

Mark Drakeford MS
First Minister
Welsh Government

17 January 2023

Dear First Minister,

Draft Budget: Fair work and the Real Living Wage

We are writing to express serious concerns about the Welsh Government's Draft Budget for 2024/25 and your commitment to fair work and the Real Living Wage.

Fair work and the Real Living Wage (RLW) were at the heart of your leadership manifesto in 2018 and featured prominently in Welsh Labour's 2021 election manifesto and Programme for Government. We agree that this is a significant priority, and were given clear assurances by Ministers at pre-election hustings and post-election sector conferences that homelessness and housing support workers would be included in the manifesto pledge, and subsequent Programme for Government commitment, to pay care workers the RLW.

However, unlike the additional funding provided to local authorities specifically to deliver the RLW uplift in registered social care, the homelessness and housing support sector has not received any funding to support this commitment. This has resulted in wages being driven down to unacceptable levels and frontline workers being pushed into poverty. The lack of an increase for the Housing Support Grant in the Draft Budget for 2024/25 will make this worse.

Evidence of low pay

Last month we collected data on pay from homelessness and housing support providers across Wales. We are writing to share this data with you, and will be making it more publicly available in the coming days. Out of a sample of over 3,000 workers funded by the Housing Support Grant:

- **41% are currently being paid below the new (April 2024) minimum wage of £11.44 per hour**
- **67% are currently being paid below the 2023/24 RLW of £12.00 per hour**

This follows similar data from January 2023, which showed that 29% were being paid below the upcoming (April 2023) minimum wage and the 2022/23 RLW. This indicates that things are getting much worse for homelessness and housing support workers.

This is a direct result of services funded by the Housing Support Grant not receiving an uplift to meet wage increases. While some organisations have used reserves to subsidise staff wages to meet minimum wage or RLW requirements, this is not financially sustainable if further funding is not provided by the Welsh Government in 2024/25. We know these are difficult budgetary times for all public services, however the absence of an uplift now means that services are facing substantial reduction or complete withdrawal.

Support workers struggling to make ends meet

The impact of low pay over the past few years has had a significant impact on frontline support workers. They are really struggling to make ends meet, with many telling us they were working additional jobs on top of their full-time support worker role, due to the inadequate pay. The data we collected from nearly 600 frontline support workers last year 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

It is unacceptable that workers who do such complex and skilled jobs are paid so little, and it is intolerable that the very people who are tasked with preventing homelessness are being pushed closer to homelessness and poverty themselves. They support people during acute crises, through homelessness, domestic abuse, mental health and substance use issues. They provide critical support while being exposed to significant trauma from witnessing and/or listening to accounts of abuse, exploitation, suicide and overdoses. They delivered vital, life-saving services during the pandemic, with very little recognition, and continue to play a key role in preventing and responding to homelessness during this housing crisis.

The cost of uplifting salaries in 2024/25

Organisations providing homelessness and housing support services have told us it is going to be incredibly difficult for them to uplift salaries to the new minimum wage in 2024/25, never mind the Real Living Wage.

- One provider told us that increasing support worker salaries to the RLW during 2024/25 will cost them an extra £250,000.
- Another said that increasing salaries to the minimum wage will cost them £112,000 excluding on-costs. Paying the RLW will cost £400,000, as it will impact on the wider salary structure.
- A further organisation has told us that increasing the wages of the lowest paid workers to minimum wage would cost them £562,640. Increasing wages to the RLW would cost them £1.1m.

You will be aware that organisations need to maintain pay differentials with the staff above the lowest paid workers, who carry more responsibility. This would cost some organisations an additional £300,000 next year on top of the pay increases for the lowest paid staff.

These not-for-profit organisations simply do not have the funds to pay this. If there is no increase in the Housing Support Grant, these providers are going to have to make staff redundant, reduce services and hand back contracts to local authorities. Those who have previously been RLW employers will be unable to continue to meet this ambition.

Our ask

You and your ministers have placed Fair Work and the RLW at the heart of your government's policy commitments, but this has not yet been delivered to homelessness and housing support workers. We urge you to act on this and reflect this in the Final Budget for 2024/25.

This year, the HSG needs to be increased to enable providers to increase wages in line with the RLW. We estimate the required uplift to be a minimum of 10%, which equates to £16.7 million.

Moving forward, there must be an ongoing commitment to ensure that homelessness and housing support workers can be paid the RLW as a minimum. We urge you to set the wheels in motion to deliver your promise of fair work and the RLW, to ensure that homelessness and housing support staff across Wales receive the recognition and reward they deserve.

Yours sincerely,



Katie Dalton
Director, Cymorth Cymru



Stuart Ropke
Chief Executive, Community Housing Cymru