Welsh Affairs Committee: UK Government policy levers and homelessness in Wales

June 2025

Gyda'n gilydd byddwn yn rhoi terfyn ar ddigartrefedd
Together we will end homelessness

About Crisis

Crisis is the national charity for people facing homelessness. We know that homelessness is not inevitable, and we know that together we can end it. Crisis is dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Every year, we work directly with thousands of people experiencing homelessness across Wales, England and Scotland, including through our South Wales Skylight based in Swansea. We provide vital support to help people out of homelessness so that they can rebuild their lives. Furthermore, we use research to discover how best to improve our services, and to find wider solutions to end homelessness for good.

Introduction

Crisis is grateful for this opportunity to share with the Committee some considerations of how UK Government policy levers intersect with housing and homelessness in Wales.

The latest Welsh Government statistics reveal that between April and September 2024, there were 13,689 applications for homelessness assistance[1] and as of 31 March 2025, nearly 11,000 people were housed in temporary accommodation.[2] The pressure on unsuitable temporary accommodation, like Bed and Breakfast rooms is greater in Wales than elsewhere in Great Britain.[3]

In such difficult times, it is welcome that the Welsh Government has a national action plan to end homelessness in place. We have also recently welcomed new draft legislation on homelessness and social housing allocations, which – if passed – would make a significant difference in shifting homelessness prevention upstream and ensuring that people at risk of or experiencing homelessness can better access the support they need.

While there are positive commitments and steps being made in Cardiff Bay towards making homelessness in Wales rare, brief and unrepeated, Crisis is acutely aware that some of the levers for addressing homelessness in Wales remain reserved to Westminster. Indeed, our recent Homelessness Monitor Wales research, conducted by Heriot-Watt University, emphasised that "the best chances we have of reducing homelessness is to take forward a range of policy developments – both in the Senedd and Westminster."

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1 https://www.gov.wales/homelessness-april-september-2024
2 https://www.gov.wales/homelessness-accommodation-provision-and-rough-sleeping-march-2025-html
3 https://www.crisis.org.uk/media/50jfjipn/the-homelessness-monitor-wales-2025.pdf

This report shows through economic modelling that policy changes in Westminster, such as raising Local Housing Allowance and ensuring that Universal Credit supports those facing destitution could have a significant impact for reducing homelessness in Wales.

In this briefing, we outline a number of levers within UK Government control, which we feel could make a significant impact on reducing homelessness in Wales.

UK Government Cross-Party Strategy on Ending Homelessness

Crisis would like to take this opportunity to highlight that both the Ending Homelessness National Advisory Board in Wales (of which our CEO is Chair), and the Homes for All Cymru Alliance (of which Crisis is a member), recently wrote to the UK Government calling for the upcoming cross-party strategy on homelessness to give particular consideration to levers that could assist homelessness reduction in Wales.

Crisis is keen to work with the UK Government to ensure that its upcoming cross-party strategy can make a life-changing difference for people at risk of or experiencing homelessness both in England, and across Great Britain.

Welfare

Local Housing Allowance

One of the most important prevention tools currently available is Local Housing Allowance (LHA) rates. LHA rates set the amount of money that is available through Universal Credit to cover the cost of private rents. With a shortage of social rents across the UK, the private rented sector is an important housing option for people on low incomes, and LHA is vital in helping make the private rented sector affordable. However, since 2016, the UK Government has intermittently frozen the rates, following cutting the rates from covering the median rent to the bottom 30th percentile rent in a local area.

Despite restoring LHA rates to cover the bottom 30th percentile rent for 12 months in April 2020 and April 2024, the UK Government has once again frozen LHA rates since April 2025, which is set to remain in place until at least 2026. With the cost of living continuing to put pressure on household finances, the continued freeze on LHA is a key contributor to homelessness. With rents rising, the freeze on LHA is a real-terms cut. New data analysis by Crisis and property website Zoopla reveals **between April to October 2-24 only 1.2 percent of rental homes on the market in Wales** were advertised within housing benefit rates – worse than England (2.5 percent) and Scotland (8.1 percent). [4]

Crisis analysis of DWP data shows that when LHA rates were restored to the 30th percentile in April 2024, by November 2024 there had been a 33% increase in the number of households who no longer faced a shortfall between their LHA rate and their rent, meaning the LHA rate fully covered their rent. This meant those households no longer had to find

[4] FINAL-Crisis-HE-Policy-Report-Now-I-have-my-flat-my-health-is-much-more-stable-April-2025.pdf

income from elsewhere to ensure they could cover their rent and keep their home. People we have supported at Crisis have told us that they have had to cut back on food and energy to cover the cost of their rents due to frozen LHA rates. The Crisis Skylight in South Wales often works with people who are trapped in temporary accommodation, unable to find an affordable place to rent in the private sector.

Our recently published Homelessness Monitor Wales 2025 used statistical modelling to project the impact that policy changes could have on levels of core homelessness in Wales over time. Of the policy levers modelled, raising LHA was shown to have the most impact on reducing core homelessness in the long term.[5]

Crisis is clear that LHA rates need to be restored and maintained to prevent homelessness across the UK, and we are calling on the UK Government to invest in LHA rates as a matter of priority. The need to invest long term in LHA has also been a reoccurring matter raised by the both the Ending Homelessness National Advisory Board (EHNAB) in Wales and the Homes for all Cymru Alliance in Wales.

In addition, we are mindful that, in recent years, Wales has seen record numbers of people residing in temporary accommodation. We are aware that, given that subsidy rates for non-self-contained temporary accommodation are limited to the one bedroom self-contained LHA rate set in 2011, this is leaving councils across Wales unable to recover a very significant proportion of the costs of temporary accommodation provision. We understand that this financial shortfall is causing significant difficulties for councils and hindering opportunities to invest funds in other areas to prevent homelessness and increase the availability of permanent homes. As such, we would urge that the UK Government gives further consideration to this matter.

Benefit cap

Increases to LHA rates must also be accompanied by an increase to the benefit cap. The benefit cap limits the total income households can receive from benefits and generally applies to working-age households. The cap was introduced in 2013 and reduced to its current rates in 2016. It is currently set at £20,000 per year for couples and lone parents outside Greater London, and £13,400 per year for single people without children. This means that this flat rate applies across all of Wales, as well as Scotland, Northern Ireland and regions in England outside of London.

Research from the Resolution Foundation in 2024 estimated that the cap is now £14,000 lower in real terms for families in Wales than when first introduced in 2013.[6] While the level

[5] https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/homelessness-monitor/wales/the-homelessness-monitor-wales-2025/
[6] Catastrophic caps • Resolution Foundation

of the cap is meant to be reviewed each year by the UK Government, it has remained at the same level for many years with the exception of 2023, when the UK Government lifted the cap by 10% (however this still represented a real terms cut when taking inflation into account).

The cap disproportionately impacts lone parents and families with children, with UK Government data showing that of those households impacted by the cap, around 75% were lone parents (and often women) and a further 24% were couples with children. The amount of money that families lose as a result of the cap is significant, pushing them into poverty and risk of homelessness, with around 30% losing out on income of £25-49 per week and 35% losing out on income of £50+ per week.[7]

While the benefit cap in and of itself creates hardship and risk of homelessness, it also means that when LHA is uprated, households do not always see the benefit as the benefit cap works by reducing LHA if it takes recipients over the threshold of the benefit cap.

Crisis is calling on the UK government to scrap the benefit cap to help prevent homelessness and provide opportunities for families and individuals to move into a home of their own. It would also allow households to receive more of the LHA rates they are entitled to, which would also help prevent homelessness from the private rented sector.

Proposed reforms to disability and incapacity benefits

The reforms outlined in the UK Government's Pathways to Work Green Paper – which are being introduced to the UK Parliament this week (the week of the 16th June) will impact on Wales. Furthermore, reports, including from the Wales Governance Centre, indicate that due to the higher proportion of the working age population receiving Personal Independence Payments (PIP), the impact of proposed cuts to PIP would be particularly hard-felt in Wales.

PIP is a non-means-tested health benefit, providing those whose health affects their daily life with financial support, regardless of income or savings. The PIP standard daily living payment is £73.90 per week, while the enhanced rate is £110.40 per week. Research by Scope UK suggests that, on average, disabled households need an extra £1,010 a month to have the same standard of living as non-disabled households.

Universal Credit health top-ups provide an additional £423.27 each month and are based on recipients' ability to do work-related activity.

There are a number of reforms suggested, but those of most concern are changes to increase the threshold for people to qualify for the daily living component of PIP, and reductions to the health element of Universal Credit, including delaying access until someone is 21 years old.

[7] Catastrophic caps • Resolution Foundation

Research by Policy In Practice, looking at the impact of the reforms in Wales, has found that:

- Around 190,000 people in Wales are expected to be affected by the reforms, equating to 6.1% of the population
- At today's benefit rates, a single person without children on PIP and in receipt of the Universal Credit Limited Capability for Work and Work-Related Activity (LCWRA) element would see monthly support reduce from £1,324.10 per month to £421.14 per month, a 68% reduction in household income
- Among households affected by the loss of both PIP and UC LCWRA, relative poverty increases from 24.5% to 78.3% – a 219% increase[8]

Whilst the UK Government has published its Pathways to Work Green Paper, Crisis is concerned that the Government has chosen not to consult on the proposed changes to disability and incapacity benefit, choosing instead to engage in a consultation about the support offer for those who may lose these benefits and access to employment more broadly. The proposed changes to disability and incapacity benefit are of great concern for many people, including those experiencing or at risk of homelessness. Indeed, experiencing homelessness can often lead to longstanding physical health conditions.

While Crisis welcomes the UK Government's ambition to improve access to work for those viewed as having been sidelined by the labour market, we believe that these much-needed reforms should not come at the expense of the financial security of those experiencing multiple health and socio-economic inequalities – particularly when these changes have not been consulted on. It is, therefore, vital that the UK Government consults with relevant stakeholders – across England and Wales, particularly those with lived experience of disability and long-term conditions, before bringing these proposals to parliament.

Overall, Crisis is significantly concerned by the UK Government's stated position of restricting eligibility for Personal Independence Payments and the health element of Universal Credit, and we believe that these reforms will both cause and sustain homelessness across the UK. We believe that there has not been adequate consideration of how their proposals may interact with the lack of both social and affordable private rent homes across the UK. In particular, we know that often people who are eligible for PIP are forced to use their PIP, which is intended to help them live independently, to top up their private rent given the inadequacy of LHA rates. We therefore note that with the lack of consultation of the changes, the unintended consequences of the proposed changes and impact on homelessness needs further consideration.

[8] The impact of disability benefit reforms in Wales | Policy in Practice

Further, we strongly oppose the proposal to delay access to the health element of UC until the age of 22. We believe that such a policy will reduce eligibility for vital financial support and increase the risk of youth homelessness.

Furthermore, we are mindful that the proposals include an England-specific Youth Guarantee. It is unclear how the impact on nations and interaction with policy in the nations for elements of the proposals relating to devolved areas will be considered.

Overall, Crisis recommends that the UK Government reconsiders the changes to PIP and, instead, focuses on making the benefits system a better enabler for people experiencing homelessness to access employment.

Wider welfare considerations

Our recently published Homelessness Monitor emphasises that investment in Universal Credit and destitution from the UK Government would assist in longer term reduction of homelessness in Wales.[9]

As a member of the Homes for all Cymru alliance in Wales, Crisis supports calls for implementing an independent review of the entire benefits system to ensure it is fit for purpose in preventing homelessness. In addition to the above, this should include looking at reducing the Housing Benefit taper rate for young people living in supported accommodation to bring it in line with Universal Credit and scrapping the two-child limit. For more information, please visit: https://sheltercymru.org.uk/campaigns/homes-for-all-cymru/

Comprehensive Spending Review and Implications for Discretionary Housing Payments (DHPs) in Wales

Crisis notes that the recent CSR outlined a reform to the Household Support Fund in England and the intention to bring this together with DHP funding. We are keen to seek clarification on whether this change is restricted to England only.

Our recently published Homelessness Monitor for Wales demonstrates that DHPs are a widely valued resource in Wales. All local authority survey respondents participating in the research outlined that they regard DHPs as important in preventing or alleviating homelessness in their area. Other stakeholders endorsed this view, describing DHPs as “valuable as a tool” (Voluntary sector key informant) and “hugely important” (Statutory sector key informant). [10]

[9] Page 128 https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/homelessness-monitor/wales/the-homelessness-monitor-wales-2025/
[10] Page 38 https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/homelessness-monitor/wales/the-homelessness-monitor-wales-2025/

Crisis is keen to clarify how DHPs in Wales will be impacted by the recent announcement, given how valuable they are in their current form to services and people facing homelessness across Wales.

Immigration

No recourse to public funds

The No Recourse to Public Funds (NRPF) condition was first outlined in the Immigration and Asylum Act 1999. Most limited leave granted to new arrivals requires an NRPF condition, and this prohibits people from accessing support, including social housing or welfare benefits. This means that often, there is a strong link between people with a NRPF condition attached to their immigration status and homelessness, as when people may face a crisis, they are locked out of the support they need to help overcome it. This can happen where people who arrive here to work may find their situation changes such as work no longer being available or they are prevented from working due to ill health. In Wales, as well as across the UK, NRPF directly drives destitution and homelessness amongst migrants.

As NRPF prohibits people with this condition attached to their immigration status from accessing help from local authority support, welfare benefits, and Universal Credit. The Expert Review Panel in Wales, tasked with looking at how legislative change could help to end homelessness in Wales, heard much evidence around the increased vulnerability to homelessness and destitution among those who hold NRPF status, and emphasised the need for the UK Government to look at broadening the support available to this group.[11]

Furthermore, the Ending Homelessness National Advisory Board in Wales' Task and Finish Group on Equality, Diversity and Inclusion highlighted the particular risk for this group and the need to improve data collection to build a better picture of this issue in Wales.[12] The Homes for All Cymru Alliance has also been calling for a "review of policies that are known to exacerbate homelessness for people seeking sanctuary."[13]

Crisis is urging the Westminster Government to therefore better understand the impact of NRPF on homelessness and ideally remove the No Recourse to Public Funds (NRPF) condition given it is driving homelessness and destitution. Until it is completely removed, we are also calling for accommodation, immigration advice and employment support to be provided to for people with NRPF who will otherwise face homelessness and destitution for a period of time, such as six months, to enable them to stabilise their situation. In order for this to be possible, there is also a need for better data on people with NRPF who are facing homelessness, as currently there is limited data and therefore understanding of the scale of the issue.

[11] Page 18 https://www.crisis.org.uk/media/uqgbuwpp/ending-homelessness-in-wales-a-legislative-review.pdf
[12] https://www.gov.wales/ending-homelessness-national-advisory-board-update-autumn-2024-html
[13] https://sheltercymru.org.uk/campaigns/homes-for-all-cymru/

Support for asylum-seekers granted right to remain

As well as NRPF, there is also a heightened risk of homelessness for asylum-seekers that have newly been granted the right to remain. While the standard practice is for people to be given a 28 day 'move-on' period from the point at which someone is granted the right to remain, organisations supporting people in this situation have long highlighted that this is often not enough time for people to arrange everything needed such as finding work or accessing benefits, and finding a place to live, particularly given the overall shortage of genuinely affordable housing. We are also aware that there are times where Home Office have been delayed in issuing a Biometric Residence Permit which enables people to rent, work or apply for benefits. In some cases, people have not received their Biometric Residence Permit even within the 28 days. Crisis has welcomed increasing this to a 56 day period, which is currently being trialled, and we are therefore asking the UK Government to make this permanent.

The Homes for All Cymru alliance, of which Crisis is a member, is also calling for reform of the asylum accommodation model to ensure funding so that local authorities can deliver suitable housing. For more information, visit https://sheltercymru.org.uk/campaigns/homes-for-all-cymru/.

Renters Rights Bill

Crisis has warmly welcomed the UK Government's Renters Rights' Bill which will provide tenants in England with much-needed security and protection from homelessness. We are also mindful that the Welsh Government has outlined its intention to consent to elements of the Bill preventing the advertising of rental homes as excluding those with children or on benefits, being applied to Wales. We understand that discriminating against these groups in accessing private rental properties does present barriers for people who are experiencing homelessness and so welcome the objectives of these measures.

As highlighted above, while the UK Government's Renters Rights Bill and the recent Renting Homes Wales Act contain welcome protections, the continued freeze to LHA means that households remain at risk of homelessness due to support not keeping pace with the true cost of renting.

Ask and Act Public Sector Duties in Wales

Crisis has recently welcomed the Welsh Government's publication of the draft Homelessness and Social Housing Allocations Bill.

We are delighted that this Bill reflects a number of the recommendations made by an Expert Review Panel – convened by Crisis – on how legislative change could help to end homelessness in Wales. In particular, this Bill includes new Ask and Act duties for wider public sector organisations.

Throughout the course of its work, the Expert Review Panel heard strong calls from both people with lived experience of homelessness and professionals for improved collaborative working on homelessness. There was a clear call for wider public sector organisations to play a part in identifying and supporting (as is appropriate within their remit) people who are at risk of or experiencing homelessness. The benefits of working in such a way are widely acknowledged – not only in relation to reducing trauma for individuals, but also in preventing the development of complex support needs and, in turn, future demands on wider public sector services.

More recently, both the Welsh Government's consultation on its White Paper on Ending Homelessness and our own Homelessness Monitor in Wales emphasised the strong support across the sector for introducing new duties on wider public services to recognise their role in assisting homelessness prevention.

The newly published draft Bill seeks to bring forward such duties on public services in Wales, including on some bodies which are under reserved powers. We urge that the UK Government continues to work closely with the Welsh Government to provide consent for this duty to cover the relevant bodies outlined within the Bill.

Furthermore, we note that there are other bodies under reserved powers that are not currently listed within the draft Bill – such as the police and home office – which would also benefit from being incorporated within these duties. If passed, the Bill will contain a power to add to the organisations covered by the duties in the future. As such, we would urge that discussions continue between the Welsh Government and UK Government on including these further organisations in the future.

Vagrancy Act

Measures within the Vagrancy Act on rough sleeping and begging have applied across England and Wales since its introduction in Victorian times. Crisis, with the support of charities and organisations across the sector, including organisations based in Wales, has long called for scrapping this act. It criminalises people for having nowhere to turn and the threat it presents can push people away from authorities that can offer support. As noted by the Ending Homelessness National Advisory Board, the presence of this outdated law feels very much at odds with the direction of travel in Wales, which has recently introduced new protections to support people who are sleeping rough and is seeking to introduce new legislation that will take a more person-centred approach to homelessness support.

The vote to scrap the act in Westminster in 2022 received cross-party support and a welcome from the Senedd. Crisis was, therefore, delighted by the news that this UK Government will enact its repeal in Spring 2026.

Energy Costs

While energy costs are not currently an area of key policy focus for Crisis, we are mindful of the impact that high energy costs can have on people's risk of being pushed into homelessness. We note that the Committee has mentioned that it is keen to hear about the impact of energy costs. As such, we would therefore draw the Committee's attention to calls from the Homes for All Cymru Alliance, of which Crisis is a member in Wales, to implement a social tariff for energy bills, ensuring they are affordable for all homes. For more information, please visit https://sheltercymru.org.uk/campaigns/homes-for-all-cymru/