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HOME MATTERS

Welsh Government Budget 2027-28

The right home,
in the right place,
with the right support.









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This report:

- This report has been produced by Cymorth Cymru and Community Housing Cymru to help Members of the Senedd to scrutinise the Welsh Government's budget for 2027/28.
- It is based on data from 44 homelessness and housing support providers, 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.
- It also includes data from a survey of 277 frontline homelessness and housing support workers.

Cymorth Cymru is the representative body for providers of homelessness, housing and support services in Wales. We provide a strong voice for the sector, influencing the development and implementation of policy, legislation and practice that affects our members and the people they support. 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.

Community Housing Cymru (CHC) is the voice of housing associations (HAs) in Wales. We represent 31 not-for-profit housing associations that provide over 170,000 homes to one in eight households in Wales. Our members work throughout Wales, providing homes and services to a wide range of people. As their trade body, we fight for the things they need to support their communities and to ensure that together we can achieve our vision.

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Introduction

Everyone should have a safe place to call home - and the support they need to live an independent and fulfilled life. Homelessness and housing support services change and save lives; and the first budget of this new Senedd term will be critical to ensuring they can continue to have this impact.

The scale of the challenge:

Homelessness continues to affect far too many people in Wales. The latest Welsh Government statistics show that on 31st July 2026:

- **10,535 people were housed in temporary accommodation**
- **2,386 of these were dependent children aged under 16**
- **2,539 people were in hotels or B&Bs**
- **155 individuals were estimated to be sleeping rough**

Key findings:

Homelessness and 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 communities. However, these services have been under constant pressure over the last decade, facing higher costs, funding constraints, a huge growth in demand, and an increase in the complexity of people's support needs. The data we have collected from 44 homelessness and housing support providers shows:

- **83% are running HSG or HPG-funded services at a deficit (up from 66% last year).**
- **57% are using reserves to prop up essential services.**
- **On average, providers can only sustain subsidising these services for 1.5 years before facing service failure or closure.**
- **68% reported an increase in demand for their services since last year.**
- **83% reported an increase in the complexity of support needs since last year.**

Call to action:

Based on data from 44 homelessness and housing support providers and 277 frontline workers, **we are calling for a 16% funding increase for these services in the Welsh Government's budget for 2027/28.**

What are homelessness and housing support services?

Ending homelessness is a complex challenge and requires multiple, coordinated solutions. It is critical that the Welsh Government invests in building the social homes that Wales needs to end homelessness - and we are advocating for an increase in capital funding to enable this. However, putting a roof over someone's head is just one part of the solution - it is equally important to ensure that people have the support they need to maintain their home and avoid homelessness in future.



Homelessness and housing support services encompass a range of person-centred services designed to help individuals maintain independent living and prevent homelessness. This moves beyond simply providing physical shelter by addressing underlying challenges such as trauma, mental ill-health, substance use, or financial distress. Services range from tenancy support and emergency refuges to supported accommodation and housing advice, equipping people with the tools, skills, and confidence to sustain a home safely.

These services are critical to helping local authorities to prevent and alleviate homelessness, including supporting people out of temporary accommodation and preventing people from needing it in the first place. They will be even more important during implementation of the Homelessness and Social Housing Allocation (Wales) Act 2026.

The trauma and complexity of homelessness

Many people experiencing homelessness have experienced trauma, whether that be during their childhood, or as an adult. Research by Public Health Wales indicates that 50% of people experiencing homelessness have 4 or more Adverse Childhood Experiences, compared to 11% of the general population of Wales. Experiences of poverty, abuse, violence, exploitation are all too common among people experiencing repeat homelessness, with mental health and substance use problems emerging as a result of trauma and marginalisation. This is why support services are so important. They provide person-centred, trauma-informed support to help people to leave homelessness behind, recover from trauma, and build the confidence and skills they need to live fulfilled lives in their communities.

How are homelessness and housing support services funded?

In Wales, the majority of services that prevent and alleviate homelessness are funded through the **Housing Support Grant** and the **Homelessness Prevention Grant**. These grants usually appear in the Welsh Government's budget under the **Homelessness Support and Prevention budget line**, within the Housing and Local Government Main Expenditure Group.

Housing Support Grant (HSG)

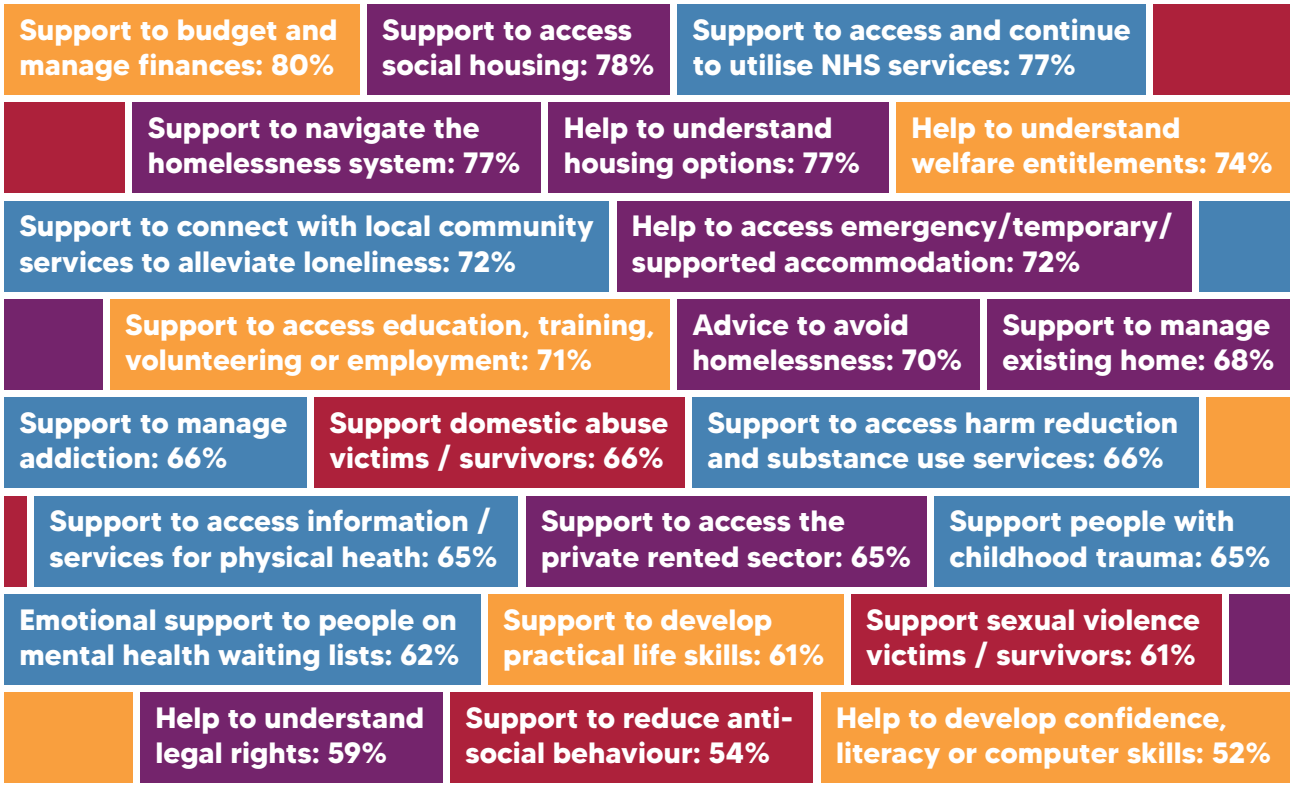
The HSG funds the vast majority of homelessness and housing-related support services in Wales, including tenancy support, supported housing, domestic abuse refuges, Housing First, and much more. The funding is distributed via a ring-fenced grant to local authorities, who commission services based on local need. These services play a key role in preventing homelessness, helping people who are at risk of eviction to overcome challenges and remain in their home. The HSG also funds a range of emergency and supported accommodation for people who are homeless or fleeing abuse and violence. These services are critical to helping local authorities to respond to people's needs and meet their legal obligations to provide accommodation and support.

Homelessness Prevention Grant (HPG)

The HPG is distributed by the Welsh Government and funds vital homelessness prevention services, including the national housing advice service, which supported more than 12,000 households in 2024/25, helping to prevent homelessness in 90% of relevant cases, with 60% remaining in their original home. It also funds other key services such as Housing First and youth homelessness services, helping local authorities and their partners to prevent and alleviate homelessness.

Holistic, wide-ranging support

In our recent survey of 277 frontline homelessness and housing support workers, we asked about the activities they undertake as part of their role. The data showed just how multi-layered and complex their roles are - and the wide-ranging impact of this important work, not just on housing and homelessness, but also on health, financial wellbeing, safety, education and employment.



Key to prevention and reducing pressure on public services

All of the activities above have a significant impact on people's interaction with public services. Whether this be through reduced use of emergency services, or supporting people to better manage their mental and physical health, the work of homelessness and housing support workers reduces pressure on health, social care and criminal justice systems. Research conducted by Cardiff Metropolitan University found that every £1 invested in HSG services delivers £1.40 net savings to public services in Wales. Based on the current £211m budget, this translates to:

- **£512m saving to public services**
- **£237m saving to the health service**
- **£206m saving to social care services**
- **£82m saving to criminal justice services**

Every £1 invested in HSG delivers a net saving of £1.40 to public services

How are these savings achieved?

- Reducing demand on hospital and ambulance services
- Helping people to better manage their mental health
- Helping people to overcome substance use issues
- Helping families to escape domestic abuse
- Reducing re-offending, improving community safety
- Enabling people with learning disabilities to live independently
- Reducing safeguarding risks and pressures on children's services

Financial pressures facing homelessness and housing support services



Services operating at a deficit

Services commissioned through the HSG and HPG are supposed to be fully funded.

However, a significant proportion of organisations are not receiving enough funding to cover the full costs of running their services.

This year, 83% of providers said they were running HSG or HPG-funded services at a deficit. This compares to 66% last year.

83%
of providers are running services at a deficit

"Whilst we welcome and appreciate the HSG uplifts received over the past two years, the funding still doesn't fully cover the project costs (which we need to meet and fund ourselves). Real living wage funding is an issue, and pressures such as the increase in NI employer contributions haven't helped with budget pressures."

How do support providers cover the unfunded costs?

We also asked providers to share the income sources that are being used to subsidise the services that do not receive enough funding to cover the costs of running the services.

57% of respondents said their organisation's reserves are being used to subsidise these services, which is entirely unsustainable. 54% are using income from other parts of the organisation, but this is unlikely to be an option for many providers who have few, if any, other income streams. We continue to be told that boards and senior leadership teams are not prepared to continue to subsidise services that should be fully funded by the HSG or HPG.

57%
are using reserves to prop up services

Have you had to subsidise your services from any of the following sources?	
Reserves	**57%**
Income from other parts of the organisation (e.g. rental income, training income)	**54%**
Fundraising revenue	**26%**

How long can providers continue to subsidise services?

With 83% of organisations reporting that services are running at a deficit, and 57% using their reserves to subsidise services, we asked providers how long this could continue. Answers ranged from 0 to 3 years, with **the average being 1.5 years.**

"This will be the final year we are able to utilise our reserves to subsidise contracts."

"If we don't get an inflationary increase in 2027/28 then it will be impossible to do so going into next financial year. Even a flat line HSG/HPG offer for next year will cause significant financial difficulties as all other costs keep increasing, including HMRC travel rates."

"Our reserves are depleting to a minimum so cannot take another year of deficit."

"£21,000 deficit for 2026/27 is currently being covered by organisational reserves. With various funding pressures being anticipated, we know this is not sustainable long term and heightens the organisational risk."

Increased demand and complexity



Increased demand and complexity

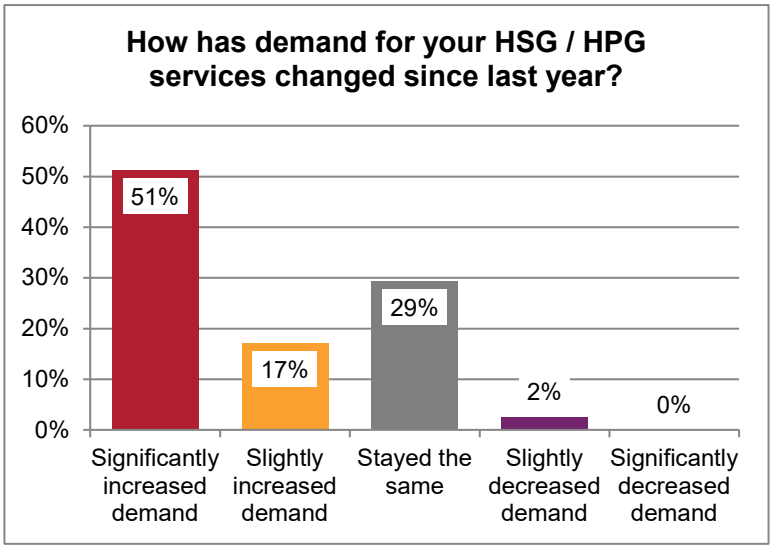
Support providers and local authority commissioners have consistently reported an increase in demand and the complexity of people's support needs since the pandemic.

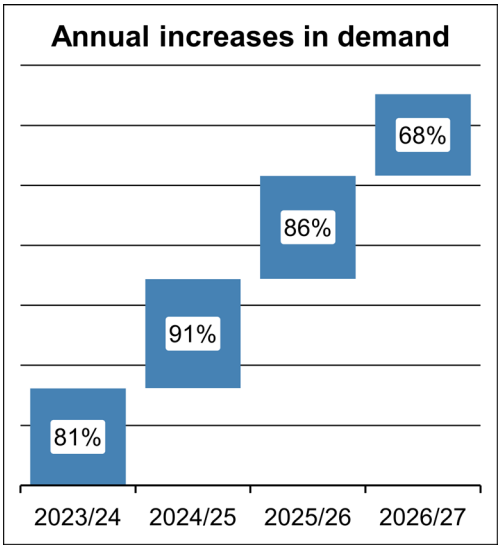
Increased demand for services

In our survey of support providers, **68% reported an increase in demand for their services since last year.**

This is on top of the 86% that reported an increase in 2025/26, the 91% in 2024/25 and the 81% in 2023/24.

68% reported an increase in demand



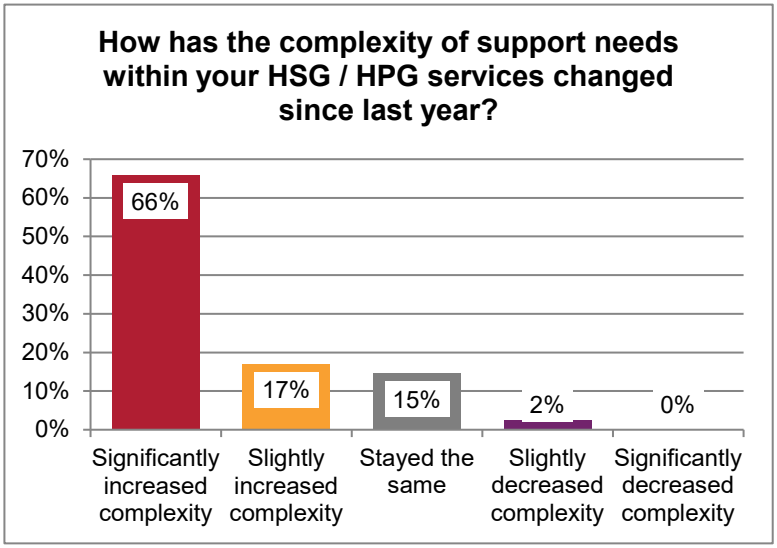


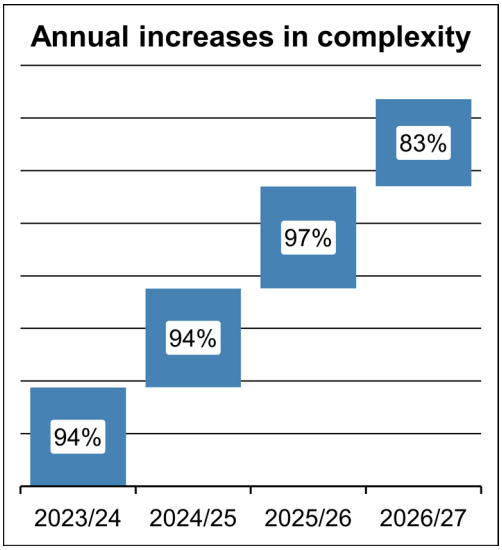
Growing complexity of support needs

In our survey of support providers, **83% reported an increase in the complexity of support needs since last year.**

This follows 97% who reported an increase in 2025/26, the 94% in 2024/25, and the 94% in 2023/24.

83% reported an increase in complexity





What do we mean by 'increased complexity'?

The comments below highlight the nature of this increased complexity, with multiple references to mental health crises, poly-substance use, safeguarding cases, weapons, threats to staff, self-harm and suicide. Increased complexity requires more intensive support, higher levels of skill, more staff time, managing greater risk and liaising with a larger number of public services. It also has a significant impact on staff wellbeing, burnout, recruitment and retention - which can subsequently affect the consistency and quality of service delivery.

"Clients are showing increased multi-complex needs which requires more support for multiple issues. This has an effect on staff time. Caseloads are already high and the increase in demand and complexities makes this harder on staff."

"We are seeing increasing issues in relation to resident mental health and substance misuse. This increases safety risks within the services and puts a strain on staff resilience. Only last month, a staff member was seriously injured when attacked by a resident."

"In addition to significantly increased complexity, we are also seeing significantly increased risk to self and others, more active suicide ideation, more carrying of weapons, increased inability to emotionally regulate."

Survey of 277 frontline workers:

- 97% said the capacity of homelessness and housing support services needs to be increased, in order to meet the demand and complexity of support needs in their local area.
- 56% said they 'always' or 'often' experienced a traumatic incident or vicarious trauma in a typical week. 38% said 'sometimes'. 0% said 'never'.
- 89% said there needs to be more resources / support for frontline workers to deal with this trauma or vicarious trauma.

Picking up the pieces from statutory services

There were also a number of comments about homelessness and housing support services having to support people through increasingly complex challenges when statutory services have not provided the help people need. Too often, we hear of frontline staff having to support people through crises, carrying a burden that goes beyond their job descriptions and working hours.

"Due to the lack of external services, colleagues are being required to deliver a wider range of support than the project is commissioned to provide."

"We are seeing customers presenting with very challenging needs, particularly around mental health. Accessing mental health support from statutory services is very difficult."

"We are also seeing an increase in serious incidents, including incidents associated with mental health relapse, self-harm and substance misuse. Reduced input and capacity from some statutory services can result in supported housing colleagues managing increasingly complex situations for longer and with less external specialist support. This places greater demands on colleagues in relation to risk management, safeguarding and multi-agency working and increases the emotional impact of the work."

Case study: Support provider

Since 2023, support thresholds have increased markedly. Internal analysis shows:

- Lower-level support cases reduced by 46%.
- Medium-complexity cases increased by 69%.
- High-complexity cases requiring 3+ hours of support per week increased by 72%.

Fair pay and support for frontline workers



Fair pay and the cost of living crisis

Homelessness and housing support workers in Wales do incredibly challenging and skilled work, but funding constraints mean they have not received the recognition, reward and support they deserve.

This has been acknowledged in a number of reports over the last few years, by the Homelessness Action Group, in the Struggles from the Frontline report, and by the Senedd Local Government and Housing Committee inquiry into housing support for vulnerable people.

Paying and funding the Real Living Wage

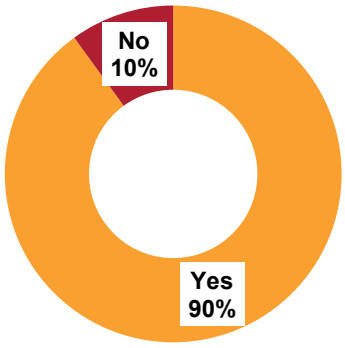
Over the last few years, the Welsh Government provided some funding increases to the HSG and directed local authorities to use these to increase frontline worker pay, with the aim of ensuring all frontline workers are paid at least the Real Living Wage (RLW).

We have been monitoring the proportion of organisations who are paying the RLW, and whether this cost is fully funded by the HSG/HPG. The data from this year's survey shows that:

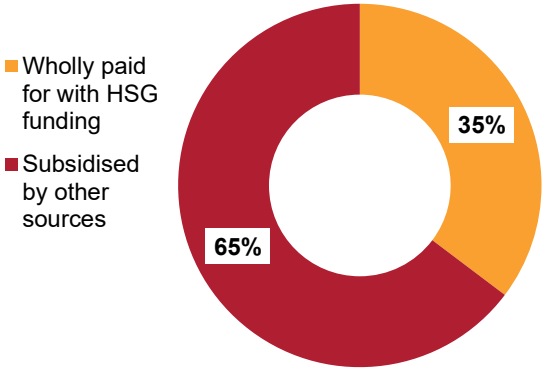
- **90% of support providers are paying the RLW**
- **But only 35% receive enough funding to cover the cost of the RLW**

This means that 65% of support providers are not receiving enough funding to cover the full costs of paying the RLW, despite this being the policy intention of the last Welsh Government. The RLW increased by 6.7% last year, but HSG and HPG funding for 2026/27 only increased by 3.3%.

Do you currently pay all staff within your HSG / HPG funded services the Real Living Wage?



If you answered yes, please tell us how you do this:



"We are already funding just over £21,000 from reserves for HSG contracts in order to be able to pay our workforce in line with Real Living Wage Rates set from 1st April 2026 at £13.45. [It] Reflects the expectation from funders to pay at these rates. The shortfall in HSG funding of £21,000 referred to for 2026/27 equates to approximately 2% to 2.5%."

Uplift required to pay RLW and maintain differentials

Given the data above, which shows that the majority of support providers do not receive enough funding to cover the full costs of the RLW and differentials for immediate managers, it is clear that further funding uplifts are required to enable payment of the RLW in future years. We asked support providers to estimate what percentage uplift in funding would be required to pay the RLW and to maintain appropriate differentials for immediate managers next year.

On average, support providers said they would need an uplift of 15.3% to cover these costs.

Impact of low pay on frontline workers

We have recently conducted a survey of 277 frontline homelessness and housing support workers in Wales. We asked them about their level of pay, and the data showed that:

- **15% of respondents were paid below the Real Living Wage**
- **67% were paid below £28,000 per year**
- **95% were paid below the median salary for Wales of £35,796**

Low pay is sadly a long-standing feature of this work, and certainly does not reflect the complexity of the role, nor the skills and knowledge demonstrated by these workers on a daily basis.

"The work we provide should be reflected in the pay; we are many times putting our personal lives on the line to support others, we are found in dangerous situations and life-saving environments, yet we are paid minimum wage; we hold a lot of responsibility yet this is not reflected."

"I find that we are support workers on all levels, social workers, mental health support, finance specialists and the pay certainly doesn't reflect the roles we manage."

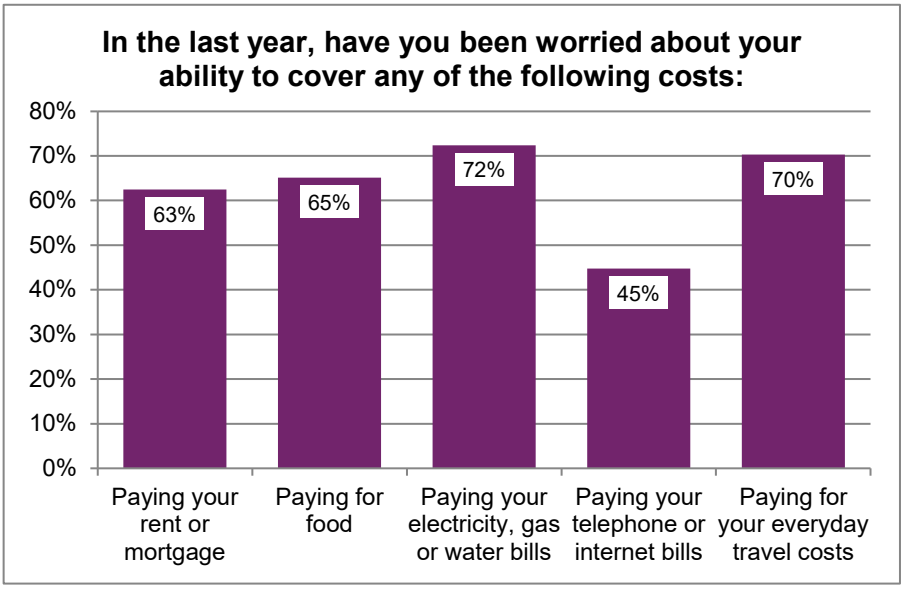
The cost of living crisis

We also asked frontline workers whether they had been worried about their ability to cover their daily living costs. The figures are stark. Despite being employed to help prevent and alleviate homelessness for thousands of other people in Wales:

- **63% have been worried about paying their rent / mortgage in the last year**
- **72% have been worried about paying their utility bills**
- **65% have been worried about paying for food**

"My colleagues and I who are in rented accommodation are only a month away from being service users at any given time."

"Lots of staff have to work two jobs to stay afloat with the current cost of living crisis. This means we have less time and ability to switch off and recover."



"Frontline workers play a vital role in keeping essential services running, yet many are struggling to keep up with the rising cost of living. Pay does not always reflect the level of responsibility, pressure, and emotional demands involved in frontline work. At the same time, increases in rent, food, energy, transport, and other everyday expenses can make it difficult to manage financially. I feel that frontline workers should receive fair pay that reflects both the importance of their work and the current cost of living. Better pay, reasonable working conditions, and access to support would help reduce financial stress and make frontline roles more sustainable and rewarding."

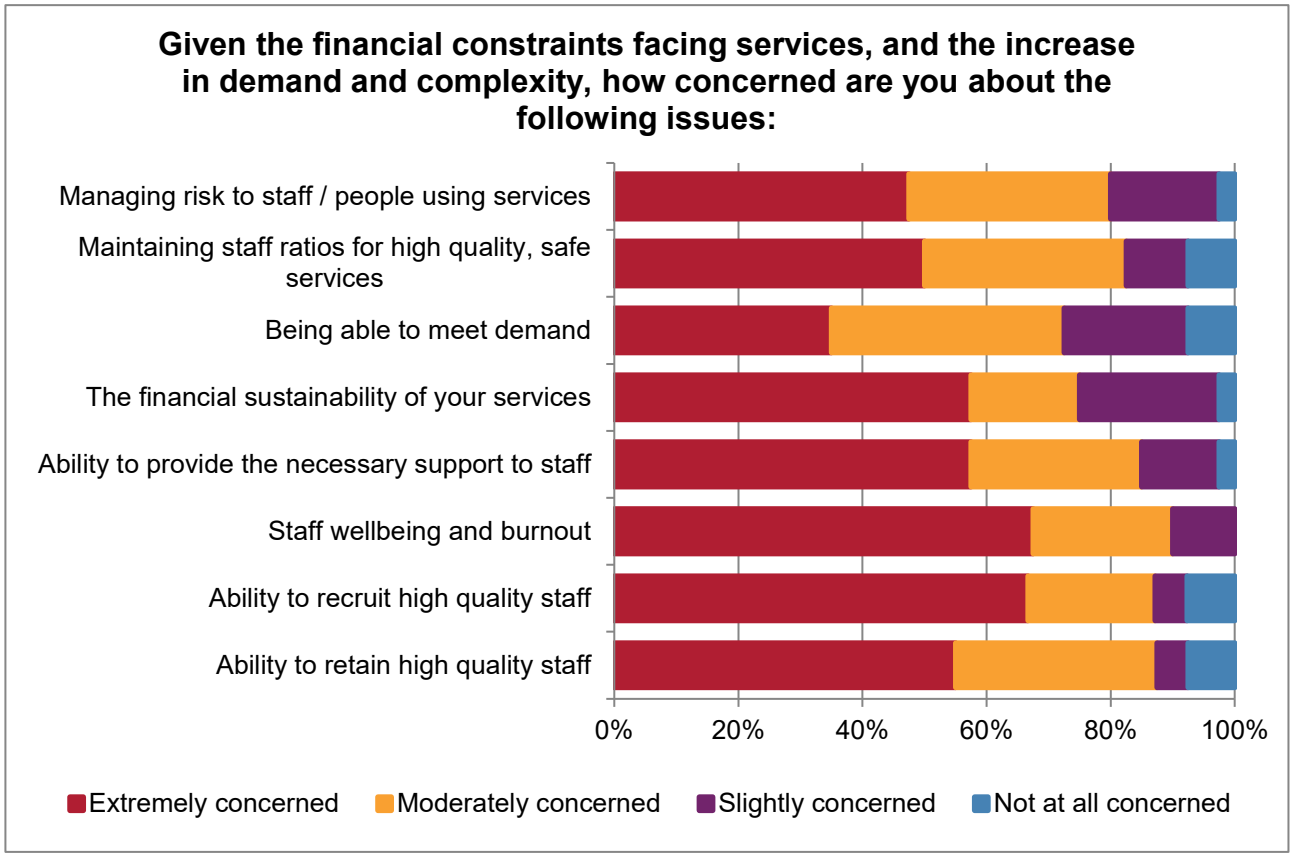
What services need in 2027/28



Looking to the future: Welsh budget 2027/28

We asked homelessness and housing support providers to reflect on what they had told us about the funding constraints over the last fifteen years, as well as the increased demand and complexity facing services. We asked them to share what this means for their organisations, including for the staff who deliver such important support, and most importantly, the people who rely on these services.

As illustrated in the graph below, if sufficient funding is not provided in the next Welsh Government budget, there are real concerns about the ability of services to recruit and retain high quality staff, and maintain the high standards that are essential for ensuring quality and safety.



"Current funding levels do not fully reflect the true cost of delivering safe, high-quality services. As a result, there is a real risk that services will become increasingly difficult to sustain, with potential implications for capacity, waiting times, staff wellbeing and the ability to respond effectively to rising demand."

What level of funding increase do services need?

In order to inform Welsh Government decisions and Senedd scrutiny of the upcoming budget for 2027/28, we asked homelessness and housing support providers to estimate what percentage funding increase they would need to maintain current levels of service delivery and cover all costs.

Support providers estimate they need a 16% uplift in order to maintain current levels of service delivery and cover all of the associated costs.

We are therefore advocating for a 16% increase to the HSG and HPG, in order to maintain current levels of service delivery. However, further increases would be required to meet unmet needs.

Modelling the impact of possible funding scenarios for 2027/28

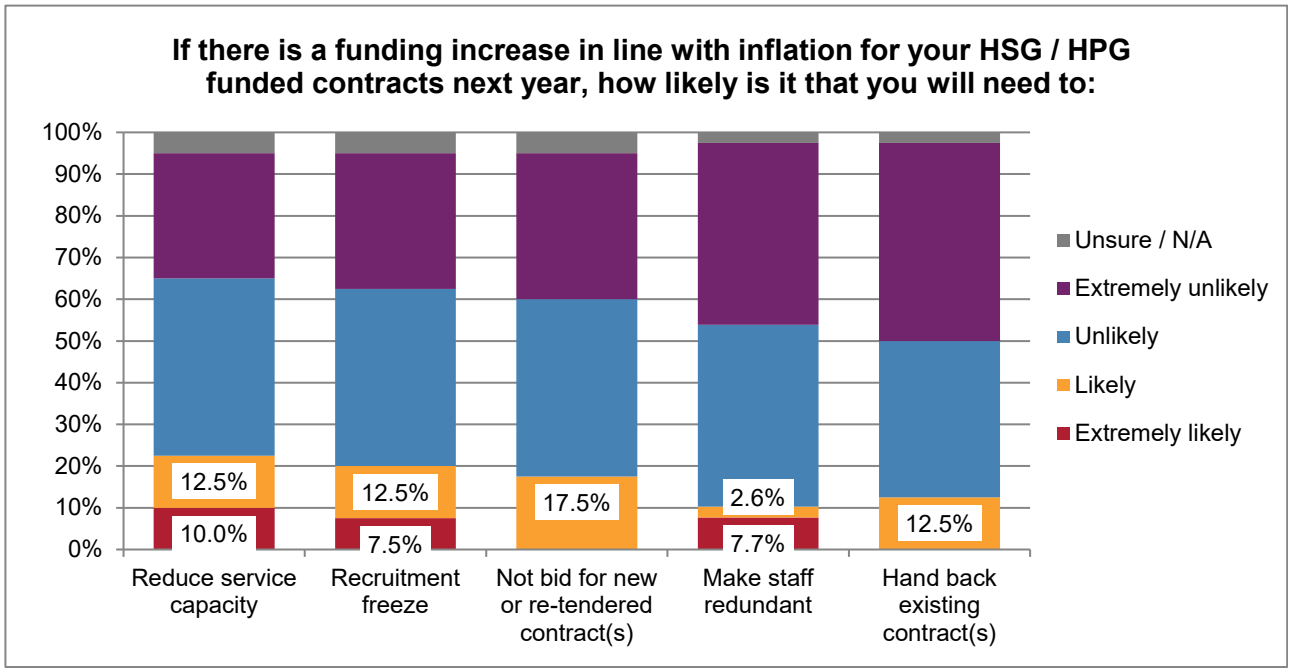
We also asked HSG/HPG service providers to provide their best estimates of the impact of three different budget scenarios for 2027/28:

- A budget increase in line with inflation
- A cash-flat budget
- A 3% budget cut

The following graphs show the likely impact of these three scenarios on service capacity, staffing, and the ability to support providers to deliver contracts.

Impact an inflationary increase to the HSG / HPG budget

- **23% would likely need to reduce service capacity**
- **20% would likely need to freeze recruitment / leave vacant posts unfilled**
- **18% would likely not bid for new or re-tendered contracts**
- **10% would likely need to make staff redundant**
- **13% would likely need to hand back an existing contract**



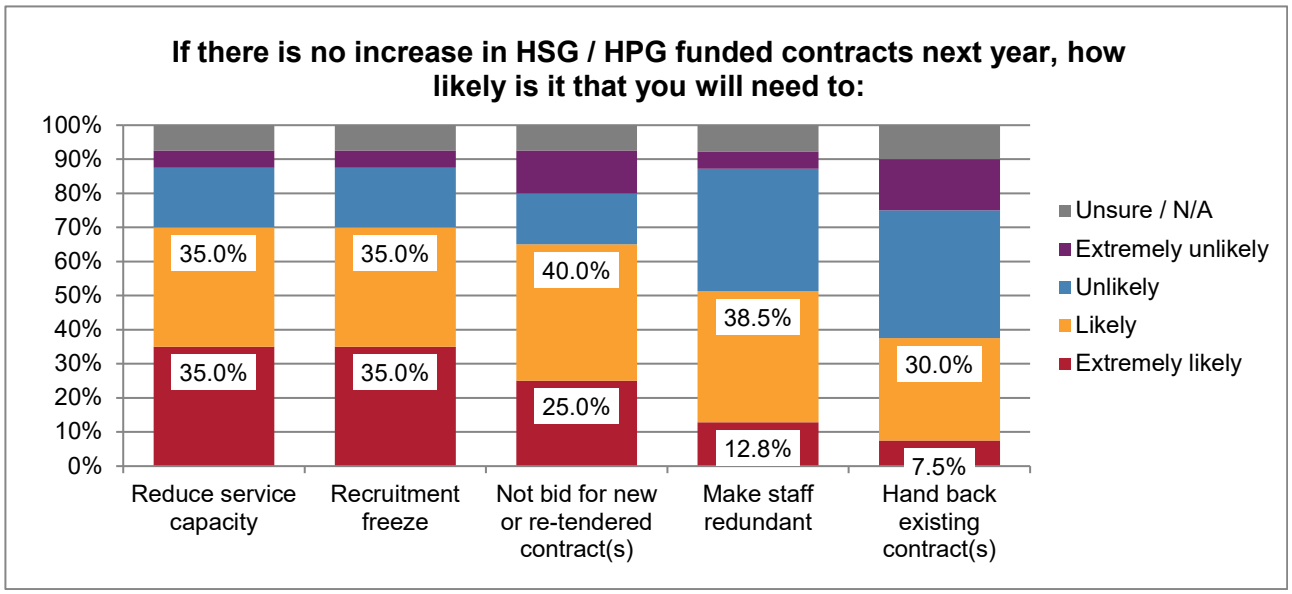
As outlined in this report, services are already operating at a deficit and relying on reserves to subsidise services. Therefore, even an increase in line with inflation poses challenges to service sustainability and leads to a small proportion of services having to undertake further cost-cutting measures or stop delivering some services.

However, the impact of a cash-flat or 3% cut to the HSG and HPG budgets will have severe consequences...

Impact of a cash-flat HSG / HPG budget

243-324 estimated job losses

- 70% would likely need to reduce service capacity
- 70% would likely need to freeze recruitment
- 65% would likely not bid for new or re-tendered contracts
- 51% would likely need to make staff redundant
- 38% would likely need to hand back an existing contract
- 8.1% reduction in the workforce - around 243-324 people losing their jobs



Impact of a 3% cut to the HSG / HPG budget

417-556 estimated job losses

- 83% would likely need to reduce service capacity
- 75% would likely need to freeze recruitment
- 73% would likely not bid for new or re-tendered contracts
- 67% would likely need to make staff redundant
- 46% would likely need to hand back an existing contract
- 13.9% reduction in the workforce - around 417-556 people losing their jobs

