

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2026-27](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2026-27](#).

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Llamau Committee Evidence – Welsh Government Budget 2026/27

Introduction

This evidence to the Committees of the Welsh Parliament to inform their scrutiny of the Welsh Government Draft Budget 2026-27, is prepared following the Finance Minister's statement to plenary on July 1st. In the statement it was stated that a one-year budget will be published in October, which will increase departmental budgets by inflation, in order to provide a pool of unallocated funding for the incoming Welsh Government to spend in line with their spending priorities. Given this planned 'neutral' budget for the next year, we recognise that there will be limited scope for significant changes to funding provision for homelessness and housing support services, but we feel it important to outline some of the challenges the sector is facing, particularly as we support some of the most vulnerable people in our communities.

Homelessness and housing support services in Wales continue to face significant pressures. Demand for Llamau's services has increased substantially, and we are seeing an increase in the number of young people who are presenting with very complex support needs. The cost of delivering services has increased significantly and we continue to subsidise low value contracts through our own charitable fundraising, but as individuals and businesses experience similar cost of living issues, the fundraising environment has become much more challenging too.

Staff wellbeing and retention:

Recruitment and retention of staff across the sector remains difficult. We have continued to make improvements to our recruitment, onboarding and induction processes but without sustained yearly increases in funding to appropriately pay colleagues, this will continue to be an issue across the sector.

We continue to see local authorities advertise higher paid internal support roles which we are unable to match, due to our capped funding. This has seen our highly trained colleagues leaving for similar roles but at a higher salary, further impacting recruitment issues in the third sector. We believe it is unethical for commissioners to pay their own internal staff more than those in contracted services.

In the last year we were pleased to see Welsh Government award a percentage increase to Housing Support Grant (HSG) after nearly 15 years of little or no investment. This increase was specifically to enable the payment of Real Living Wage (RLW) to the sector. It is essential that HSG continues to receive a year-on-year percentage increase to enable charities and support providers like Llamau to continue to fund RLW increases, which in turn will support recruitment and retention in the sector.

In addition, Llamau is facing an **additional £500,000 per year** in costs due to increased Employer NI contributions.

Risks to Service Delivery:

The two principal risks to Llamau are funding and the ability to support the people who use Llamau's services safely and appropriately, due to the increase of complexity of support needs. We continue to deliver psychologically informed strength-based support; however, commissioners need to understand this increased need and the associated costs. There is a clear need to provide the right resources, both multi agency and financial, to enable us to support people to achieve their full potential.

Local authorities continue to face some of the greatest pressure to their budgets. As a result, some are seeking to cut monies into existing projects, which can result in larger deficits and inadequate funding for these projects. Commissioning on a cost basis rather than a quality basis continues to be the norm within our sector. In addition, we continue to see some local authorities pay further in arrears, not agree rent changes in a timely manner and they often seek to claw back funding wherever possible.

Llamau's growth in statutory funded services over the past 7 years has enabled us to reach more young people and women who face homelessness. However, this has often resulted in the income from these services failing to keep pace with the cost of inflation and has created a situation where our overall turnover means it is increasingly difficult to attract funding for other services from trusts and foundations, as we are seen as 'too big'. This is despite the fact our non-statutory income sources remain at a much smaller percentage.

Preventative spending:

The sector is being told by commissioners that prevention, early intervention and floating support services are at risk as they need to concentrate funding on crisis interventions. This, despite significant evidence that the preventative and early intervention services save money in the longer term (see Financial and Social Impacts at the end of this evidence).

The Welsh Government has put a welcome emphasis on the importance of early intervention to achieve the ambition of making homelessness rare, brief and unrepeated, but there is a very real risk of these services being lost. We echo the views shared at your Stakeholder Event on 19th June 2025 that there could be better planning and investment in housing and homelessness services, and that a higher priority be given to funding preventative services in the Draft Budget in future years.

Conclusion:

Llamau's mitigation of these risks continue to be ensuring our own efficiency, keeping our costs as competitive as possible, demonstrating our value for money through the added value of the organisation, proving our outcomes are the best and continually trying to expand our funding base. We have 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.

The whole sector is struggling with increased demand, the complexity of needs and a lack of funding – and without adequate resourcing, we will see many more people unable to access the support they need in a timely manner.

Additional Information

Llamau's Social and Financial Impact

The social and financial cost of homelessness is something that policymakers in Wales must recognise. Through our early intervention and prevention initiatives, for example, we not only provide crucial support to young people and women at risk of homelessness but also generate significant savings for the public sector.

Llamau's family mediation services can sustainably prevent family relationship breakdowns, a leading cause of youth homelessness. By enabling young people to remain safely within their family homes, these interventions save **over £27,000** per person in specialist supported accommodation costs. These translate into substantial savings over a fiscal year.

Llamau's wide-ranging domestic abuse services also contribute to preventing the significant social and economic costs of domestic violence, which is estimated to cost the UK **£66 billion** per year in terms of emotional and physical harm, health and justice services, and lost productivity.

Our specialist mental health services, including counselling, significantly improve the happiness and quality of life for those we support. This is particularly important to Wales where nearly **£5 billion** is lost annually due to reduced productivity and healthcare costs linked to poor mental health.

Llamau's support for young people includes help to learn how to regulate behaviours and emotions, which in turn this can reduce anti-social behaviour. This can prevent family evictions, which can cost **over £600** per week in bed and breakfast expenses per family.

Our educational programmes are vital in preparing young people for the workforce. The cost of supporting a homeless young person who is not in education, employment, or training (NEET) is **£19,500** per year for those aged 18-24. This includes expenses related to health, housing, criminal justice, and welfare benefits, contributing to a total cost of youth unemployment in the UK nearing **£8 billion**.

Across Wales, counties have seen alarming increases in spending on temporary accommodation, with one county in north-west Wales experiencing **a rise of over 1,000% in just five years**. Llamau's work is crucial in mitigating these costs by complementing and enhancing the services available to young homeless people across the country.

Building on this, Upstream Cymru's innovative approach, which combines early identification and targeted intervention within schools and communities, demonstrates that true prevention of homelessness is possible. However, despite

being a pioneering initiative in Europe, Upstream Cymru is now lagging behind similar programs in England and Scotland due to limited rollout and funding. The growing burden on local authorities to manage temporary accommodation is hindering their ability to focus on preventing tomorrow's homelessness. Establishing four regional projects, for example, would ensure a future-focused approach to homelessness prevention while also providing crucial data for planning and service development.