



Rebecca Evans MS, Minister for Finance and Local Government

cc. Mark Drakeford MS, First Minister

23 December 2022

Dear Minister,

We are writing to you regarding the Draft Budget documents you published on 13th December. On page 33 of your [Draft Budget narrative document](#), you reference key statistics about the impact of low pay and the cost-of-living crisis on frontline homelessness and housing support staff:

“A report published by Cymorth Cymru in September 2022 highlights the impact of the cost of living crisis on frontline homelessness and housing support workers in Wales. It shows 44% of people are struggling to pay bills, 11% are struggling to pay rent and 7% have started using food banks.”

Despite this evidence, the Draft Budget does not include anything to alleviate the financial pressures facing these key workers, many of whom are paid below the Real Living Wage due to the lack of any meaningful pay increase for a decade. You have talked about your commitment to paying key workers the Real Living Wage, and have made funding available in the Draft Budget to enable health and social care staff to receive this. However, the cash-flat settlement for the Housing Support Grant means this will just not be possible for staff in critical homelessness and housing support services, which are also commissioned by local authorities.

Your Draft Budget narrative document also references the Well-being of Future Generations (Wales) Act, yet the decision not to increase the Housing Support Grant (HSG) is not in line with the Act's focus on prevention. Research has demonstrated that HSG services play a huge role in preventing people from needing homelessness, health and care services and prevent people from interacting with the criminal justice system, delivering a net saving of £1.40 for every £1 invested by the Welsh Government. The lack of additional funding for the HSG also ignores, rather than balances, both short-term and long-term needs, such as the significant numbers of people in temporary accommodation who need support now, as well as in the future to move into and retain permanent homes in the long term.

We represent nearly 90 organisations providing homelessness and housing support services, and their reaction to the budget has been one of anger and devastation. They know how hard life has become for their frontline staff and how difficult it is to recruit and retain staff under these conditions. They believed that the evidence referenced in your Draft Budget narrative document and your commitment to Fair Work would result in the desperately needed increase to the Housing Support Grant. Especially after two and half years of working in very risky conditions during the pandemic and supporting the significant numbers of people currently experiencing or at risk of homelessness.

Local authority commissioners of these services told us this week that the absence of any 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 number of people at risk of homelessness, in temporary accommodation and in need of support. Service providers have talked about being unable to afford to deliver contracts or having to reduce the number of people they can support at a time when homelessness and housing support services are more important than ever.

We are incredibly concerned about the impact of this and would like to understand what kind of impact assessment has been undertaken in advance of determining that the HSG would receive no increase.

We realise that the decisions you are having to make are anything but easy, but we urge you to reconsider increasing the Housing Support Grant in your final budget.

Yours sincerely,



Katie Dalton
Director
Cymorth Cymru



Stuart Ropke
Chief Executive
Community Housing Cymru