

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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Shelter Cymru Briefing: Welsh Government Budget 2026/27

September 2025

If you would like to discuss the contents of this briefing, or have any questions, please contact Robin White, Head of Campaigns, at robinw@sheltercymru.org.uk.

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About Shelter Cymru

Shelter Cymru exists to defend the right to a safe home, because home is everything. We help thousands of people across all of Wales every year affected by the housing emergency by offering free, confidential and independent advice. When necessary, we constructively challenge on behalf of people to ensure that they are properly assisted and to improve practice and learning.

We work with people who use our services as equals. We provide information, advice and support to help people identify the best options to prevent homelessness, to find and keep a home and to help them take back control of their own lives.

We fight the devastating impact of the housing emergency has on our people and communities with campaigning, advice and support – and we never give up.

Recommendations

1. The Welsh Government should ensure that all homelessness prevention, advice and support services are fully funded, with a minimum expectation that these rise in line with inflation and that all relevant budget lines are treated fairly as a recognition of the interdependency that exists in homelessness prevention.
2. The Welsh Government should immediately provide local authorities with ringfenced funding for the provision of temporary accommodation that sits outside of other budgets and that is not drawn from existing local authority funding.

3. The Welsh Government should provide a further increase to Social Housing Grant funding for the 2026/27 financial year that will be sufficient to ensure an increase in the number of units of social rent homes in Wales every year.
4. The Welsh Government should increase the funding allocated to the Transitional Accommodation Capital Programme (TACP) in line with the demand that has been demonstrated and to avert the human and financial costs associated with viable schemes being rejected due to lack of funds.

The Housing Emergency in Wales

Right now, Wales is in the middle of a housing emergency. An emergency that sees more than 10,000 people homeless and trapped in temporary accommodation, more than 170,000 stuck on waiting lists for a social home, and hundreds of thousands left reliant on a private rented sector that isn't fit for purpose.

For years the Welsh Government has rightly tried to tackle this emergency, and Shelter Cymru is supportive of efforts connected to the High-Level Action Plan to End Homelessness and the wider commitment to rapid rehousing. In addition, we have welcomed the ambition shown by elements of the Homelessness and Social Housing Allocations Bill, a piece of prospective legislation with the potential to drive forward positive change for many people.

However, even with the welcome changes that have been made, the reality is the housing emergency in Wales continues to worsen.

Recent statistics demonstrate this, with homelessness presentations in Wales in 2024/25 remaining broadly aligned to the record high levels of 2023/24.¹ Sadly persistently high figures for housing and homelessness issues are becoming all too common in Wales, including:

- Record levels of spending on temporary accommodation with local authorities facing net costs of nearly £100 million in 2023/24 and gross costs in excess of £170 million.²
- Record numbers on waiting lists for social home with Shelter Cymru FOIs showing that more than 90,000 households in Wales are trapped on waiting lists, totaling an estimated 170,000+ people.³
- Record levels of rent in the private rented sector and the fastest rising rents anywhere in Great Britain, with the ONS reporting rent rises of 7.8% in the 12-months to August 2025. By comparison rents in England rose 5.8% over the same period and in Scotland just 3.5%.⁴

¹ See [Homelessness: April 2024 to March 2025](#).

² See Shelter Cymru, [The Cost of Crisis](#)

³ See Shelter Cymru, [Waiting for a home: An update on social housing waitlists in Wales](#)

⁴ See, [ONS, Private rent and house prices, UK: September 2025](#)

Behind each of those records are also people and families who experience the daily reality of the housing emergency. An emergency that isn't just about putting roofs over people's heads but about providing them with the foundation they need to thrive. And unless we provide this the reality is that children will continue to struggle to access education, people will struggle to find and maintain work, and the health service in Wales will continue to pick up the tab for poor housing.

Lucy's Story

Shelter Cymru supported Lucy and her two children while they were living in temporary accommodation after being made homeless due to unaffordable rent costs. They had initially sofa-surfed with friends and family rather than access temporary accommodation but after a year this became unsustainable. The family were then stuck living in a B&B for several months. Lucy explained:

"It's horrendous because you're living in limbo. You don't know if it's a day or a week. You don't know whether to unpack. You live a completely different life because you don't know what's next.

"All I want is somewhere permanent so I can get my life back to normal, so I can get a job again. But it's just the waiting."

Despite these challenges we know change is possible, and that the housing emergency is not an inevitability. And every Welsh Government Budget offers the opportunity to invest in delivering that change.

This is why we urge the Government to consider the following in their 2026/27 Budget process:

1. Ensuring full funding for housing and homelessness advice, support and prevention, with inflation linked increases as a minimum expectation across all programmes to avoid any reduction in service at a time of significant pressure.
2. Further supporting local authorities across Wales with the provision of temporary accommodation. Recognising that while delivering permanent homes should be the priority we cannot ignore the huge pressures that local authorities are facing in trying to provide emergency and temporary accommodation.
3. Delivering the safe, secure, suitable and genuinely affordable social homes that Wales needs. That means building on record investment and seeking to ensure that a long-term pipeline of social homes is in place to enable us to move towards a situation where homelessness can truly be rare, brief and unrepeatable.

Funding housing and homelessness advice, support and prevention

The Welsh Government deserves credit for the investment it makes already in advice and support. And through programmes like the Housing Support Grant (HSG) and the Homelessness Prevention Grant (HPG) it has repeatedly demonstrated that it understands how important that advice and support is to realise the vision of a Wales where homelessness is rare, brief and unrepeatable.

However, whilst the funding committed to date is welcome, we must also be honest that it is insufficient to ensure that everyone who needs help can get it. In addition, there have been times in recent years where some types of homelessness prevention, outside of the scope of HSG, have not been given the equivalence they merit as part of an effective homelessness prevention strategy.

The 2024/25 Budget process provided a clear demonstration of this challenge, when the initial draft budget proposed a significant (and hugely welcome) uplift to the HSG but a cash flat grant for the HPG. At a time when homelessness in Wales had reached record levels, this failure to align uplifts and to ensure that all programmes providing effective advice and support to people in need had the required funding, was difficult to understand. Ultimately, the final budget did provide some uplift to the HPG, however, this was still significantly below the percentage level of uplift provided to the HSG. The 2024/25 uplift also followed a number of years in which cash flat grants had been the norm, meaning that even with the positive investment made in 2024/25 the real terms value of the HPG – a homelessness prevention grant – is significantly lower in 2025 than it was in 2021, despite elevated levels of need.

As a recipient of grant funding via the HPG, Shelter Cymru is disappointed when decisions are taken to provide below inflation uplifts, especially when there is no clear evidence base for why some budget lines receive uplifts despite supporting similar overarching objectives. And as an advice provider Shelter Cymru is acutely aware of the important role that free, independent, expert advice plays in helping individuals and families who are facing the realities of the housing emergency. Without access to advice, support and advocacy the reality is that many more people in Wales would not only experience homelessness each year, but this experience might also be longer, lonelier and even harder.

In 2023/24, we provided advice and support to almost 12,000 households – not including those accessing support via our online advice pages, which saw more than 525,000 unique visits. We are proud to have been able to provide expert, quality assured information and advice to so many people across Wales, but we are prouder still of the impact our work has, with homelessness prevented in 88% of relevant cases and 59% of cases seeing the individual or family remain in their original home.

The work we do also supports the work of others across the homelessness sector and effective homelessness prevention rests on the collective effort of a network of organisations and routes to support. For example, the largest block of referrals into Shelter Cymru's expert housing advice services come from HSG funded organisations. Given this, a divergence of approach between HPG and HPG is one we would like to see end.

While our staff and those of other organisations are working tirelessly to help those in need, we also know that demand for our services continues to outpace our capacity. And at a time when the cost of temporary accommodation across Wales has doubled in the past 3 years, it's clear that failing to prevent homelessness comes with rising demands on hard-pressed councils and at a cost to the public purse.

Recent analysis undertaken by the Welsh Government for the Homelessness and Social Housing Allocations Bill also suggests that the per household cost of homelessness to the state is £20,000.⁵

Against this backdrop, investing in funding for both advice and support should be a priority for the Welsh Government, **with inflation-linked increases considered a minimum expectation.**

Increases in funding are also vital given the wider economic challenges that third-sector organisations are facing, not least the impact of increased National Insurance Contributions (NICs) that came into effect in April 2025.

Recommendation

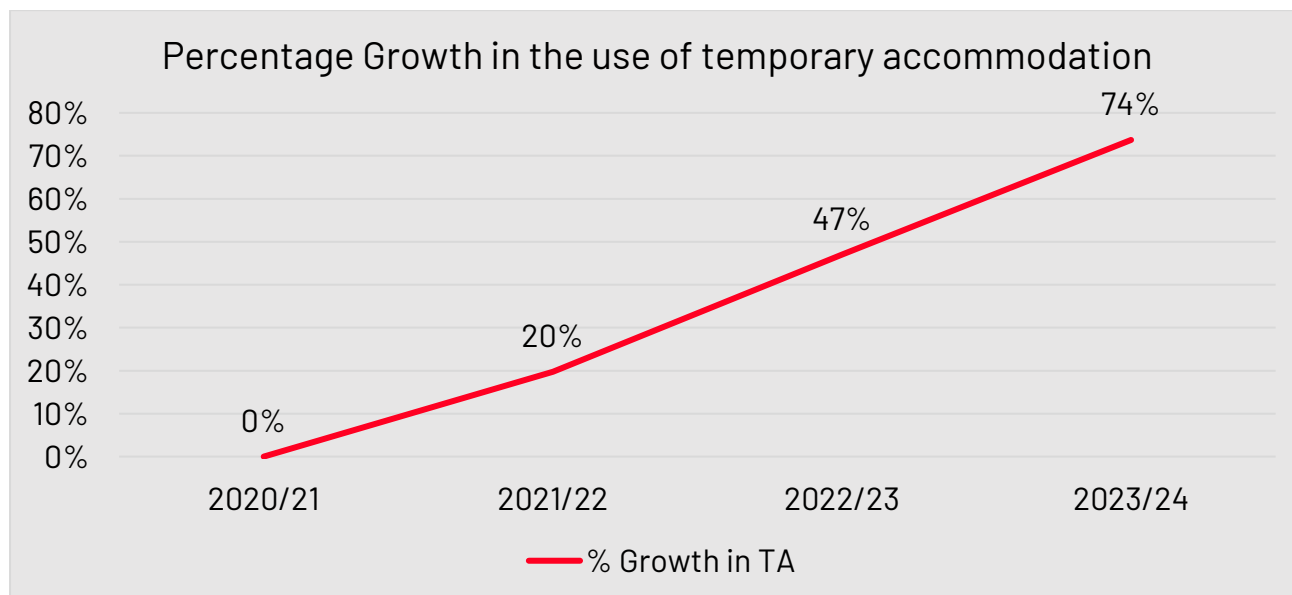
- Welsh Government to ensure that all homelessness prevention, advice and support services are fully funded, with a minimum expectation that these rise in line with inflation and that all relevant budget lines are treated fairly as a recognition of the interdependency that exists in homelessness prevention.

Ensuring the availability of temporary accommodation

Since 2020, the use of temporary accommodation in Wales has exploded. To some extent, this undoubtedly reflects changes in homelessness policy and the welcome decision to create a priority need category for those at risk of street homelessness. However, this change to policy alone cannot explain the scale of growth we have seen over this period – the ongoing cost of living crisis and a decades long failure to deliver the social homes we need have also played a substantial role.

⁵ See Welsh Government, [Homelessness and Social Housing Allocations Bill: Explanatory Memorandum](#)

Fig.1 Percentage growth in the use of temporary accommodation



This explosion in temporary accommodation use has come with many challenges, most notably the human impact for individuals and families spending extended periods in accommodation that is wholly unsuitable. In fact, we know from our casework that temporary accommodation is harmful to physical health, mental health and child development. With a recent report from the Bevan Foundation and Shelter Cymru's Peer Researchers serving to highlight just how dangerous this can be for children in particular.⁶

The impact of temporary accommodation on Wales also goes beyond the human factors and can be seen in the fiscal challenge that local authorities face. Shelter Cymru research has shown that the net cost for local authorities of providing temporary accommodation across Wales in 2023/24 was close to £100 million, and that this cost has more than doubled in just 3-years.

Much of this cost also stems from the need to procure private sector accommodation such as B&Bs and caravan parks, with B&B accommodation being the most common accommodation type in use in Wales.

Ultimately this means that significant amounts of public money are flowing from overstretched local authorities and into the hands of the private sector. Money that can then not be spent on the delivery of other core services, including the provision of homelessness support and advice that may help reduce the need for temporary accommodation in the first place.

In no way does Shelter Cymru suggest that this money shouldn't be spent. At a time of crisis we recognise that local authorities are making the only choice they can and that the demand

⁶ See Bevan Foundation, [The impact of temporary accommodation on children and their families](#)

for temporary accommodation necessitates the spending of considerable sums of money. However, with all 22 local authorities in Wales experiencing the same problem, we believe that national approaches need to be employed to tackle what is clearly a national problem.

To this end we would urge the Welsh Government to explore what additional support it might be able to provide to local authorities in the short-term to help them manage this challenge, both financially and operationally.

Recommendation

- Immediately provide local authorities with ringfenced funding for the provision of temporary accommodation that sits outside of other budgets and that is not drawn from existing local authority funding.

While short-term cash injections are clearly vital it's important to ensure this is additional to a focus on long-term solutions. For more policy recommendations that address the temporary accommodation challenge in the medium to long-term please see Shelter Cymru's *The Cost of Crisis* report.⁷

Delivering the social homes Wales needs

There is no permanent solution to the housing emergency that does not include a significant increase in the number of social homes available in Wales. Unlike other tenures, social homes are affordable by design, tenure secure by design, and benefit from a landlord who has a long-term stake in our communities and the people that make them what they are.

The Welsh Government clearly shares our view on this and made the delivery of 20,000 low-carbon social homes a key priority of this Senedd period.

While we welcome that prioritisation, and the progress it has delivered, we again must be honest that more is needed.

Recent Shelter Cymru research has shown that more than 170,000 people in Wales are currently on waiting lists for a social home.⁸ Yet, we estimate that only 2,600 new social rent homes were delivered in Wales in 2023/24. At this rate of delivery, it would take around 35-years to provide a social home for everyone who wants one in Wales. A period that would mean a child starting school this year could expect to be taking their own children to school before the home they need today is ready.

⁷ See Shelter Cymru, [The Cost of Crisis](#)

⁸ See Shelter Cymru, [Waiting for a home: An update on social housing waitlists in Wales](#)

The challenge is particularly stark for households who are only eligible for a one-bedroom home. Our research showed that 56% of all those households on waiting lists were eligible for just one-bedroom, but just 25% of new social homes delivered were one-bed properties.

Shelter Cymru recognises that record funds are being invested by the Welsh Government, and that the 2025/2026 Welsh Government Budget included an uplift of £81 million for the delivery of social homes. However, the reality is that this level of funding simply is not sufficient to ensure the delivery of the social homes Wales needs. Indeed, estimates from Audit Wales suggest that to deliver all the homes in the Welsh Government's own pipeline to the end of 2026 would have required an increase in funding in excess of £500 million.⁹

Recommendations

- Provide a further increase to Social Housing Grant funding for the 2026/27 financial year that will be sufficient to ensure an increase in the number of units of social rent homes in Wales every year.
- Increase the funding allocated to the Transitional Accommodation Capital Programme (TACP) in line with the demand that has been demonstrated and to avert the human and financial costs associated with viable schemes being rejected due to lack of funds.

⁹ See Audit Wales, [Affordable Housing](#)