

Shelter Cymru response to the Finance Committee call for information on the Welsh Government Draft Budget proposals for 2025/2026

About Shelter Cymru

Shelter Cymru exists to defend the right to a safe home, because **home is everything**. We help thousands of people across all of Wales every year affected by the housing emergency by offering free, confidential and independent advice. When necessary, we constructively challenge on behalf of people to ensure that they are properly assisted and to improve practice and learning.

We work with people who use our services as equals. We provide information, advice and support to help people identify the best options to prevent homelessness, to find and keep a home and to help them take back control of their own lives.

We fight the devastating impact of the housing emergency has on our people and communities with campaigning, advice and support – and we never give up.

Introduction and Headline Recommendations

Introduction

Shelter Cymru welcomes the opportunity to provide evidence to the Senedd Finance Committee to inform their scrutiny of the Welsh Government's 2025/2026 Draft Budget proposals.

Our thoughts have been shaped by our extensive housing advice casework across Wales and our first-hand experience of working with households who are experiencing, or are at threat of experiencing, homelessness. Last year, we provided advice to almost 12,000 households in Wales, equivalent to 1 in every 112 households across the country.

It is clear to us all that Wales is in the midst of a persistent housing emergency. One that can only be addressed through increased prioritisation of homes and homelessness prevention in the political agenda and budget of Wales.

The impact of this emergency is seen clearly across a range of statistics, and in the human stories of the people affected. Recently, Shelter Cymru has worked in partnership with the Bevan foundation to highlight one aspect of this in the form of temporary accommodation.¹ Through our work we have emphasised that the huge increases in temporary accommodation usage seen in recent years come with significant human and financial impact. For example,

¹ Shelter Cymru and the Bevan Foundation, [Nowhere to call home: Understanding our housing crisis. Living in temporary accommodation](#), September 2024.

the more than 11,000 people trapped in temporary accommodation right now face mental and physical health challenges, lack of access to employment and education, and in some cases the imposition of nightly curfews. And alongside this the situation is costing local authorities in Wales £99 million per year – an increase from £41 million in 2020/21.²

The Welsh Government have rightly set goals to improve the wellbeing of future generations in Wales but our housing emergency continues to undermine these aims. Already we have noted the rise in temporary accommodation but alongside this we know that nearly 30,000 families are living in overcrowded homes

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/overcrowdingandunderoccupancybyhouseholdcharacteristicsenglandandwales/census2021> and thousands of families with dependent children on waitlists for social homes across Wales (Shelter Cymru FOI data).³

Through our casework we also see daily the impacts of housing insecurity and homelessness for children across Wales. With parents telling us of their children's longer term mental and physical health concerns alongside the impact on children's friendships, educational attainment and wider wellbeing. We cannot talk about the wellbeing of future generations in Wales without discussing the housing emergency that is impacting children and families today. The impact on children's friendships, educational attainment and wider wellbeing.

The housing emergency in Wales is also inextricably linked to health and wellbeing. The First Minister has been clear that addressing the challenges of health and social care is a top priority for her Government.⁴ However, this cannot be done without investment in homes and homelessness prevention. Access to a safe, secure, suitable and affordable home is central to our health and wellbeing. Whether it is the impact of damp and mould or mental health challenges exacerbated by a lack of tenure security our homes in Wales today are not doing enough to help tackle the issues we see in health and social care. Taking a holistic, preventative approach to health and social care through investment in homes can change this.

One way that the Welsh Government can begin this change, and deliver on its commitment to future generations and health and wellbeing, would be through a the introduction a legal right to adequate housing for everyone in Wales. Shelter Cymru is part of the Back the Bill partnership, alongside Tai Pawb and CIH Cymru, which campaigns on this issue.⁵ If adopted this legal right would ensure that providing enough safe, secure and genuinely affordable homes to meet the need in Wales is given the priority it needs to end homelessness and allow communities and families to thrive.

Due to the wide-ranging nature of the consultation questions, we have chosen to answer relevant questions collectively under the following headings:

- [Ensuring access to advice for those facing housing issues and homelessness](#)

² Shelter Cymru, [The Cost of Crisis: The impact of Wales' Reliance on Temporary Accommodation](#), October 2024

³ ONS, [Overcrowding and under-occupancy by household characteristics, England and Wales: Census 2021](#), August 2023

⁴ Welsh Government, [Press Release: FM announces Welsh Government Priorities](#), September 2024

⁵ See: <https://www.taipawb.org/policy-influencing/backthebill/>

- [Invest to save: homes and wider budgetary pressures](#)
- [Homelessness Prevention](#)
- [Delivering the social homes Wales needs](#)

Ultimately, we believe that without greater investment in delivering homes and preventing homelessness the housing emergency in Wales will only continue. And that continuation will only hold Wales back – preventing people and places from realising the potential that they possess.

Headline Recommendations

The Finance Committee consultation covers a wide range of issues, many of which are relevant to homes and homelessness either directly or indirectly. As noted above we have taken the decision to group our response to questions under certain headings that we think allow us to best provide a view to the Committee. Across those sections we make a number of specific recommendations and these are outlined below:

- The Welsh Government should ensure that sufficient funding so that everyone in Wales can access the advice and support they need to avoid preventable homelessness. Both through increases in the value of key central grants (e.g. Homelessness Prevention Grant and Housing Support Grant) and by providing targeted financial support to mitigate the impact of increases in employer National Insurance if the UK Government refuses to extend public sector relief to charities providing services on behalf of the public sector.
- The Welsh Government should provide the necessary funding to enable the implementation of new homelessness legislation in line with the Welsh Government's policy intent, including funding local authorities to employ and train the expert staff they will need.
- The Welsh Government should increase the proportion of the Welsh Government Budget allocated to the delivery of new homes for social rent. Recognising that doing so is part of an invest to save mindset that will help reduce the demands on funding in other areas (e.g. health and homelessness)
- The Welsh Government should allocate the funding necessary for the introduction of a Welsh housing Survey that will help deliver better detail on the nature of – and additional need for – homes in Wales.

Ensuring access to advice for those facing housing issues and homelessness

Several questions in the consultation document asked respondents to consider how prepared their organisations are for the next financial year.

Shelter Cymru exists to defend the right to a safe home. At the heart of doing this is the provision of expert housing advice and support in every local authority and every county court in Wales. We help people to understand and uphold their legal rights while they navigate challenging systems often at an incredibly stressful time for them and their family. We work to prevent homelessness where possible and to push for timely resolution and positive outcomes when families are experiencing homelessness.

We are grateful to the Welsh Government who continue to fund a large proportion of our advice and support services work to enable us to reach so many people. Our advice services are funded by the Homelessness Prevention Grant (HPG) and the Single Advice Fund (SAF) and a number of our projects also receive some funding from the Housing Support Grant (HSG).

In funding advice the Welsh Government is rightly recognising that it has a role not just in providing people with rights but in ensuring they can be understood and exercised. However, it is important that there is also a recognition that the need for advice is not static, it grows and shifts with wider challenges and new legislation. With that in mind it's vital that as a key funder of advice the Welsh Government is providing the stability to plan, deliver and continuously adapt these vital services.

Last year, Shelter Cymru advice services helped almost 12,000 families in Wales – 1 in every 112 households. And in 89% of cases with a known outcome we helped to prevent homelessness. However, despite our efforts we know we aren't reaching everybody who needs us and our impact is capped by our resources. Against a backdrop of rising costs and a challenging funding landscape we continue to do everything we can to maximise our impact for the people of Wales. But as we look ahead we know that greater funding will be needed to continue providing the same level of services, let alone to increase delivery to meet the demand we know exists.

Already we are taking action to adapt our approach and try to help meet this demand for advice. For example, we now provide significant support through our online offering – both through a webchat service and regularly updated online advice pages. Last year alone our online advice pages received more than 500,000 unique visits. However, we know that there is still a significant need for specialist advice to be delivered in-person or over the phone.

Following cash flat funding from Welsh Government last year for our advice services, we had no choice but to reduce community advice services, impacting the number of people we can help at a time of rising need. Whilst we do recognise the limitations that Welsh Government faces with its budget we have to acknowledge that decisions to impose cash flat funding have an impact, and that a choice is being made to limit the availability of advice at a time when demand clearly exceeds what can be delivered.

Relying on grants that are renewed each year also brings challenges when planning our work. Longer-term funding which rose annually in line with inflation would enable Shelter Cymru and our third sector partners to both fairly remunerate our staff and plan our services to best meet the needs of people in Wales.

As a further challenge, the decision taken by the UK Government to impose an unexpected increase on employer National Insurance contributions brings a significant financial cost for ourselves and other third-sector organisations. Our calculations show that the proposed increases will add £117,000 to our annual salary costs from April next year, a 3.3% increase overall on our total salary costs. And this increase comes without any direct benefit to our dedicated staff who are working tirelessly to support those in housing need and to end the housing emergency in Wales.

These changes to National Insurance – combined with wider elements such as cash flat funding and public sector pay rises – pose a significant recruitment and retention risk. Whilst Shelter Cymru has significantly increased its online advice offering the need for in-person advice continues, and to deliver that we require specialist staff who deserve to be fairly remunerated for their work. Without additional funding the reality is that the cost to Shelter Cymru of providing advice to a household is set to rise in April.

We are working alongside third sector partners to lobby the UK Government to extend the public sector exemption from the national insurance increase to the charity sector as a recognition of the even greater importance of the work it undertakes during a cost of living crisis.⁶ We would also ask that the Welsh Government take up this call and make representations to the UK Government.

If the UK Government does not extend the public sector exemption, Welsh Government should provide the financial support necessary for advice providers to maintain current service levels and continue to help those in need. This should include ensuring Welsh Government funding pots (e.g. the Homelessness Prevention Grant and Single Advice Fund) are increased in line with the rising cost of provision and, where necessary, consider targeted funding for charities vulnerable to the increased salary costs that National Insurance changes present.

If people in Wales cannot access the advice that they need, due to a lack of investment in preventative services, there is a very real human and financial cost for Wales. Failure to prevent homelessness means increased spending on the direct and indirect impacts this brings. Something we are already seeing in the dramatic increase in spending on temporary accommodation across Wales in recent years (£99 million in 2023/24, up from £41 million in 2020/21).⁷

Invest to save: homes and wider budgetary pressures

The consultation questions cover the Welsh Government's preventative spending, acknowledging that preventative spending can bring significant cost savings in the long run. This is particularly true with regard to homes and homelessness in Wales. Our homes are at the centre of our lives and can positively or negatively impact our wellbeing and access to opportunities. This means the impacts of poor quality homes and homelessness come with a steep financial and human cost.

Public Health Wales (PHW) set out this cost from a health perspective in their report [Making a Difference – Housing and Health: A Case For Investment](#).⁸ In this report PHW demonstrated that poor quality housing cost the NHS in Wales over £95m each year in treatment costs and cost Welsh society over £1bn annually.

More broadly Shelter Cymru and Back the Bill partners, commissioned an independent [cost-benefit analysis of the Right to Adequate Housing](#) from Alma Economics which explored the

⁶ WCVA, [WCVA shares sector's concerns on National Insurance increases](#), November 2024

⁷ Shelter Cymru, [The Cost of Crisis: The impact of Wales' Reliance on Temporary Accommodation](#), October 2024

⁸ Public Health Wales, [Making a Difference Housing and Health: A case for investment](#), 2019

beneficial impact this right, and the subsequent investment in homes in Wales, would have.⁹ Positive impacts would be seen in reduced pressure and costs to the NHS, in households moving out of unemployment, and in community safety and reductions of crime. The report concludes that for every £1 invested in realising a right to adequate housing in Wales, Welsh society would see benefits of £2.30.

Although reduced through policy change in recent years we must also acknowledge that rough sleeping brings with it a significant cost as well. Crisis have previously estimated the cost of a single person sleeping rough for 12-months to be £20,128.¹⁰ With latest figures for Wales showing that 173 people in Wales were sleeping rough in September 2024 this could be a significant overall cost.¹¹

All of these financial impacts of the housing emergency in Wales are driven in part by the long-term lack of investment in social homes. This has pushed people into poorer quality privately rented homes and increased instances of homelessness across Wales. Yet we are still not seeing the strategic investment in homes needed to end the housing emergency.

Instead, we are witnessing a crisis within a crisis, as financial impacts of reacting to bad housing and homelessness stretch local authority and public sector budgets. Our report, [The Cost of Crisis](#), is just one example and shows that the annual cost of temporary accommodation in Wales has grown nearly 2.5x in the last 3 years with 2023/24 seeing Wales spend more than £99m on providing temporary accommodation for people who need it.¹²

The decision not to invest in providing homes and robustly resourcing our homelessness prevention mechanisms does not save money in Wales. It simply shifts the burden of cost onto local authorities who are already under huge financial pressure.

Health spending has rightly been prioritised over many years, but we would encourage the Welsh Government to look at health more holistically and recognise the impact that investment in homes will have on people's health, wellbeing and opportunities.

In this upcoming Welsh budget, we would ask that the Welsh Government take opportunities to invest in homes to achieve far-reaching savings across the public sector alongside better wellbeing outcomes for this and future generations. The evidence base for this is strong and comes from a broad range of voices in the third and public sector.

A first step here would be to increase the overall percentage of the Welsh Government budget that is spent on the delivery of homes. Audit Wales believe that without additional funding, the Welsh Government will fall short of its target to deliver 20,000 social homes by 2026.¹³ In this current financial year, only 1.7% of the Welsh Budget was allocated to schemes that directly fund the construction or acquisition of affordable homes – increasing this will be necessary to deliver the homes needed to shift long-term spending away from dealing with the impact of a housing emergency and onto preventing them.

⁹ Alma Economics, [The right to adequate housing in Wales: cost-benefit analysis](#), September 2022

¹⁰ Crisis, [Cost of homelessness](#), 2015

¹¹ StatsWales, [Rough sleepers by local authority](#) [accessed: 29/11/2024]

¹² Shelter Cymru, [The Cost of Crisis: The impact of Wales' Reliance on Temporary Accommodation](#), October 2024

¹³ Audit Wales, [Affordable housing](#), September 2024

Homelessness prevention

Homelessness prevention relies on a range of policy levers and financial investments. Some of these, such as Local Housing Allowance, are issues where decision making power is retained by the UK Government in Westminster. Others, such as the approach to security of tenure in the Private Rented Sector, are the responsibility of the Welsh Government in Cardiff Bay and this also includes many financial measures where the Welsh Government can increase funding.

As we've highlighted already, access to advice for those facing the harsh reality of the housing emergency is vital. Whilst we have covered this elsewhere in this response access to expert, impartial advice has a crucial role to play in homelessness prevention. The advice services provided by Shelter Cymru under Welsh Government funding continue to help keep families in their homes. In 89% of our cases last year, where the outcome was known, Shelter Cymru advice successfully prevented homelessness for the households we advised.

As is raised in the consultation document, we are living through a cost-of-living crisis that is affecting families across Wales. Shelter Cymru caseworkers have praised the positive impact that the Discretionary Assistance Fund (DAF) has in Wales but feel this could and should go further given the current pressures that households are facing. Households can apply for DAF three times in a year but an increasing number of our clients across Wales are struggling to afford the basics and the winter months are stretching families' budgets even further.

Our caseworkers in many areas have raised concerns that DAF payments are proving more difficult to access despite the reasons our clients are applying for remaining the same. StatsWales data shows that in the last financial year, the number of successful applications for the fund (across both Emergency and Individual Assistance Payments) dropped by over 100k compared to the previous financial year, with the amount paid out falling by £4m compared to the previous financial year.¹⁴ This was despite a budgetary commitment to increasing the funding for DAF payments. **There isn't publicly available data on the number of unsuccessful applications each year but this would be helpful in order to track need and the impact of the rising cost of living for families in Wales.**

Similarly, the amount spent on Discretionary Housing Payments (DHPs) in Wales fell in 2023/2024 by £2.3m. DHPs are an essential part of the homelessness prevention safety net in Wales and provide assistance to households in crisis who might otherwise become homeless, at huge stress to that family and at greater cost to the public purse. While local authorities' DHP allocation is set by the UK Government, the Welsh Government have an opportunity to support local authorities to maintain this safety net at the level needed to prevent homelessness through additional top-up funding.

Whilst welfare spending is not devolved, financial mechanisms such as the DAF and DHPs are crucial to helping families in Wales manage their increasing cost pressures and we hope to see adequate provision made for these in the Welsh budget. We and our partners across the third sector in Wales will continue to lobby the UK Government for a welfare system that meets the needs of families in Wales and the UK by preventing homelessness and poverty.

¹⁴ Data calculated using StatsWales, [Discretionary Assistance Fund](#).

We were pleased to see many of the recommendations of the Expert Review Panel for homelessness legislation being taken forward in the proposed changes set out in the Ending Homelessness White Paper. We understand that voices from the public sector – primarily local authorities and health boards – are expressing concern about their ability to fulfil the aims of this ambitious legislation within their existing resources.

Shelter Cymru hopes that this Budget will set out the financial resources that will be directed towards making the aims of this proposed legislation a reality. Without adequate funding the intended impacts will not be felt by the people of Wales and it will not successfully end homelessness.

Delivering the social homes Wales needs

The consultation document queries what action the Welsh Government should take to build affordable housing. We are clear that **social homes** are what is needed in Wales. Social homes offer security of tenure, genuine affordability and a wider safety net when families need it that is not replicated elsewhere in our housing system.

Like many, we welcome the commitment to providing more social rent homes that the Welsh Government has set out and we welcome the effort that has been made to meet it – including the allocation of record grant funding. However, as Audit Wales have set out, it is now unlikely that the target for 20,000 social homes by 2026 will be met.¹⁵ And, as the Bevan Foundation have shown, some of the homes that are delivered will not be for social rent – the tenure most desperately needed.¹⁶ The mixture of social rent homes and other tenures being delivered within the 20,000 target is also echoed in the recent Local government and Housing Committee Report on Social Housing Supply, which calls for greater transparency around the target – a call Shelter Cymru supports.¹⁷

Although we are disappointed that the 20,000 target may not be met we would urge caution in how the Welsh Government responds to this. For example, whilst acquisition of existing homes has an important role to play, increasing the funding allocated to this at the expense of long-term investment in building new homes would be a mistake. For the housing emergency 2026 is an arbitrary date. **Ensuring that a sustainable pipeline of delivery which sees the overall number of social homes rise each year should now be the priority.**

Alongside challenges in delivering new homes Shelter Cymru also sees significant challenges in collecting the data necessary to understand the number and nature of the homes we need. For example, information about the social housing waitlists for each local authority are not publicly available in Wales. Given this Shelter Cymru have recently completed an FOI request to gather the information. One conclusion from this is that there is currently a lack of consistency around how data is collected and used for these waitlists across Wales.

Similarly, we do not have a clear understanding of the homes that we already have in Wales – their condition, where homes are vacant, etc. **We would recommend budget is allocated for**

¹⁵ Audit Wales, [Affordable housing](#), September 2024

¹⁶ Bevan Foundation, [Nowhere to call home: The shortage of social and community homes](#), October 2024

¹⁷ Local Government and Housing Committee, [Social Housing Supply](#), November 2024

the introduction of a Welsh Housing Survey, modelled on the English Housing Survey, to improve our data in Wales so that investment can be better strategically planned.

Similarly, a wider review of the investment needed to improve data on homes and other housing issues in Wales would be welcome.

Conclusion

We recognise that the current economic climate is challenging, and that the Welsh Government has a range of competing priorities to consider. However, at the heart of many of the challenges we face is a housing emergency that holds back the people and places that make up Wales. Without investing in addressing this the impact of any other ambition – be it health improvement or economic growth – will inevitably be limited.

This is why we are calling on the Welsh Government to use this budget as an opportunity to:

- Ensure that sufficient funding so that everyone in Wales can access the advice and support they need to avoid preventable homelessness. Both through increases in the value of key central grants (e.g. Homelessness Prevention Grant and Housing Support Grant) and by providing targeted financial support to mitigate the impact of increases in employer National Insurance if the UK Government refuses to extend public sector relief to charities providing services on behalf of the public sector.
- Provide the necessary funding to enable the implementation of new homelessness legislation in line with the Welsh Government's policy intent, including funding local authorities to employ and train the expert staff they will need.
- Increase the proportion of the Welsh Government Budget allocated to the delivery of new homes for social rent. Recognising that doing so is part of an invest to save mindset that will help reduce the demands on funding in other areas (e.g. health and homelessness)
- Allocate the funding necessary for the introduction of a Welsh housing Survey that will help deliver better detail on the nature of – and additional need for – homes in Wales.

Home is everything. Offering everyone in Wales the opportunity to have a safe, secure and genuinely affordable home will see positive impacts, both human and financial, in every area of Welsh society.