Ruth Jones MP
Chair of the Welsh Affairs Committee

20th June 2025

Dear Ruth,

Thank you for your letter. We welcome the Welsh Affairs Committee's interest in the UK Government policy levers that intersect with housing and homelessness in Wales. We have provided an overview of our views on some of the key issues, but would be happy to engage further with our member organisations, should the committee want to explore this topic further.

Local Housing Allowance rates

In our view, Local Housing Allowance rates play a significant role in causing and sustaining homelessness in Wales. It is a huge frustration to policy makers and service providers in Wales, who are trying to utilise all of the available tools to prevent and relieve homelessness, but are held back by insufficient housing benefit for people trying to access and maintain a home in the private rented sector.

At the end of April 2025, there were nearly 11,000 people in temporary accommodation in Wales (including 2,596 children under 16)[1]. The data reflects the trend since the start of the pandemic, which has seen far more people entering temporary accommodation each month (1,272 in April 2025) than the number of people moving on to suitable long-term homes (663 in April 2025). While the inadequate supply of social housing is a critical factor, it is also true that insufficient LHA rates prevent people from being able to move out of temporary accommodation and into the private rented sector. This prolongs people's experiences of homelessness and has a negative impact on people's health and wellbeing, with 66% of people living in temporary accommodation across England, Wales and Scotland stating that living in TA negatively impacted their health[2].

Concerns have repeatedly been raised by organisations within Wales and across the UK about LHA rates not reflecting rents locally, and this has been further exacerbated by freezes to LHA rates on several occasions. By the end of the four-year freeze of LHA in 2023/24, the proportion of households with a shortfall between LHA rates and actual rent costs in the private rented sector was 77% in Wales[3], the highest in the UK. Although LHAs were supposedly uplifted to the 30% percentile in April 2024, evidence suggests that in reality, the uplift neither covers the 30th percentile nor takes account of rent increases. More recent research from Institute for Public Policy Research finds that Wales continues to have the worst shortfalls by local authority, with 62% of families in Wales facing a shortfall, ranging from 73.5% of families on UC facing a shortfall in Neath Port Talbot down to 33.6%[4] of families in Cardiff. Additionally, research from the Joseph Rowntree Foundation also found that private renters on housing benefits were likely to be worse off by £684 on average each year (the equivalent of having to find one month's rent each year) because of changes made to LHA since 2011, therefore putting people at greater risk of experiencing deep poverty[5].

[1] Welsh Government, Homelessness accommodation provision and rough sleeping: April 2025
[2] Shelter, Still Living in Limbo: Why the use of temporary accommodation must end, March 2023
[3] Citizens Advice, Uprating Local Housing Allowance: Briefing Note, September 2024
[4] IPPR, Revealed: Almost one million children in private housing face rent shortfall by 2026, February 2025
[5] Joseph Rowntree Foundation, Stop the freeze: Permanently re-link housing benefits to private rents, October 2024

Insufficient LHA rates can also have a negative impact on the willingness of landlords to accept tenants claiming housing-related benefits. For example, in research conducted by Shelter Cymru into the barriers people face in accessing the private rented sector, 37% of landlords surveyed said that they didn't let to, or would prefer not to let to, people claiming housing benefits. However, within the same research, 39% of landlords surveyed said they would be more likely to let to someone claiming benefits if housing-related benefits were closer to market rents in their area, indicating that increasing LHA rates would improve access to for people claiming benefits.

Discretionary Housing Payments

Due to the shortfall in LHA rates, Discretionary Housing Payments (DHPs) are increasingly used to provide a lifeline for people on low incomes in meeting their housing costs. Research conducted into the use of DHPs by the Bevan Foundation, found that in 2021/22, most of the spending on DHPs (68.6%) was recorded as being used 'to help with ongoing rental costs for any other reason', signalling that people on low incomes were struggling to meet rental costs month-to-month. Additionally, most of the local authorities surveyed mentioned that DHPs were used to help people cover rent arrears.[6] Additionally, according to the data collected, a large percentage of people claiming DHPs lived in social housing with £4.2 million of the £8 million spent on DHPs in 2021/22 being used to support people affected by the bedroom tax.

Based on more recent data, the use of DHPs to help with housing costs is rising and still greatly needed to help people on low incomes to meet their housing costs. According to Citizens Advice's most recent review of activities in Wales, it has seen an overall heavier reliance on DHPs since COVID-19. In the 12 months to October 2024, Citizens Advice in Wales helped 22% more people to access Discretionary Housing Payments than the previous year[7]. Their advisers also pointed to the rising cost of living, in conjunction with measures that do not match this rise, such as benefits not covering rent, as the key driver behind the increased demand for crisis support. For example, one advisor was quoted:

> *"I guess there will always be crisis situations like a loss of a job, but a lot of the people accessing support are not in one of these situations, they are simply struggling to survive on low incomes"*
>
> CAB Adviser, North Wales

However, even with the use of DHPs, it has been identified that long-term use of DHPs to supplement housing costs is unsustainable in helping to meet long-term prevention of homelessness. Local authorities must operate within an allocation, therefore DHPs are not suitable as recurring support and provide a lack of flexibility due to the cap on total expenditure. Additionally, there is no guarantee that a household that is awarded one DHP payment will be awarded another if there are changes to the DHP budget year to year. Equally, as DHPs are administered at the local level where there is a significant difference in their administration by local authorities, there is no guarantee that one person to the next will have the same experience of receiving DHPs.

The UK Government's Spending Review referenced planned changes to DHPs, and we await more information about the likely impact on Wales.

Benefit Cap

As of May 2024, 123,000 households across England, Wales and Scotland were subject to the benefit cap. Of these, 118,000 were capped on Universal Credit, while 4,900 were capped on Housing Benefit. Overall, the number of households facing the cap has seen an increase, with

---

[6] Bevan Foundation, Wales' Housing Crisis: Discretionary Housing Payments and the Welsh Housing Market, June 2023
[7] Citizens Advice, Reaching Crisis Point: The Story in Wales, October 2024

18,000 household having their benefits capped for the first time between February 2024 and April 2024, an increase from 10,000 households capped for the first time between November 2023 to January 2024[8].

However, an increase in the number of households being capped also brings an increase in the number of households stuck in deep poverty, putting people at risk of homelessness, while continuing to trap families already within the system. For many families the cap makes it almost impossible to find affordable family homes across the UK within the private rented sector. According to research from the Centre for Analysis of Social Exclusion at the London School of Economics found that there was only enough suitable private rented sector housing available in the UK in 2022 to house one in six of the capped families analysed by the study[9].

As a result of the lack of affordable housing available within the financial constraints of the benefit cap, local authorities' ability to meet duties to provide homelessness assistance is undermined with families living in temporary accommodation for far too long. The benefit cap can also have additional consequences for families fleeing domestic abuse, as restrictions to finding affordable housing brought on by the benefit cap can act as a barrier to survivors leaving the home they share with their perpetrator and will often see it as a deterrent to leaving.

Two-child limit

As well as being disproportionately affected by the benefit cap, larger families are compounded by the impact of the two-child benefit cap. According to data from the Joseph Rowntree Foundation[10], within Wales alone 70,000 families with two children are in poverty with a poverty rate of 23%. However, this rate nearly doubles to 43% for families with three or more children with 100,000 families recorded as living in poverty. Within this, families with younger children face a higher risk of poverty with families with children aged before 0-4 facing poverty rates of 40% compared to 23% among families with children aged 11-19.

Reforms to PIP and UC LCWRA

We are very concerned about the recently published plans to reform the welfare system, particularly the proposals to tighten eligibility for Personal Independence Payments (PIP) and reduce the Limited Capability for Work-Related Activity element of Universal Credit (LCWRA). A report by Policy in Practice estimate that this will affect approximately 190,000 people, 6.1% of the Welsh population.

Both of these reforms target people with health conditions and disability, and are therefore likely to disproportionately affect people experiencing homelessness, who are more likely to have poor health and/or be disabled. The 2021 Census found that more than twice the percentage of people identified as homeless were disabled (44.1%) when compared with the rest of the population of England and Wales (17.5%)[11]. Poorer health among people experiencing homelessness is well-evidenced, with Homeless Link's Homeless Health Needs Audit[12] finding that 63% of respondents had a long-term illness, disability or infirmity, and 82% of people had a mental health diagnosis.

PIP and the UC LCWRA provide a level of protection for disabled benefit claimants against poverty. Therefore, removing this support is likely to significantly increase poverty among claimants. According to data from Policy in Practice and the Bevan Foundation, a single person without children on PIP and in receipt of the UC LWRA element would see monthly support reduce from £1324.10 per month to £421.14 per month, approximately a 68% reduction. Equally, the loss

[8] UK Government, Benefit cap: number of households capped to May 2024
[9] LSE, Capped and trapped (in the UK's housing market), July 2024
[10] JRF, Poverty in Wales 2025, June 2025
[11] ONS, People experiencing homelessness, England and Wales: Census 2021
[12] Homeless Link, Unhealthy State of Homelessness 2022: Findings from the Homeless Health Needs Audit

of both PIP and UC LCWRA in Wales will increase relative poverty from 24.5% to 78.3%. The average depth of poverty (before housing costs are accounted for) among households affected is also likely to increase from £326 to £538 per month, putting increased pressure on households to afford housing.[13] Overall, the proportion of working-age households in the low-income dataset that are in relative poverty will rise from 51.1% to 61.2% following the reforms, with child poverty worsening, with an increase from 66.4% to 71.4% in the proportion of children living in a household in relative poverty.

In the 12 months to August 2024, the average rent increased by 8.5% to £752 per month according to the Office for National Statistics. When you consider this alongside data on LHA rates as well as the potential increase to the depth of poverty, those claiming PIP and or UC LCWRA are likely to face increased difficulty in affording housing within the PRS, putting them at a greater risk of homelessness.

There is already data to suggest suggesting that disabled people in Wales are having to reduce the amount of PIP they spend on its intended purpose, i.e. the additional costs associated with living a fulfilled life with their long-term health condition or disability, and instead use it pay for basic living costs such as rent or bills. In 2023, Disability Wales conducted a survey about the impact of the cost of living on disabled people, which found that 58 out of the 74 respondents were having to cut back on costs. This included selling their possessions to pay their bills, with one respondent reporting that they had to stop using their PIP to pay for therapy, and instead use it for survival.[14]

Increasingly, as a result of freezes to LHA rates and consequently, housing benefit levels, people claiming PIP are being forced to use the benefit to pay for or top up their rent payments, instead of using it for its intended purpose. In a recent article[15] by The i Paper, a number of frontline workers and charities highlighted this trend:

"I've got clients who are having to use their PIP, which should be for improving their quality of life, to pay rent so they can afford a home"

Henry Tonge, Crisis Skylight Croydon

> *"With housing benefit frozen, more and more people are struggling to cover the cost of rent and essentials like food and bills. But what's worse is people in receipt of PIP are facing a double whammy in the reduction of support. In our services, we're seeing more people resorting to using their PIP, which should support people with care and mobility needs to live independently, to cover their housing costs. The proposed cuts to PIP, alongside the freeze on housing benefit, will only put more pressure on people with long-term health conditions and disabilities, increasing their risk of homelessness and trapping them in a cycle with no easy way out."*

Matt Downie, CEO Crisis

It is also important to consider the impact of changes to PIP and UC on people's eligibility to other forms of welfare support. For many, PIP is a gateway to a number of other benefits, including discounts on council tax bill, and a higher rate of LHA for people under 35 years old. It can also lead to a 'disability premium' for other benefits such as Housing Benefit, and exemptions from the benefit cap.

---

13 Policy in Practice, The impact of disability benefit reforms in Wales, 2025
14 Disability Wales, Barely Surviving: The Impact of the Cost-of-Living Crisis on Disabled People in Wales, July 2023
15 The i Paper, PIP claimants 'face homelessness' as they use disability benefits to cover rent, June 2025

In the immediate short term, work will not replace the value of PIP/UC, as work initiatives are likely to have a minimal impact. According to the data from Policy in Practice, even with 5-10% of affected households moving into part-time work following the loss of disability benefits, overall poverty amongst working-age households will be higher than before the reforms. The report also notes the previous government's estimate that only 3% of people who will lose their disability benefits are likely to move into employment, signalling that people continue to face limits to accessing work.[16] We would also note that even with the intended changes to support employers to make the workplace more accessible for those with a disability, this will require a huge culture change that will take time that must be accounted for. Particularly in the case of people who have experienced homelessness and significant trauma, authentic implementation of a trauma informed approach to co-occurring experiences of homelessness and disability will take considerable thought, time and resources to implement and take effect.

Reduction to housing-related benefits when entering work

One of the principal barriers to pursuing work for people in supported accommodation is the fear that their housing-related benefits will be reduced if they enter employment. People are placed in supported accommodation because they have particular support needs that have often been identified as a result of them experiencing or being at risk of homelessness. During their stay, they are provided with holistic, person-centred support to help them to develop independent living skills and to manage any challenges relating to trauma, mental health, substance use, domestic abuse, exploitation, physical health, disability or relationship breakdown. In most types of supported accommodation, people aim to move onto independent living in the future. Part of this can involve people setting goals to engage in education or employment, receiving support to develop their confidence and skills to do so.

However, the high rents in supported accommodation, which exist due to the additional costs related to intensive housing management, security and provision of communal spaces, mean that entering work is very difficult. Once a person enters work and sees a reduction in their housing-related benefits, the rent in supported housing often becomes unaffordable. This has the impact of either discouraging someone from finding employment, or it means that they have to move out of supported accommodation in order to manage their housing costs when entering work. As outlined above, people are usually in supported accommodation because they have experienced trauma and challenges that require on-site, wrap-around support. It can therefore be scary and unsettling for someone to make two major transitions in their life – moving house and entering work - at the same time.

Through our Experts by Experience project, we heard from multiple people with lived experience who had concerns about this issue, and we regularly hear it from support workers. They felt that the current system meant there was 'no incentive to work' as many feared entering work would cut their benefits, therefore forcing them out of the supported accommodation they needed to support their recovery. This appeared to be particularly important to a number of young people we spoke to, who were very keen to enter employment, but worried about the financial impact and didn't want to start work without the safety and security of being in supported accommodation.

"Want to work but Universal Credit makes it too difficult"

"Looking for work while in supported accommodation is not worth is as rent is too high"[17]

We have long advocated for changes to the welfare system that enable people to enter work without losing their housing benefit, which is usually exempt from LHA rates within supported

[16] Policy in Practice, The impact of disability benefit reforms in Wales, 2025
[17] Cymorth Cymru, Experts by Experience: How we should end homelessness, March 2020

accommodation. A transition period that helps people to remain in supported housing while entering work would be very welcome.

We note the proposals under the recently published welfare reforms which give those claiming UC the 'right to try' work without risking sanctions to their benefit claims. This could open the opportunity for those within the homeless system to find work and ease the transition into a more independent standard of living. We need to see more details on how this will operate and which elements of the welfare system it will impact before we can pass judgement on this. However, we would strongly advocate for protection of housing related benefits for people in supported accommodation to form part of the 'right to try' approach.

Renters' Rights Bill

While the Renters Rights' Bill predominantly affects England, we are supportive of the changes which affect Wales that bans landlords within the Private Rented Sector from discriminating against prospective tenants on benefits or with children. Previously, this has been a major barrier to people accessing available housing, with Shelter Cymru highlighting that approximately 51% of private landlords ask or sometimes ask prospective tenants it they are receiving benefits.[18]

Additionally, of the landlords surveyed by Shelter Cymru, just over 37% said that they did not let their properties to people claiming Housing Benefit, but would occasionally do so if they can provide extra assurances, such as a guarantor or advanced rent. However, these additional assurances are hugely challenging as many people with experience of homelessness do not have the means to provide rent in advance, while others may not have the support systems to provide a guarantor. For many, these additional expectations have put them at risk of homelessness:

> *"I'm a working single mother who wants to provide a good home for my son to be able to thrive in, but the discrimination against people like myself who are in receipt of benefits is so unfair... this discrimination needs to end because if it wasn't for my father, my son and I would be homeless and I feel for others in the same situation as myself who haven't got that financial back-up."*[19]

Additionally, private landlords were found not to rent to people on benefits due to housing-related benefits being paid to the claimant, rather than directly to the landlord. Around 77% of landlords surveyed said they were more likely to let to people on benefits it the rent element was paid directly to them, while 46% said they would rent to people on benefits if the government paid it in advance rather than in arrears.[20]

Criminal Justice

The criminal justice system can play a significant role in people's experience of homelessness, with a significant proportion of people entering prison while homeless. For others, their entry into prison can put their existing housing at risk, and we know that too many people are released from prison without suitable, settled housing. Women face additional challenges within the context of the criminal justice system, partly due to their placement in English prisons and the complications this poses to resettlement. We also know that as women are disproportionately likely to be primary caregivers for children and other family members prior to incarceration, so entry into the secure estate can lead to the risk of homelessness for their family members.

There are many examples of good partnership working to try and mitigate these risks, both at a Welsh-level with the development of the National Pathway for Homelessness Services to Children, Young People and Adults in the Secure Estate, following the Housing (Wales) Act 2014, and at a

---

[18] Shelter Cymru, Can I get a home? - Barriers to getting a private rented home in Wales, March 2022
[19] Shelter Cymru, Can I get a home? - Barriers to getting a private rented home in Wales, March 2022
[20] Shelter Cymru Can I get a home? - Barriers to getting a private rented home in Wales, March 2022

local level, such as the Built for Zero project in Rhondda Cynon Taf. However, the Committee will be aware from its recent inquiry into Welsh prisons, that there remain difficulties in ensuring that people are able to retain accommodation and secure accommodation on release. One of the key issues that is raised with us is the timeliness and accuracy of information provided by prison and probation services to local housing authorities, social landlords and housing support providers. All of these organisations are trying to ensure that people's housing and support needs are met, but there are concerns that accurate information about risk and support needs is sometimes not disclosed in a timely manner. This can make it very difficult to provide the right housing and support for people, and can cause risks to staff and communities, if decisions have been made without appropriate risk information.

The recently published Homelessness and Social Housing Allocation (Wales) Bill seeks to strengthen the approach across a range of public services by placing a duty to co-operate and a duty to 'ask and act' if someone is experiencing or at risk of homelessness. We strongly welcome the inclusion of prison and probation services, but are disappointed that the police are not listed.

The early release programme has posed challenges to homelessness departments, with UK Government announcements causing significant concerns to local authorities, particularly when there has been uncertainty about the scale and nature of the early releases. We are aware that local partnerships between councils, prison and probation services and their efforts to ensure good communication have led to this being managed more effectively than initially feared. However, the UK Government needs to ensure that any decisions about the secure estate must consider the impact on homelessness in Wales and the different legislative and policy context we have here. UK Ministers should also provide clear information as soon as possible to local authorities and other key partners, and ensure that communication remains effective in the lead-up and during the implementation of these decisions.

No Recourse to Public Funds

We continue to be concerned about the challenges facing people who have no recourse to public funds (NRPF). People in this group are at a high risk of homelessness due to the restrictions on their access to welfare benefits and their ability to enter employment. In addition, immigration status is a key factor in determining eligibility for local authority housing or homelessness assistance. People who are subject to NRPF are not eligible for homelessness assistance.

This can result in street homelessness for people who have nowhere to stay, which is a clear risk to the health and safety of the person. It can also pose a particular risk to women who are fleeing abuse, violence or exploitation, with the perpetrator using their NRPF status as a threat or reason to keep that person within an abusive or exploitative situation. There are concerns that many people who have NRPF are likely to be part of the hidden homelessness population, as people can be reluctant to present to public services if their immigration status is uncertain. This can lead to people being unable to access the support they need and a deterioration in their health and wellbeing.

During the Covid-19 pandemic, NRPF was disregarded on public health grounds, and people falling into this category were provided with temporary accommodation and support. Many organisations in Wales, including Cymorth, would have liked to see this approach extended beyond the pandemic.

Homelessness and Social Housing Allocation (Wales) Bill

The Committee may be aware that the Welsh Government has recently tabled a new Homelessness and Social Housing Allocation (Wales) Bill. While housing and homelessness is a devolved issue, there are elements of the Bill which relate to reserved areas, such as the criminal justice system. The Bill includes duties on a range of public services, including a duty to cooperate with the local housing authority, and a duty to 'ask and act' if someone is experiencing or at risk of homelessness. These duties have the potential to make a significant difference to our ability to prevent and respond to homelessness in Wales.

The Bill is currently at stage one in the legislative process and the public bodies listed as being subject to these duties include the secure estate, the probation service, Jobcentre Plus officers, and the Secretary of State for Defence (with regards to the armed forces). We warmly welcome the inclusion of these public bodies, services and individuals. We are however disappointed that the police, the Home Office, and the Department for Work and Pensions are not listed, as all have a role to play in preventing and alleviating homelessness. We would welcome any representations from the Welsh Affairs Committee that encourage these government departments, and the associated Ministers, to be included in the list of public bodies subject to these duties.

We hope the information we have provided is useful, and we would be happy to engage with our member organisations if the Committee wishes to explore this work further.

Yours sincerely,

Katie Dalton
Director, Cymorth Cymru

About Cymorth Cymru

Cymorth Cymru is the representative body for providers of homelessness, housing and support services in Wales. We act as the voice of the sector, influencing the development and implementation of policy, legislation and practice that affects our members and the people they support.

We have approximately 80 members, including third sector support providers, housing associations and local authority teams. Our members provide a wide range of services that support people to overcome tough times, rebuild their confidence and live independently in their own homes. This includes people experiencing or at risk of homelessness, young people and care leavers, older people, people fleeing violence against women, domestic abuse or sexual violence, people living with a learning disability, people experiencing mental health problems, people with substance misuse issues and many more.