

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

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Llamau Submission to the Finance Committee:

Welsh Government Draft Budget proposals for 2025-26.

Introduction

Homelessness and housing support services in Wales continue to face significant pressures. Demand for Llamau's services has increased substantially, and with it, an increase in the number of young people, women and children we support who are presenting with very complex support needs. Our funding is for 'Housing Related Support', yet we continue to provide so much more than that, which simply isn't factored in – or paid for - in existing contracts. In some cases, it is this work which is literally keeping people with a history of serious self-harm, or suicide attempts, alive.

The Welsh Government's final budget for 2024/25 included a £13 million uplift to the Housing Support Grant (HSG), having initially allocated flatline funding. We were pleased that Ministers listened to the compelling case to find extra resources, which equated to a 7.8% increase from the previous year. Much of this was used to address pay pressures, in line with the Government's commitment that all frontline staff should be paid the Real Living Wage. However, facing challenges of their own in funding statutory services, Local Authority contracts did not cover this in full. (See Staff Wellbeing and Retention section).

We note that the Ending Homelessness National Advisory Board's autumn update, published on 23rd October 2024, states that despite continued financial challenges facing Government, 'Board members have expressed the need to protect the gains made in the last budgetary settlement and continue to invest in HSG and the workforce'.

There are clear reasons for this. The cost of delivering services has increased significantly and many of our contracts are paid between 20% and 30% less than the real cost for funding these services. We are already subsidising low value contracts through our own charitable fundraising, but this is becoming more and more challenging as businesses and individuals face their own difficulties. Our fundraising efforts through trusts and foundations is limited because of the size of Llamau's turnover.

In addition, the recent UK budget announcement that the amount we must pay on employees' national insurance contributions will increase from 13.8% to 15% from April 2025, will significantly impact third sector organisations across Wales, costing Llamau an additional £500,000 next year alone.

Increase in demand for services:

In common with organisations across the sector there has been an increase in demand for our services. In the last year, over 11,000 young people, women and children were reached by Llamau across all services. This includes:

- Over 5,500 people including children supported by Llamau's domestic abuse service
- Over 5000 young people supported by our range of Early Intervention & Prevention, Safe Home and Move on services
- Over 200 people, including children, were supported by Llamau's domestic abuse refuges
- Over 1500 young people were supported by Llamau's floating support services
- Over 500 young people at risk of homelessness were supported through Llamau's supported accommodation for youth services across Wales
- Over 300 young people were supported by Llamau's Family Mediation Service
- Nearly 1,000 children were supported by Llamau's Debrief and Mediation services for missing children in Gwent and Dyfed Powys
- Over 500 young people received specialist advice and support, including through the Youth Homeless Helpline.
- Nearly 400 young people were supported through Llamau's Learning, Training and Employment programmes
- Over 1700 people and children were supported by Llamau's range of Domestic Abuse Outreach Services
- 36 young people with complex needs were supported at our range of Housing First for Youth projects across Wales
- Nearly 550 people were identified at risk and supported by our IRIS service
- Over 300 people engaged with our specialist counselling services

Referrals have continued to increase for refuge spaces across Llamau, with 296 referrals for our 67 spaces in 2023/24. During this year we increased capacity by opening 3 dispersed refuges, 2 in Merthyr CBC and 1 in Caerphilly CBC. Demand for spaces meant we were unable to accommodate 187 referrals primarily due to there being no space available, unsuitable for person's needs, or risk area too close to refuge. In the community, our Floating Support services received 999 referrals; an increase of 110% compared to the previous year.

Llamau's Youth Homeless Helpline continues to provide out-of-hours support for young people who are homeless or at risk of homelessness. The number of calls has increased significantly since last year however – an increase of 81% on the 157 calls received during 2022/23.

Staff wellbeing and retention:

Recruitment and retention of colleagues continues to be a challenge for the health and social care sector in Wales and for Llamau. The increased demand and complexity of support needs, coupled with restricted funding is impacting staff wellbeing and sickness. We are working with far more young people and women with significantly higher mental health needs, including serious self-harm and suicide ideation. For the first time ever, we are seeing many young people we support carrying weapons and threatening staff. In addition, we are losing well trained colleagues to Local Authorities, who are setting up 'in house' services, and offering 10% more in terms of salary.

The staff turnover rate continues to be much higher than before the Covid pandemic but has remained static over the last year. We have had to start relying on agency staff while we recruit - leading to higher costs (not covered by contracts) and lower quality. We have continued to make improvements to our recruitment, onboarding and induction processes but the costs of HSG services do not cover full salaries, the necessary training, or PIE services for example, even though we must demonstrate all of these at audit and tender/retendering.

Following the increase to the HSG in the final budget for 2024/25, there was a clear expectation from Government that this should be used to address pay pressures and assist commissioners in supporting providers to deliver on the commitment to Fair Work and the Real Living Wage. Llamau currently pays all staff the Real Living Wage, but this is not covered through the contracts and has had to be subsidised by fundraising efforts and by using reserves. To maintain the Real Living Wage increase for 25/26, alongside the additional costs of increases to National Insurance Employer Contributions, will cost Llamau approximately £1.5million. This is not sustainable and without additional funding for the sector for 25/26, we cannot meet these costs.

Real Living Wage, National Insurance Employer contribution rises, and inflationary increases mean we would need an increase in HSG funding of 7.9% to meet these costs. If there is no such inflation-linked increase in HSG funded contracts next year, it is likely that we will have to reduce service capacity, leave vacant staff posts unfilled and potentially make staff redundant. Without further support to ensure fair wages for our staff, we would certainly be unable to pay Real Living Wage for 25/26 and will be unlikely to award *any* pay increases to colleagues within the organisation.

The Welsh Government’s approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

The sector is consistently being told by commissioners that prevention services are at risk as they face their own funding challenges and feel they need to concentrate funding on crisis interventions. This is, in our view, a false economy as the preventative and early intervention services save money in the longer term, as these examples show:

- Mediation can sustainably prevent family relationship breakdown and the costly crisis of homelessness for a young person; saving over £27,000 per person in specialist supported accommodation costs.
- Family relationship breakdown is consistently shown to be the main driver of youth homelessness. Targeted early intervention like our mediation services can successfully enable young people to remain safely in their family home, preventing the significant costs of often inappropriate temporary accommodation – shown to have doubled in Wales in the last 5 years to over £40m.
- Supporting an individual to better manage their mental health through our specialist services such as counselling has a profound impact on their happiness and quality of

life. Nearly £5 billion is lost through reduced productivity and healthcare costs in Wales annually.

- By facilitating re-engagement with education and preventing exclusion, our EMPHASIS outreach services can save the state an estimated £370,000 in lifetime education, benefits, healthcare, and criminal justice costs.

The lack of preventative spend is short sighted. It can take some years for prevention programmes to work and ease future demands on services, so during a funding crisis they are often the first areas of expenditure to be cut – even though it will result in higher spend in the future.

Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost-of-living crisis and the pandemic, sufficient?

As documented above, we have seen an increase in complexity of needs and risk for the young people we are supporting, with greater experience of trauma and associated mental health and well-being needs. This is at a time when support from other agencies is more difficult to access.

In the last year, the number of women facing homelessness because of domestic abuse has also risen. This has been coupled with a slowdown in the availability of move on properties for women and families due to unprecedented demand for accommodation, and more general homelessness pressures.

Some of the longer-term impacts of the pandemic are only now becoming clear in terms of the number of highly complex cases being referred to support services such as ours.

Conclusion

Llamau has always strived to deliver high-quality, effective support services and the impact of our work reduces pressure on public services across Wales. However, it is difficult to see how these services can be maintained at the current level without a significant increase in funding via the HSG. The whole sector is struggling with increased demand, the complexity of needs and a lack of funding to properly cover the cost of the services provided.

There is simply nowhere else to turn to in terms of cost savings.