

## **Local Government and Housing Committee inquiry 2025 – Housing Support for Vulnerable People**

### **Response from The Wallich**

#### ***How effectively the Welsh Government is planning for the future of HSG in light of rapid rehousing transition and the forthcoming Homelessness Bill.***

We have some concerns about the Welsh Government's planning for the future of Housing Support Grant services.

Firstly, we remain broadly supportive of the general principles underpinning the HSG, as the Government's primary fund for delivering services to prevent and address homelessness in Wales. In particular, we welcome a number of the specific values emphasised in the [practice guidance for commissioners](#), particular the expectations that:

- The earliest preventions are most effective and most cost effective and should always be the interventions of first choice.
- Tackling and preventing homelessness is a whole public services matter – rather than simply a 'housing matter.'
- All services should place the individual at the centre, working to their strengths and supporting them to achieve their aspirations.
- Services should be commissioned and delivered in a psychologically informed way, taking into account the impact of trauma on people who require support, to achieve a sustainable impact.
- Policy, service delivery and practice should be informed and shaped in a co-productive manner with service providers and those with lived experience.
- The duties in Part 2 of the Housing (Wales) Act 2014 should be the last line of defence – not the first - and all services should work to the spirit not simply the letter of the law.
- We expect all services to treat people with respect and as experts in their own lives, to work with empathy, listening and building trusting relationships and to be accountable to service users, the public and service commissioners.
- Housing support must be delivered in a way which enables the effective delivery of complementary public services by ensuring their impact is not undermined by unstable housing circumstances.

These principles are in our view the right ones to ensure homelessness services are best prepared to meet the needs of everyone who presents, however we do not believe that these principles are being followed in all parts of Wales, by all local authorities commissioners and all service providers. Due to record levels of presentations and ongoing pressures on temporary accommodation, we have moved away from preventative working in some areas, in order to triage people according to the urgency of their needs, meaning many households are being left until they reach crisis point rather than being supported earlier.

We also worry that some commissioners are not being realistic when they issue tenders for psychologically informed services which cannot possibly meet the true costs of such services. In order to deliver services which are psychologically informed environments, staff-client ratios must be realistic to allow time for meaningful training and development, supervision and reflective practice, and a recognition of the risks of vicarious trauma. We would like to see more HSG commissioners better reflect the above principles to establish better services, and Welsh Government needs to recognise the full cost of such services when setting the HSG in future budgets.

Progress towards embedding a Rapid Rehousing model across Wales has been slow for a number of reasons. [The Welsh Government first asked](#) all twenty-two local authorities to develop and publish a Rapid Rehousing Transition plan by September 2022, although almost all missed this deadline, and some remain unavailable for the public to view online even now. We are sympathetic with the local authorities as typically the team responsible for developing these transition plans are also the same individuals working hard to address the crisis levels of demand for temporary accommodation, and there simply has not been enough staff resource to focus on the new model.

Of the transition plans we have seen, we feel that there is insignificant detail when it comes to assessing the current and future needs of the local population. For example, we want to see local authorities produce estimates for the numbers of people with mental health, substance use, and criminal justice needs as well as a housing need, and set out a route map to ensuring there are sufficient multi-agency services in place to address those needs. This is what we mean when we say that homelessness cannot be seen solely as a housing matter: for Rapid Rehousing or Housing First to be successful, service users must be supported holistically by the full range of public services, otherwise they risk tenancy failure and a return to the revolving cycle of homelessness.

It is important however to note that there has been some real progress made on the support-side of Rapid Rehousing. The Wallich currently runs a number of Rapid Rehousing and Housing First services across different areas of Wales, and we have had some real

successes in getting wrap-around support in place for clients with complex needs, however the real barrier to ending homelessness for these individuals is the lack of suitable, affordable homes. An underlying principle of both Housing First and Rapid Rehousing projects is that clients should be offered a tenancy straight away, and then this should provide the strong foundation to underpin a broader recovery. Instead, our services are operating in the opposite direction, as we can get support in place whilst clients face an uncertain wait for a suitable property to become available. In order to make Rapid Rehousing a success, Welsh Government and partners across the sector must make significant progress in delivering vastly more affordable homes, through new buildings and refitting under-occupied and empty homes.

Finally, The Wallich remains firmly in support of the proposals in the recent [Ending Homelessness White Paper](#), and hope to see them introduced in a draft bill as soon as possible. The White Paper was based upon the carefully negotiated position of the [Expert Review Panel](#), as well as being informed by the testimony of [over three hundred experts with lived experience of homelessness](#), so it is vital that those proposals are not watered down or weakened in the final bill.

Undoubtedly some of the reforms proposed in the white paper will have significant impacts upon HSG services, so the Welsh Government needs to carefully think through the implications of all changes, and ensure that the guidance to commissioners is updated accordingly, and that the overall budget set for the grant is commensurate with the true scale of the challenge. For example, abolishing the priority need and intentionality rules, and reforming local connection are long overdue reforms in our view, however they will necessarily lead to more people eligible for HSG support than are able to access those services currently. This is just one example of how the forthcoming homelessness legislation will lead to additional pressures on Welsh Government and local authority budgets. We call on the Government to closely monitor this demand and increase budgets accordingly.

***Current and anticipated pressures in the delivery of HSG-funded support services, including pressures on the workforce.***

Delivery of HSG-funded services has been incredibly challenging for a number of years, due to unprecedented financial pressures from static budgets in the face of ever-rising demand, and runaway inflation to the basic costs of living. The Housing Support Grant of course saw a significant increase during the pandemic in order to fund the Welsh Government's 'Everyone In' policy, however the HSG budget remained frozen between

2022 and 2024, and it took considerable campaigning efforts from the whole sector to secure a £13m uplift (7%) in 2024-25, and a proposed £21m uplift in the draft budget for 2025-26. These budget increases, whilst incredibly welcome, still only partly cover the increasing staff costs for organisations such as The Wallich, as we strive to pay the Real Living Wage to all staff.

A further financial pressure on HSG service providers has been the proposed increase to employer National Insurance Contributions from April 2025. Whilst further funding has been promised from the UK Government to cover this additional cost for public sector employers such as local authorities and health boards, the same support will not be available to third party organisations contracted to deliver statutory public services. This means that organisations like The Wallich will simply have to absorb this additional cost, at the expense of paying the higher wages we need to offer to properly recognise the important and demanding work done by frontline staff.

[Evidence from Cymorth Cymru's Frontline Network](#) found that significant numbers of staff across the housing support sector are themselves struggling financially, including being unable to pay rent and bills, using foodbanks, and being at risk of homelessness themselves. This is clearly unacceptable, however it is a direct result of the overall level of HSG funding available being insufficient to meet the real levels of housing need across Wales, and the number of contracts being awarded by commissioners which do not cover the full costs of delivering holistic, trauma-informed services. Support hours and staff caseloads must be realistic to allow time for training and development, reflective practice, and to avoid burnout from vicarious trauma. Housing Support Workers are responsible for helping people with the most complex needs in the most chaotic situations and deserve much more than minimum wages in recognition of their vital role.

Recruitment and retention continues to be a major challenge within the sector, and there is a Workforce Task and Finish Group operating as a sub-group of the [Ending Homelessness National Advisory Board](#), exploring mechanisms to ensure support staff feel valued and recognised for their expertise. This group is currently analysing data on support worker pay, as well as developing skills and qualifications pathways for frontline staff, and developing best practice guidance for commissioners, focusing on workforce terms and conditions. Our hope is that this work will go a significant way towards further professionalising the sector, and support providers such as The Wallich to attract and retain the best people to carry out vital housing support work.

Finally, aside from the outstanding issues with some local authority commissioning mentioned in our response to the first question, there are a number of discrete non-financial challenges that also impact upon design and delivery of HSG services. We often

feel that the timescales given by commissioners are not reflective of the time it takes to develop and implement effective trauma-informed services ready to support people on day one. We note that many local authorities no longer require interviews, instead relying solely on written submissions as the basis for awarding contracts. These are potentially missed opportunities for commissioners to really interrogate service providers on their plans, to ensure they are willing and able to deliver in line with the HSG's guiding principles.

***How much is known about service performance, including data on outcomes.***

The Welsh Government updated the [Housing Support Outcomes Framework](#) in 2023, to better recognise the cross-cutting work of HSG services intended to provide more holistic support across health and wellbeing, as well as traditional support to find and maintain housing. We supported this updated framework at the time, however since then we have seen little evidence that this new regime is helping to drive up standards across Wales in the way we hoped.

Outcomes are typically reported to local authority HSG commissioners, who in turn report these on to Welsh Government, however there is little wider visibility of how we are doing as a sector. We know that homelessness presentations remain extremely high overall, however we lack the nuanced detail of the more granular HSG outcomes in different areas and types of service. Were this data more publicly visible, we might be better able to learn from examples of good practice and identify systemic challenges.

Processes for reporting and verifying outcomes to commissioners are fairly good, and the majority of local authority housing teams carry out regular monitoring visits of our projects to ensure that our outcomes submissions are accurate and that they are aware of any persistent or emerging issues. What we do not see however, is how this outcomes data is then fed back to inform service improvements or design in future commissioning rounds. The individual officers responsible for ongoing monitoring are often not directly involved in the commissioning process, potentially disadvantaging incumbent providers even when they are delivering a good service.

We would also like to see more public discussions between different local authorities about their respective HSG outcomes, once again to share good practice and identify systemic issues (for example if a specific provider or type of service is persistently underperforming in various parts of Wales). It could also help identify common training needs or gaps in service provision. Welsh Government should also consider how best it can use outcomes data to support commissioners and service providers to stick to the principles of the grant, and be stronger in challenging areas where performance is weaker.

***How effective is joint working between housing support services and public services such as health and social care.***

There are definitely pockets of good practice, where different public services are working well together to provide holistic, person-centred support, however this is not yet routinely embedded in every part of Wales, instead relying upon hard-working individuals who develop positive relationships with other service providers, over and above what is typically expected of them. We are hopeful that the Welsh Government's forthcoming Homelessness Bill will take the opportunity to enact the proposal in their recent white paper, to create new duties upon all public services to identify people experiencing or at risk of homelessness, refer them on the most appropriate services, and cooperate with those services for as long as is needed. We believe that such legislation could help formalise and standardise such good practices, ensuring that they are in place in all parts of Welsh public services for everyone who needs them.

We identified specific challenges to cooperative working between housing support and mental health services in our 2023 report and campaign [Mental Health on Hold](#), and although there have been some improvements to mental health services since then, many of those same barriers faced by people experiencing homelessness persist to this day. Whilst Welsh Government has repeatedly given commitments to overcome this inaccessibility, in their [White Paper on ending homelessness](#) and in their new [mental health and wellbeing strategy](#), we are not yet seeing the fruits of this strategic work at ground level.

A positive example of collaborative working is our National Lottery-funded [Swansea and Neath Port Talbot 360 project](#), which is a multi-agency partnership which sees homelessness, health and substance use experts working together to provide wraparound support for people with the most complex unmet needs. Part of this project includes a small team of occupational therapists, who act as dedicated advocates to signpost clients towards suitable support services as well as activities to boost health and wellbeing. Because these occupational therapists are employees of the local health board, they are able to access specialist services which might otherwise be inaccessible for people we support who live chaotic lives. We believe that this model is something that could also work in other health board areas.

We also have a number of local partnerships with homelessness nursing teams, who are able to join our rough sleeper outreach services to provide immediate healthcare where people are staying, as well as signpost towards more mainstream healthcare services. We

also have a number of large '[welfare vehicles](#)' which operate remotely across all parts of Wales, providing advice and support, as well as washing facilities, first aid and harm reduction supplies. We also partner with health, drug, and alcohol services to support their outreach services, providing remote screening and vaccinations. This is a non-commissioned service, supported by our generous corporate and individual donors, but with long-term sustainable funding this could also be scaled-up to work across Wales.

***What services should be commissioned in future to effectively support people with complex needs to find and keep a home.***

As outlined in our responses to the previous questions, we would like to see lots more investment in genuinely cross-sector, multidisciplinary services. Welsh Government has said that it believes partnership working will be key to ending homelessness in Wales, however it has fallen to third-sector organisations such as The Wallich to develop many of these partnerships outside of the statutory Housing Support Grant system, through securing alternative external sources of funding. These other sources of funding, such as grant schemes from trusts and foundations, are typically very oversubscribed and therefore less reliable in the longer-term, as a wide range of organisations compete for the same small pots of money. Although this model is great for funding innovative new projects, Welsh Government needs to consider how it can step in to scale up successful ideas that could have a wider impact if replicated across Wales.

Unfortunately, the HSG commissioning system seems to struggle with funding genuine collaboration, as despite recent reforms, it is still seen primarily as a housing fund, which isn't open to non-housing organisations, and the same is also true for other sources of funding within the wider sectors of health and social care, which are not accessible to organisations primarily focused on housing. Welsh Government ought to examine how this narrowly sectoral approach to funding leads public services operating in silos, unable to cooperate effectively. A first step towards this might be to support local authorities and health boards to fund more multi-disciplinary teams, with dedicated specialist health workers sat in housing teams, and vice versa.

The Welsh Government should also consider how to address the overly-competitive nature of the HSG commissioning process, as third sector organisations across the sector would like to be able to work together much more collaboratively towards our shared ambitions of ending homelessness, however at present we are forced to compete with one another to win contracts. Commissioners need to provide appropriate funding and sufficient time for multiple providers to come together to develop consortium bids for contracts. Often the

incentives are to undercut other organisations on price in order to win contracts, however this ultimately has the effect of a race to the bottom, degrading both standards of support and staff pay across the sector.

Above all, the Welsh Government needs to take a more holistic view of the whole HSG sector as it operates across Wales. We are concerned that as well as missing opportunities to collaborate with other public services to support clients who present at multiple different times and places, we also may be duplicating each other's work, confusing clients who don't know where to go to ask for help, and in the worst cases undermining each other in forming trusting relationships with clients. Welsh Government should map out the full range of services on offer to people experiencing homelessness in every different location, understand how they are funded and their reporting structures, and then work to fill the gaps, reduce duplication, and incentivise on-going collaboration, focused on the needs of service users.