

Llamau Submission to the Finance Committee:

Welsh Government Draft Budget proposals for 2024-25

Introduction

Homelessness and housing support services in Wales are facing significant pressures. Demand for Llamau's services has increased substantially, and we are seeing a considerable increase in the number of young people we support who are presenting with very complex support needs. Our funding is for 'Housing Related Support', yet we must 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 cost of delivering services has increased significantly, despite there being no increases to the Housing Support Grant (HSG). Many of our contracts are paid between 20% and 30% less than the real cost for funding these services, as they did not take account of the hike in inflation. We are already subsidising low value contracts through our own charitable fundraising, but as individuals and businesses experience similar cost of living issues, this has become a much more challenging environment.

In addition, we are already being told by commissioners that early intervention, prevention, and floating support services are under threat as they focus efforts on crisis services. Welsh Government has put a welcome emphasis on the importance of early intervention to achieve the ambition of making homelessness rare, brief and unrepeatable, but once these services are lost, the sector will simply not be able to meet the aims of the White Paper on Ending Homelessness in Wales.

Increase in demand for services:

Our Youth Homelessness Helpline received the highest number of calls last month, a 50% increase on previous months, highlighting both the increase in numbers of young people in crisis and the importance of early identification, prevention and intervention services.

Referrals have continued to increase for refuge spaces across Llamau, with 279 referrals for our 64 spaces in 2022/23 (an increase of 114 or 69% from last year). During this year we increased capacity by opening 2 dispersed refuges (in Merthyr Tydfil County Borough Council area). Demand for spaces meant we were unable to accommodate 90 referrals as refuges were full, and a further 16 were unable to be supported in the space that was available due to their support needs and/or family size.

In the community, our Floating Support services received 475 referrals, an increase of 20% compared to the previous year.

Staff wellbeing and retention:

Recruitment and retention of staff across the sector is extremely difficult. People are leaving for less stressful and higher paid roles elsewhere. This has significantly impacted on our ability to recruit and retain staff. In the last year, we have had to use agency workers to cover vacancies for the first time. The costs of doing this are very high compared with salaried staff and, given the increased demand across all support providers, it is a very competitive market.

National Living Wage increases are not included in our contracted funding, so we are expected to find the money from elsewhere. Whilst we welcome the increase for colleagues, we have no additional funding to pay for it. Due to the cost-of-living crisis, our lowest paid staff are now experiencing the same issues as the people we support, such as inability to pay bills, afford food shops, or pay rent.

This situation is unsustainable. Care services were given funding in last year's budget round to deliver Real Living Wage salaries for staff, but this did not happen for support services. Flat line budgets have led to wage deflation, and this is the primary cause of the recruitment and retention issue in the sector.

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 being told by commissioners that prevention services are at risk as they need to concentrate funding on crisis interventions due to lack of funding. 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.

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?

Exiting the pandemic, 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.

The number of women facing homelessness because of domestic abuse is rising. However, there has also been a slowdown of availability of move on properties for women and families due to unprecedented demand for accommodation, and more general homelessness pressures.

The cost-of-living crisis has only exacerbated the problem, yet funding is not keeping pace with the rising demand for support services.

Conclusion

Llamau has always strived to deliver high-quality, effective support services, but it is difficult to see how services can be maintained at the current level without an increase in funding via the HSG. This is turn will see many more people unable to access the support they need in a timely manner.

The whole sector is struggling with increased demand, the complexity of needs and a lack of funding. Llamau, along with other support providers, has decided not to re-tender for some services as they simply can't be delivered to the standard needed with the funding available. There is nowhere left to go in terms of cost savings.

Without an uplift to the Housing Support Grant for the financial year 2024/25, there is a real risk of services collapsing, the early intervention agenda being lost – and with it, the opportunity to deliver the once in a generation change which the Welsh Government outlined in the White Paper on Ending Homelessness in Wales.