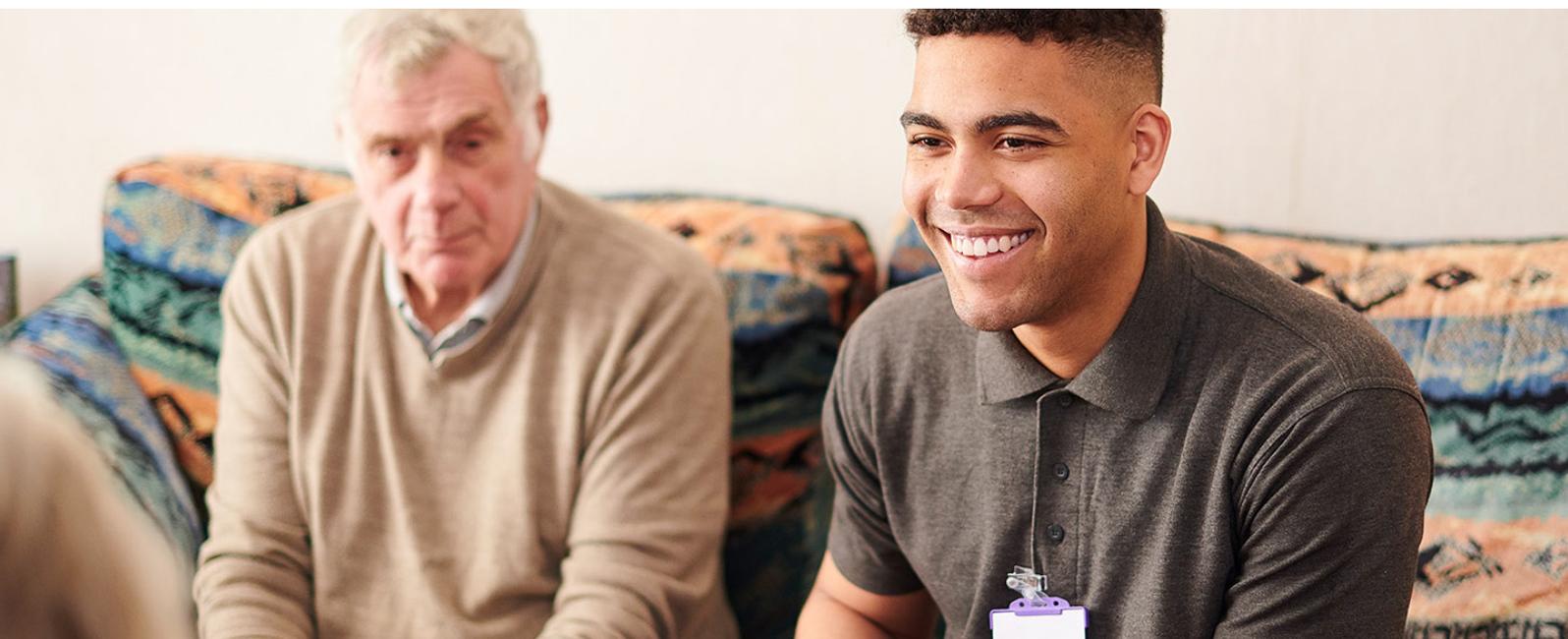
The recently published Ending Homelessness White Paper sets out a series of legislative reforms that will improve the prevention of, and response to, homelessness in Wales. However, the Expert Review Panel that recommended these reforms has been very clear that an increase in housing support services will be required to support implementation. This has been echoed by key stakeholders across Wales since the publication of the White Paper.

Reducing pressure on other public services

In addition to preventing homelessness, the Housing Support Grant also reduces pressure on a myriad of public services, from health and social services to criminal justice. [Research](#) conducted by Cardiff Metropolitan University found that every £1 invested in HSG services delivers £1.40 net savings to public services in Wales. This equates to £300million in gross savings every year.

- Reduces demand on GP, hospital and ambulance services
- Prevents delayed discharges from hospital
- Helps people to better manage their mental health
- Helps people to overcome substance use issues
- Prevents older people from needing residential care
- Enables people with learning disabilities to live independently in their communities
- Reduces safeguarding risks and pressures on children's services
- Reduces re-offending, improving community safety
- Helps families to escape domestic abuse by providing accommodation and support
- Supports children to succeed at school by providing safe and stable family environments

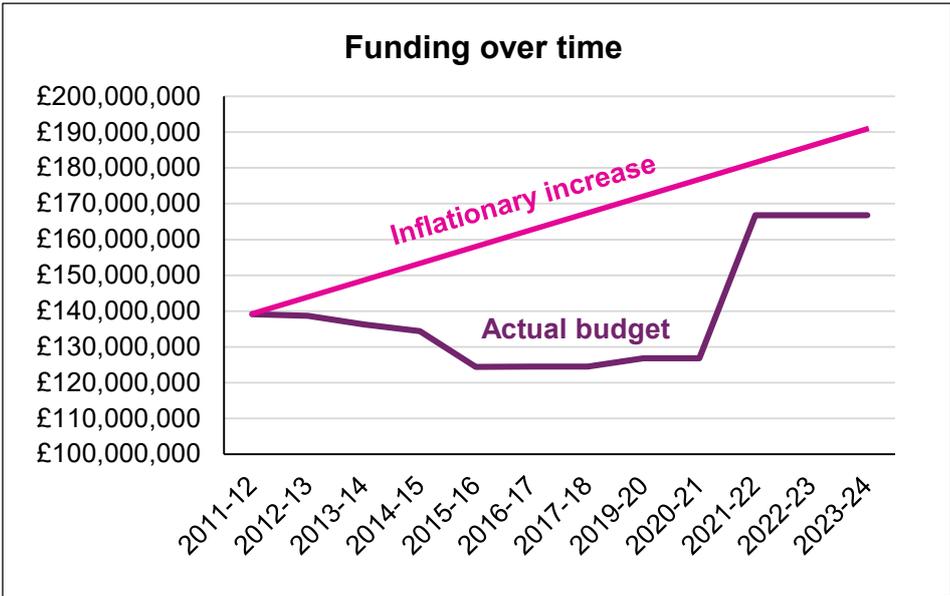
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Funding over the last decade

In 2011/12 the Supporting People budget was £139million. During the decade of austerity it endured a series of cuts and was reduced to £124million in 2015/16. In 2018 it was merged with two other grants to form the Housing Support Grant, with a total budget of £126million. During the pandemic it was increased to £167million to reflect the increased pressure on services as a result of the 'everyone in' approach. It has remained at that level ever since.

But how does the current budget compare in **real terms** to the budget in 2011/12? Once inflation is taken into account, £139m in 2012 equates to approximately £191m today. The current Housing Support Grant budget is £24m less than this - and we know that pressure on services has increased significantly over the last decade.



£24m
real terms
cut to housing
support
funding



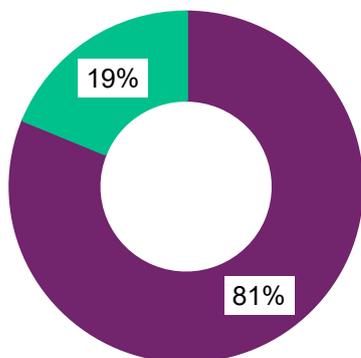
Increased demand and complexity

The pressure on the homelessness and housing support system has never been greater. Welsh Government [statistics](#) show that 11,185 people were in temporary accommodation on 31 August 2023. Many of these people will need support to help them cope in temporary accommodation and then move into a settled home. Housing support services are also playing a key role in preventing even more people from entering temporary accommodation.

Evidence we have collected from support providers demonstrates that demand for homelessness and housing support services has increased over the last year, as well as the complexity of people's support needs.

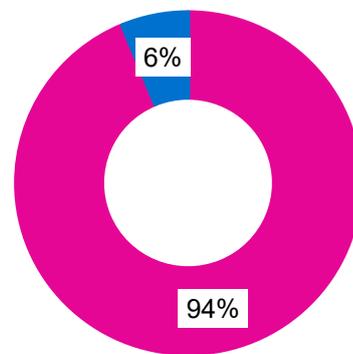
- 81% said demand for their services had increased since last year
- 94% said the complexity of support needs had increased since last year
- 66% said they were having to operate waiting lists for their services

How has demand for your HSG services changed since last year?



■ Increased demand ■ Stayed the same

How has the complexity of support needs changed since last year?



■ Increased complexity ■ Stayed the same

"The freeze in grant last year was a disaster. We are currently operating in an environment where Local Authorities are struggling to deal with the demands of homelessness. At the same time, we have seen an increase in complex mental health issues which our Health Board is unable to deal with demand. I am seeing a rise in safeguarding incidents / referrals and the whole system is on the brink of collapse. Unless services are funded properly, providers will start walking away as we need to ensure services are safe for residents and staff."



Increased costs and decreased budgets

The data collected from support providers shows that the cost of delivering services has increased by an average of 11% since last year. This includes higher rents, utility costs and wages.

Subsidising services due to funding shortfall

While 27% have had to reduce their service delivery, many support providers are desperately trying to keep services running at full capacity, despite the funding shortfall they are facing. A shocking 75% of support providers have told us that their HSG services are running at a deficit.

The following table shows the proportion of support providers currently subsidising their housing support services from other sources, including 52% which are doing so from their own reserves.

Have you had to subsidise your HSG services from any of the following sources?	
Fundraising revenue	28%
Reserves	52%
Cross-subsidy from other HSG contracts	17%
Cross-subsidy from other parts of the organisation	52%
Cost savings from last year	38%

Support providers are clear that this is not sustainable. Most organisations cannot afford to subsidise services in the future and will need to hand back contracts if the funding deficit is not resolved.

11%
increase
in cost of
delivering
services

75%
of providers
are running
services at a
deficit

52%
are using
reserves to
prop up
services

"We have committed to funding the shortfall from reserves but this will be unsustainable past 2025."

"As part of the budgets for this year we have used reserves to breakeven, hence no reduction in service delivery / redundancies, however we do not have the financial capacity to continue to subsidise HSG contracts."



Impact on service delivery

We asked support providers about the impact of the cash-flat Housing Support Grant budget for 2023/24 and whether it had affected service delivery, contracts and staffing. The following table shows the actions that support providers have had to take since this year's HSG budget was confirmed.

	Yes	No
Reduce service capacity	27%	70%
Hand back an existing contract(s)	3%	97%
Not bid for a new or re-tendered contract(s)	45%	48%
Make staff redundant	10%	90%
Recruitment freeze / leaving vacancies unfilled	27%	70%

It is extremely concerning that 45% of organisations have chosen not to bid for new or re-tendered contracts. For the 27% who had been forced to reduce service capacity, their support hours had been reduced by an average of 8%, despite the increase in demand and complexity.

"We are due to have our supported housing contract cut and looking to re-tender for a new contract we will have to give serious consideration to costings and will be unlikely to deliver what we have done in the new contract proposal due to inflation, cost of living, energy prices, staff retention and training requirements."

"We have already removed most non-essential costs from the budget in previous years so now it is a case of reducing the number of units/hours delivered or making people redundant."

Cuts to 'non-essential' elements of services

50% of providers said that the real terms cut to the HSG had led to cut backs in 'non-essential' elements of service delivery that would be recognised as preventative, good practice or beneficial to people using services. This includes:

- Therapeutic services for people using services
- One-to-one support for people using services
- Activities and engagement opportunities for people using services
- Support to help people move into independent homes
- Specific work with marginalised groups
- Embedding psychologically informed environments
- Clinical supervision for staff
- Staff training, development and qualifications



45%
have not bid
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contracts

27%
have reduced
service
capacity

8%
average
reduction in
support
hours

Staff pay, recruitment and retention

In January 2023, Cymorth conducted surveys with service providers and frontline homelessness and housing support staff. The data revealed that 29% of staff working in services funded by the Housing Support Grant were being paid below the upcoming minimum wage, which would apply from April 2023. The lack of additional funding for the Housing Support Grant in 2023/24 means that the majority of service providers have had to increase staff wages without additional funding.

In our survey of providers in September 2023, 91% said that their HSG funding had not been increased by enough to cover the necessary increase in staff wages. Some providers have quoted additional costs of £600,000 to fund pay increases this year.

"There is also a continued and increasing risk to our ability to attract the right people into the workforce as salaries are increasingly left behind. We are committed to the Real Living Wage, but even meeting the National Living Wage is becoming harder to do."

Data collected from frontline homelessness and housing support workers in January 2023 showed that:

- 86% were not putting on the heating in order to save money
- 56% were struggling to pay bills
- 18% were struggling to pay their rent
- 12% were feeling at greater risk of homelessness
- 9% were using food banks

Many frontline workers said they were skipping meals and taking on additional jobs on top of their full time support roles, due to the low pay. Some were considering leaving careers they love because they can no longer make ends meet, with several people highlighting better paid jobs in retail and delivery services which came with much less stress.

56%
struggling
to pay
bills

18%
struggling
to pay
rent

Impact on recruitment and retention

In our recent survey of support providers, 72% said the lack of an inflationary increase this year had a negative or very negative impact on their ability to recruit and retain staff.

"The lack of increased funding in HSG services over the past 5 years has made recruitment and retention of staff extremely difficult in this area of work. The knock-on effect in terms of staff satisfaction and morale is also evident."

"Recruitment has been a significant challenge and we're seeing increased turnover of staff due to the cost of living crisis, where colleagues cannot afford to continue working in the sector. Ever changing teams has a huge impact on the quality of services and pressure on managers."



Looking to the future: HSG budget 2024/25

We asked support providers to consider the impact of two scenarios for 2024/25: A cash flat settlement (real-terms cut) and a reduction in funding. The data from both scenarios paints an incredibly concerning picture, with a large proportion of service providers likely to hand back existing contracts and choose not to bid for new or re-tendered contracts.

There is a real risk of system collapse if the HSG is not increased and support providers feel unable to take on contracts that do not provide enough funding to deliver safe, quality services.

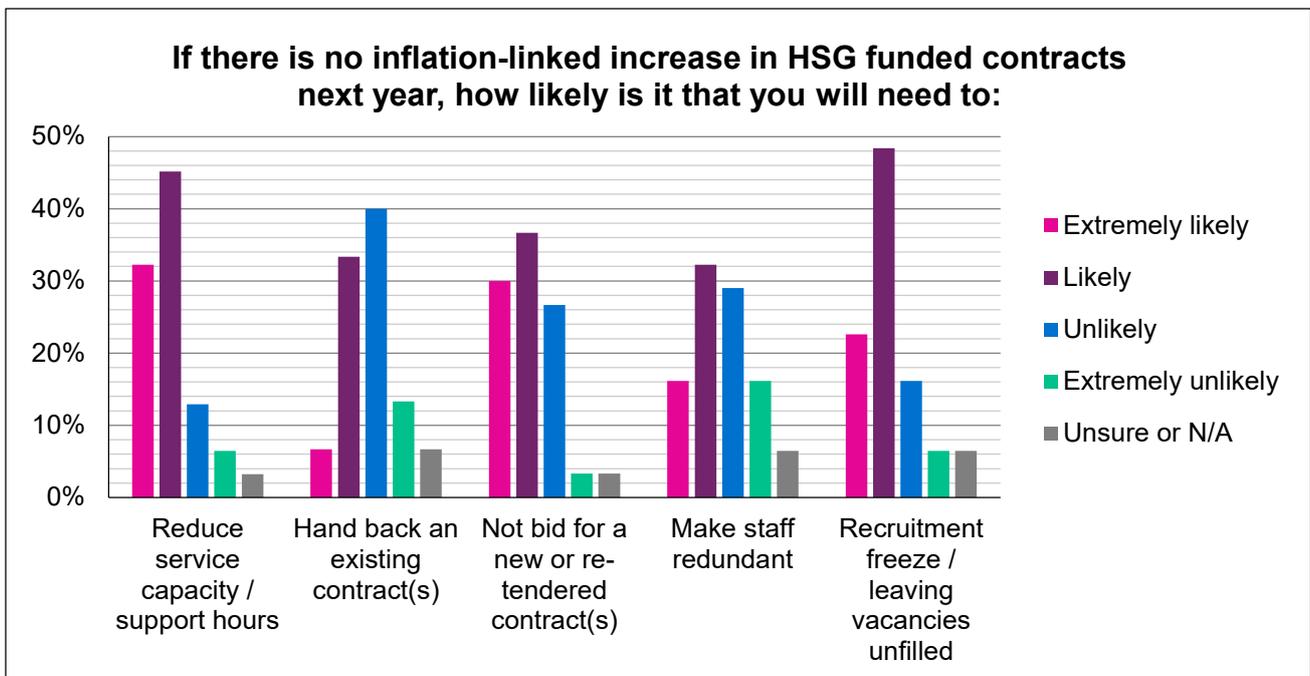
The likely impact of a cash-flat settlement:

- 77% said they were extremely likely or likely to have to reduce service capacity
- 40% would be extremely likely or likely to have to hand back existing contracts
- 67% would be extremely likely or likely to not bid for new or re-tendered contracts
- 48% would be extremely likely or likely to make staff redundant
- 71% would be extremely likely or likely to have a recruitment freeze

77%
extremely
likely or likely
to reduce
capacity

40%
extremely
likely or likely
hand back
contracts

67%
extremely
likely or likely
not to bid for
contracts



The likely impact of a cut in cash terms:

- 78% said they were extremely likely or likely to have to reduce service capacity
- 53% would be extremely likely or likely to have to hand back existing contracts
- 67% would be extremely likely or likely to not bid for new or re-tendered contracts
- 56% would be extremely likely or likely to make staff redundant
- 74% would be extremely likely or likely to have a recruitment freeze / leave positions vacant

For each indicator, the percentage of respondents selecting 'extremely likely' increased significantly compared to the cash-flat budget scenario.

