

About Cymorth Cymru

Cymorth Cymru is the representative body for providers of homelessness, housing and support services in Wales.

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.

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 are committed to working with people who use services, our members and partners to effect change. We believe that together, we can have a greater impact on people's lives.

We want to be part of a social movement that ends homelessness and creates a Wales where everyone can live safely and independently in their own homes and thrive in their communities.

1. Introduction

- 1.1.1 Cymorth Cymru welcomes the opportunity to contribute to this Welsh Affairs Committee inquiry. Our response focuses on the impact of the welfare system on people using homelessness, housing and support services in Wales.
- 1.1.2 This is informed by existing research, engagement with people who have experienced homelessness, and engagement with our members, who provide homelessness, housing and support services across Wales. The latter includes chief executives and senior managers, as well as frontline staff through our facilitation of the Frontline Network Wales, which is a space for frontline homelessness and housing support workers to share their views and experiences.
- 1.1.3 Many of the issues raised in this response were affecting people before the pandemic. However it is important to note that the impact of COVID-19, and likely financial consequences over the coming months and years, mean that these concerns are more acute than ever.

2. What are the key challenges for the benefits system in Wales?

- 2.1.1 It is widely recognised that poverty, particularly childhood poverty, is a key factor in people becoming homeless. Research¹ by Suzanne Fitzpatrick and Glen Bramley debunks the myth that homelessness can happen to anyone. Instead, it highlights

¹ <https://www.tandfonline.com/doi/full/10.1080/02673037.2017.1344957>

that people in poverty are less likely to have the financial security or safety net to protect them from becoming homeless if they lose their job, get evicted or experience a relationship breakdown. Therefore, a well functioning, accessible and appropriately resourced social security system is absolutely critical if we are to ensure that people are able to a) avoid living in poverty and b) avoid homelessness when a crisis or life event occurs.

2.2 Homelessness Action Group recommendations

2.2.1 The Homelessness Action Group² was established in 2019 to advise the Welsh Government on the policies needed to end homelessness in Wales. Chaired by Jon Sparkes and including members from local government, health, housing and the homelessness sector, the group submitted its second and most substantial report in March 2020.

2.2.2 While most of the report focused on devolved policies such as housing, health and social care, the report included a series of recommendations relating to the welfare system, arguing for:

- *Local Housing Allowance rates at the 30th percentile of local markets, to make sure that payments cover the cost of private renting*
- *Removal of the benefit cap and the ‘bedroom tax’*
- *Removal of the restricted rate for under-35s in the private rented sector*
- *Measures to ensure Universal Credit is fully accessible and provides support for people when they need it, including an end to the five-week waiting period from application point to receiving Universal Credit.*
- *Specialist homelessness support provision in all Job Centres Plus.*

2.2.3 We are fully supportive of these recommendations, which reflect the experiences and frustrations of people experiencing or at risk of homelessness. Both the Welsh and UK Government must do more to prevent homelessness, and making these changes to the welfare system can help us to achieve our goal of ending homelessness in Wales.

Recommendation: The UK Government should implement the Homelessness Action Group’s recommendations in relation to welfare

2.3 Experts by Experience

2.3.1 In early 2020 we met with approximately 80 people with experience of using homelessness and housing-related support services in Wales. During two engagement sessions in north and south Wales we asked them to reflect on their experiences and share their views on what would help to end homelessness in Wales.

2.3.2 The resulting report *Experts by Experience: How we should end homelessness - by people who have experienced it*³ highlighted how changes to policy and practice could help to prevent homelessness in the future. The welfare system was

² <https://gov.wales/homelessness-action-group>

³ https://www.cymorthcymru.org.uk/files/71115/8610/0135/Experts_by_Experience_2020_-_FINAL_ENG.pdf

a key feature of this report, highlighting challenges with Universal Credit (including the 5-week wait for payment), Local Housing Allowance rates, sanctions, and the bedroom tax:

Unsurprisingly, a large proportion of the comments were related to Universal Credit. Some people called for it to be abolished, others for it to be changed. Lots of people called for UC, or housing benefit, to be increased to reflect local rents. They said that they struggled to afford rent with their current allocation, with some specifically mentioning Local Housing Allowance rates. People criticised the sanctions regime and others called for the bedroom tax to be abolished. Some people called for the housing element of UC to be paid directly to landlords in order to prevent homelessness, and others called for the frequency of UC payments to be increased to fortnightly or weekly. There was a lot of criticism for the 5-week wait for people's first UC payment, saying that this causes anxiety and increases debt, with long term implications for people. Others suggested people shouldn't have to pay back the advances.

- 2.3.3 The report also called for improved information, awareness and support, improved welfare for young people, a reduction in the barriers to education or work, and more compassion and understanding from DWP staff.

2.4 Universal Credit: 5-week wait and advance payments

- 2.4.1 The roll-out of Universal Credit continues to be criticised by many of our members, including frontline workers who spend their working days supporting people to navigate the system and get the financial support they need to avoid or exit homelessness.

- 2.4.2 Many frontline members have shared their frustrations with the barriers caused by delays to benefits payments and the risks of people being pushed further into debt and poverty. The 5-week wait for the first Universal Credit payment after application is a huge cause for concern, leaving many to struggle. This is having a significant impact on people's finances and their ability to pay rent and other essential items. This is particularly difficult for people who have experienced or are at risk of homelessness, who are in a vulnerable situation and do not have the finances to support themselves during this period.

- 2.4.3 One of the participants in our Experts by Experience engagement sessions said:

UC gets you into debt before you get any benefit. 5-week wait = a debt.

- 2.4.4 The Trussell Trust report *#5weekstoolong*⁴ found that food bank use rose in the months following the roll-out of Universal Credit, by 30% after 12 months and by 48% after 24 months. The research analysed the impact of the 5-week wait in particular, commenting:

The minimum five week wait for Universal Credit – either without income or with a Department for Work and Pensions (DWP) Advance Payment – has led to acute financial hardship, and damaged households' longer-term financial resilience. This includes destitution, housing insecurity and debt.

⁴ https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/09/PolicyReport_Final_ForWeb.pdf

2.4.5 The UC advance payments during the transition to UC simply put people into (more) debt before they have received the payment. Again, the Trussell Trust report found that:

Advance Payments, DWP loans which claimants pay back through automatic deductions, have pushed claimants into hardship well beyond the initial wait, particularly if claimants are paying back other loans.

2.4.6 A report from the Scottish Government⁵ has shown how the 5-week wait directly contributes to homelessness levels in Scotland, as delays in benefit payments leads to rent arrears and evictions. Homelessness and housing support workers in Wales also shared examples the difficulties faced by the people they support who are experiencing or are at risk of homelessness, including the accrual of rent arrears while waiting for universal credit, leading to debts which add to the barriers already faced by people in already traumatic circumstances.

Recommendation: Reduce the 5-week wait for Universal Credit and make advance payments non-repayable grants instead of loans

2.5 Local Housing Allowance rates

2.5.1 Local Housing Allowance (LHA) rates have consistently been raised by our members and the people they support as a key barrier to affordable housing in the private rented sector. Many have commented that the LHA rates in their area do not reflect the costs of renting and prevent the people they are supporting from being able to access accommodation.

2.5.2 When the UK Government was considering applying LHA rates to the social housing sector, Community Housing Cymru (CHC) published *Postcode lottery: The impact of applying the Local Housing Allowance rates to general needs social housing tenants in Wales*⁶ (2017). The report stated that:

In a number of parts of Wales the amount of LHA paid means that people can only afford to rent in the bottom 5 or 10 per cent of the PRS market.

2.5.3 The report went on to reveal:

only 37.3% of LHA rates are set at the 30th percentile, which means that 62.7% of rates are falling below that. 16.3% of rates are even falling below the bottom 20th percentile, meaning that private rental tenants in receipt of housing benefit are only able to afford properties priced within the bottom 20% of the market, in some areas. 4.5% of LHA rates are now below the 10th percentile, with one at the 2nd percentile – the Shared Accommodation Rate in Neath Port Talbot.

2.5.4 The report also found that single people living in Carmarthenshire and Neath Port Talbot will need to find in excess of £10 per week in order to access the bottom third of the private rental market. A family eligible for a 4 bedroom property will

⁵ <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2021/03/homelessness-universal-credit/documents/homelessness-universal-credit/homelessness-universal-credit/govscot%3Adocument/homelessness-universal-credit.pdf>

⁶ https://chcymru.org.uk/uploads/events_attachments/The_impact_of_applying_LHA_rates_to_the_social_rented_sector_-_October_2017.pdf

also experience a shortfall of in excess of £10 per week in Bridgend and the Vale of Glamorgan.

- 2.5.5 While the UK Government dropped their plans to apply LHA rates to the social housing sector, the research by CHC demonstrated the challenges faced by people trying to access affordable housing in the private rented sector, which still continue today.
- 2.5.6 Between 2016 and 2020 LHA rates were frozen by the UK Government, despite warnings that this would reduce the properties available to people in receipt of benefits. During this period rents increased, resulting in the vast majority of private rented sector properties becoming unaffordable for many people reliant on the welfare system.
- 2.5.7 The Local Government Association report *Evidencing the link between the Local Housing Allowance freeze and homelessness*⁷ (2020) stated that
- The current LHA effectively sits at the 13th percentile of market rents [...] This means that the vast majority of privately rented households in receipt of means-tested benefit support will not receive full housing support and will need to supplement rent costs from income intended for day-to-day-living'. The report goes on to say that 'If the LHA rate was set above the 30th percentile of market rent, our model estimates that this would effectively remove the gap between LHA and rent as one of the major factors leading to homelessness.'*
- 2.5.8 Shelter has also recognised the inadequacy of the LHA rates system, stating that:
- LHA rates do not cover the bottom third of rents in a shocking 97% of the country. They don't even cover the bottom tenth of rents in a third of England (32%)'.*
- 2.5.9 The UK Government's announcement in January 2020 that housing benefit payments would rise in line with inflation from April 2020 was criticised by the homelessness sector for being too little too late. The gap between LHA rate and rents had grown to such an extent that the increase in line with CPI would not make a significant enough impact on people's lives. The Joseph Rowntree Foundation, Crisis, Shelter and many others urged the UK Government to re-set the LHA rates to cover the bottom third of local rents as a matter of urgency.
- 2.5.10 During the COVID-19 pandemic the UK Government announced that LHA rates would be re-aligned with the 30th percentile, a move that was welcomed by the homelessness sector. This has had a positive impact on people's ability to afford rented accommodation, but many argue that it should not have taken a pandemic to re-align LHA rates.
- 2.5.11 However, in 2021 the Chancellor announced that LHA rates would be frozen at 2020/21 levels. This risks repeating the shortfall that was created following the freeze in LHA rates between 2016 and 2020, and therefore making rents unaffordable to people reliant on the welfare system.

⁷<https://www.local.gov.uk/sites/default/files/documents/Evidencing%20the%20link%20between%20the%20LHA%20freeze%20and%20homelessness-Full%20report-pub5Feb20.pdf>

2.5.12 In addition, we have received representations from our members that the LHA rate remains inaccurate in some areas of Wales, and that the system needs to be reviewed to ensure that the data is as accurate as possible to avoid pricing people out of a home.

Recommendation: Review LHA rates to ensure accuracy in relation to local rents and annually align LHA rates to at least the 30th percentile

2.6 Shared accommodation rate

2.6.1 We continue to have particular concerns about the Shared Accommodation Rate (SAR) for people under the age of 35. While the expansion of the exemptions in May 2021 were welcome, we continue to believe that the SAR should be scrapped and that all single people should be entitled to the one-bedroom rate, regardless of their age.

2.6.2 In our *Experts by Experience*⁸ report we reported that lots of young people participating in our engagement sessions had highlighted the inequality faced by young people, commenting that their social security entitlements are lower than older people, yet their costs are the same. They highlighted the impact of this on being able to afford rent in the private rented sector, with the shared accommodation rate severely limiting the properties available to them. Some of their comments included:

Increase housing benefit for people under 35 so people don't have to pay a top up.

The younger age group receive less at present - how are they supposed to support themselves?

2.6.3 Community Housing Cymru's *Postcode Lottery*⁹ report states that:

Significant levels of cash shortfalls are experienced by people under 35 and in receipt of the shared accommodation rate.

2.6.4 It goes on to highlight how single people under 35 years of age experience a shortfall of more than £10 per week between the Shared Accommodation Rate and properties in the bottom 30% of the market. CHC's research found that tenants in Cardiff, Flintshire, Neath Port Talbot, North West Wales and Pembrokeshire were only receiving enough housing benefit to access the bottom 10% of the rental market.

2.6.5 It is unacceptable that people under-35 are put at greater risk of homelessness due to their age. This is particularly challenging for people exiting homelessness, fleeing domestic abuse, people with mental health problems, and people with experience of trauma, who may find it extremely difficult to share accommodation with other people.

Recommendation: Abolish the Shared Accommodation Rate for under-35s

⁸ https://www.cymorthcymru.org.uk/files/7115/8610/0135/Experts_by_Experience_2020_-_FINAL_ENG.pdf

⁹ https://chcymru.org.uk/uploads/events_attachments/The_impact_of_applying_LHA_rates_to_the_social_rented_sector_-_October_2017.pdf

2.7 Supported accommodation costs when entering employment

- 2.7.1 One of the issues frequently raised by our members is the impact of the welfare system on people in supported accommodation who are trying to enter work.
- 2.7.2 Supported accommodation provides on-site support to people who have experienced or been at risk of homelessness, and are often living with the impact of adverse childhood experiences, other forms of trauma and mental health problems. Supported accommodation is more expensive than general housing due to the additional costs associated with housing management, security and communal areas.
- 2.7.3 When people have gained the confidence to enter employment, many want to remain in supported accommodation while they make this transition, with the safety net of continued support at the place they live. However, many find this extremely difficult, as their employment leads to a reduction in their benefits at a rate that means their accommodation becomes unaffordable. As a result, people become reluctant to enter work, as they do not want to be worse off. Equally, they do not want to make the difficult transition out of supported accommodation at the same time as they are making the transition into work.
- 2.7.4 Here are some views from support workers in our member organisations:

16-25 year olds we support simply cannot afford to pay the supported rents if employed, so are prevented from anything more than part-time employment for a few hours a week prior to the HB being affected. We aim to move young people on prior them taking up full-time employment, but often their support needs mean they are not ready for move on to RSLs or PRS.

This is a constant issue for us. Many young people are now in a situation where they feel hopeless about employment, and where they want to work, but are beaten down to choosing between employment and secure accommodation. One prime example was a young man who, when he moved in with us, had been rough sleeping whilst working as an apprentice mechanic. He was doing really well, but had to make a choice between continuing rough sleeping, or giving up on his mechanic role.

Since leaving supported accommodation, he has struggled to get back into employment, and has been drawn into substance misuse and concerns have now been raised about people taking advantage of him and potential cuckooing. I'm actually going to be discussing with our commissioner whether he can be referred back to supported housing (he's had 2 years in our services in total), due to serious concerns about him.

I believe, had he of been able to continue working whilst in supported accommodation, there would have been a very different outcome for him.

From the perspective of refuge accommodation, we are unable to accommodate women who are employed unless we as an organisation are willing to suffer the financial impact. Housing benefit payments will not cover accommodation costs at refuge for women in employment. As such women

seeking safe accommodation are penalised. The only options available to ensure a women's safety in these circumstances is for the women to either take sick leave or to give up work.

Recommendation: UK Government to work with the supported housing sector to better understand the impact and how this can be mitigated to enable people to remain in supported accommodation while making the transition into employment.

2.8 No Recourse to Public Funds

2.8.1 The Homelessness Action Group's second report¹⁰ identifies people with No Recourse to Public Funds as a key group at risk of homelessness, recognising the extra pressures and rules that make it harder or impossible to access support for housing, job opportunities, and benefits support. The report recommends that survivors of VAWDASV (violence against women, domestic abuse and sexual violence) who have no recourse to public funds should be allowed to access housing and support services. Without access to the safety provided by accommodation and support, survivors will either become homeless or they will be reluctant to leave their abuser. We must create a welfare system that prevents either of these things from happening.

2.8.2 The final report of the Homelessness Action Group published in July 2020, *Preventing, tackling and ending homelessness through rapid rehousing and local, regional and national partnerships*¹¹ outlines the UK policy changes needed to end homelessness in relation to the wider adoption of the rapid rehousing model, shifting the focus of our policy, practice and resources towards long term housing led solutions, away from the provision of emergency, temporary and hostel services.

2.8.3 The report draws attention to the Welsh Government's early clarity in guidance for local councils to help people with no recourse to public funds during the public health emergency were very welcome, and calls on the UK Government to change legislation and guidance to remove these restrictions permanently. The report recommends the Welsh Government work closely with the other devolved governments, to make the case for changes to welfare policy, so that the benefits system can help relieve the pressure on households and that welfare covers the cost of housing and support.

Recommendation 5a: *As previously recommended by the Action Group the Welsh Government should lobby the UK Government to permanently lift restrictions for support for people with no recourse to public funds so that people can be helped after the public health emergency.*

Recommendation: UK Government to remove the restrictions facing people with no recourse to public funds to enable people to have access to housing and support

¹⁰ https://gov.wales/sites/default/files/publications/2020-03/homelessness-action-group-report-march-2020_0.pdf

¹¹ <https://gov.wales/sites/default/files/publications/2020-11/homelessness-action-group-report-july-2020.pdf>

3. How has the COVID-19 pandemic changed the type and amount of support needed by people in Wales?

3.1 People in emergency accommodation

- 3.1.1 During the COVID-19 pandemic the Welsh Government took decisive action to protect people experiencing or at risk of homelessness in Wales by working in partnership with Local Authorities, health and third sector organisations, Registered Social Landlords (RSLs) and voluntary organisations, to bring people in from the streets.
- 3.1.2 Before the pandemic the Welsh Government and the homelessness sector recognised that there was likely to be a substantial amount of 'hidden homelessness' in Wales, which wasn't captured by the statutory data collection or the annual rough sleeping count. However, the numbers of people who were supported during the pandemic have exceeded anyone's predictions.
- 3.1.3 So far it is estimated that over 10,000 people have been provided with emergency accommodation and support during the pandemic. Welsh Government statistics¹² show that on 31 May 2021, 6,383 individuals were in temporary accommodation, an increase of 105 from 30 April 2021. 1,394 of these were dependent children aged under 16, an increase of 58 from 30 April 2021.
- 3.1.4 It is likely that a large proportion of people in emergency accommodation will need the support of the welfare system as they try to exit homelessness and find a more permanent home. It is essential that the welfare system is able to support all of these people as they deal with the impact of homelessness and try to find more permanent accommodation.
- 3.1.5 Many people within emergency accommodation have found it difficult to engage with services in the past, finding systems to difficult to navigate and encountering barriers to accommodation and support. Some people with significant experience of trauma, mental health problems and substance use issues are in accommodation and receiving support for the first time in a decade. It is critical that the welfare system is trauma informed and easy for them to navigate, or we could lose this chance to make a positive, lasting difference to people's lives.

Recommendation: The welfare system becomes more trauma informed in its approach to systems and supporting people

3.2 Economic impact of COVID-19

- 3.2.1 The impact of COVID-19 has forced many people in Wales to claim financial support through the welfare system. In Wales, 237,739 households were on Universal Credit as of February 2021, compared to 133,185 in February 2020¹³ - an increase of over 100,000.

¹² <https://gov.wales/homelessness-accommodation-provision-and-rough-sleeping-may-2021>

¹³ <https://stat-xplore.dwp.gov.uk/webapi/metadata/dashboards/uch/index.html>

- 3.2.2 Research from Shelter Cymru¹⁴ in May 2021 shows that almost 1 in 10 people (9%) in Wales, an estimate of over a quarter of a million people (283, 000) have had to cut spending on household essentials like food or heating in order to afford rent or mortgage payments, and 1 in 6 people (16%) say they cannot keep their home warm in winter.
- 3.2.3 In January 2021 the Resolution Foundation estimated¹⁵ that over 750,000 families were behind with their housing payments, 300,000 of which contained dependent children.
- 3.2.4 The end of the furlough scheme may also have a significant impact on unemployment. The loss of jobs, reduction in income and increasing reliance on the welfare system may result in rent arrears, evictions, and homelessness if people don't have the right support. Our members have told us that a number of people receiving support are losing their jobs. Providers of youth homelessness services have significant concerns about the impact of this pandemic on the employment prospects of young people, particularly those who are care experienced and face other inequalities.
- 3.2.5 It is essential that the welfare system is resourced to support the huge numbers of people who have entered the system and the influx of people who may need it as the longer term economic impacts of COVID are felt. Particular consideration should be given to how to ensure that people who have never previously used the welfare system can access information and advice to help them to navigate this new territory.

4. How effectively has the UK benefits system responded to these needs, and what else should the UK Government do to deliver the right support in Wales?

- 4.1.1 There are two key policy decisions that we would like to highlight as being beneficial to people in Wales and to the aim of preventing and alleviating homelessness:

4.2 Universal Credit: £20 uplift

- 4.2.1 The temporary £20 weekly increase in Universal Credit payments introduced at the start of the Covid-19 lockdown in 2020 was extremely welcome.
- 4.2.2 However, we are extremely concerned about plans to remove this in September 2021. The uplift aimed to support people who were struggling during the pandemic - but for many people that situation has not changed, with the ending of furlough and increasingly uncertain economic prospects putting people at further risk of poverty, debt and homelessness.
- 4.2.3 Community Housing Cymru's latest report *A lot to lose: The £20 per week increase to Universal Credit*¹⁶ recognises the impact of the £20 uplift during the

¹⁴ <https://www.thenational.wales/news/19327973.shelter-cymru-survey-reveals-housing-emergency-wales/>

¹⁵ <https://www.resolutionfoundation.org/comment/loan-scheme-for-renters/>

pandemic, when people were facing significant additional challenges. However, the report also indicates that many had struggled to cope without this additional funding before the pandemic.

Tenants who claimed UC prior to the Covid-19 pandemic told us it was finally sufficient to support them to afford basic essentials such as food, clothes for their children and heating, while they looked for work or to increase their hours’,

- 4.2.4 There is evidence that people needed the additional financial support before the pandemic, and we strongly believe that the £20 uplift should be regarded as the new baseline and not reduced.

Recommendation: The UK Government should retain the £20 uplift to Universal Credit

4.3 LHA rates

- 4.3.1 As highlighted earlier in this response, we welcomed the decision to re-align LHA rates with the 30th percentile of local rents. This has made a positive difference to people on the lowest incomes who are trying to access a safe, secure and affordable home. However, we reiterate our disappointment that LHA rates are now being frozen, and are therefore likely to fall behind rent increases. We strongly believe that the LHA rates should be increased annually in line with the increases in local rents, at a minimum of the 30th percentile.

Recommendation: Annually align LHA rates to at least the 30th percentile

5. How effectively do the Welsh Government’s allowances and grants meet the particular needs of people in Wales?

5.1 Homelessness Action Group recommendations

- 5.1.1 As highlighted earlier in this response, the Homelessness Action Group report from March 2020 *The framework of policies, approaches and plans needed to end homelessness in Wales*¹⁷ highlights a number of ways that the welfare system can be improved to help to end homelessness. While many elements of the welfare system remain the responsibility of the UK Government, the report identifies a number of actions that the Welsh Government could or should take to improve a series of devolved and non-devolved schemes.
- 5.1.2 The report suggests that the Welsh Government could take similar action to the Scottish Government by topping up the DHP budget to the maximum permitted and consider pushing for full devolution of the DHP budget, as recommended by the recent Senedd committee inquiry into benefits.

Recommendation 8b: *Pending any change in housing and welfare policy by the UK Government, the Welsh Government must use its existing powers to come up with a strategic approach to the ‘Welsh benefits system’, making best*

¹⁶ https://chcymru.org.uk/uploads/resources_english/CHC-Universal-Credit-Uplift-Report-A-Lot-To-Lose-August-2021-ENG-FINAL.pdf

¹⁷ https://gov.wales/sites/default/files/publications/2020-03/homelessness-action-group-report-march-2020_0.pdf

use of the range of funds available to advance the Welsh Government's policy objectives and relieve pressures on households and individuals, including:

- *Topping-up the Discretionary Housing Payment (DHP) budget and link an increased budget to homelessness prevention work, including no evictions into homelessness.*
- *Working with local authorities to simplify and speed up the application process for DHPs, achieve more consistent administration, and examine how DHPs are used to support targeted, crisis and recovery prevention, and how an application for DHPs can trigger forms of support from other public services. As part of this consider pushing for full devolution of DHPs to Wales.*
- *Considering the role of the Discretionary Assistance Fund in the prevention of homelessness, in particular supporting people to set up a home and establish sustainable tenancies.*
- *Finding ways to increase take up of the Council Tax Reduction Scheme (CTRS)*

Recommendation: Welsh Government to implement the Homelessness Action Group recommendations in relation to welfare

5.2 Discretionary Assistance Fund

5.2.1 The Tai Pawb and TPAS Cymru report *Floored: Provision of appropriate flooring in social housing*¹⁸ explores the experiences of social housing tenants in relation to the provision of flooring such as carpets and laminate when they moved into their property.

5.2.2 One of the report's recommendations referred specifically to the Discretionary Assistance Fund, calling for this, or other crisis funds' to include the provision of flooring in its eligibility criteria:

Welsh Government should look to review the terms of the Discretionary Assistance Fund (DAF) and or other crisis funds, to include provision of appropriate flooring as per this report.

5.2.3 We fully support this recommendation, particularly as people who have experienced homelessness are likely to have few resources to pay for flooring where it is not already provided. This risks people not settling into their tenancy or people borrowing money to provide flooring, which could push them into poverty and rent arrears, putting their tenancy at risk. Supporting people to maintain their tenancies is a key part of preventing homelessness and it is essential that we do not put barriers in the way of this.

Recommendation: Welsh Government to review the terms of Discretionary Assistance Fund and/or other crisis funds, to include provision of appropriate flooring

5.3 Housing Support Grant

¹⁸ <https://www.taipawb.org/wp-content/uploads/2020/10/FLOORED-FULL-final-report.pdf>

- 5.3.1 While it is not regarded as part of the welfare system, one of the key grants administered by the Welsh Government to prevent and alleviate homelessness is the Housing Support Grant¹⁹. This is the successor to the Supporting People Grant and aims to prevent homelessness and support people to have the capability, independence, skills and confidence to access and/or maintain a stable and suitable home.
- 5.3.2 *Evidencing the Impact of the Housing Support Grant in Wales*²⁰, a report by Cardiff Metropolitan University which demonstrates the financial and social of impact the Housing Support Grant. The research evidences a net saving of £1.40 for every £1 invested by the Welsh Government in the Housing Support Grant, deliver £300 million gross annual savings to public services in Wales by preventing homelessness, easing pressure on health and social care, and reducing interaction with the criminal justice system. It also shows that services have a sustained positive impact on people's health, wellbeing, confidence and optimism for the future.
- 5.3.3 This grant is ring-fenced by the Welsh Government and distributed via local authorities to commission homelessness and housing-related support services. This is in stark contrast to England, where the UK Government removed the ring-fence in 2009, resulting in huge cuts to services. A report by the Auditor General in 2014²¹ found that spending on Supporting People services would fall by a median of 45.3% between 2010/11 to 2014/15. Inside Housing magazine also reported of cuts of up to 81% in some local authorities over a three year period.
- 5.3.4 The Welsh Government has maintained the ring-fence and increased the budget by £40m for 2021/22, recognising the importance of these services in preventing and alleviating homelessness, particularly in light of the huge numbers of people in emergency accommodation as a result of the pandemic. We hugely welcome this leadership at a time when this grant will be essential to so many people experiencing or at risk of homelessness in Wales.

Recommendation: Welsh Government to continue ring-fencing the Housing Support Grant and seek to increase its budget

6. What reforms are needed to the benefits system and should there be further devolution of powers?

6.1 Reforms to the welfare system

6.1.1 As highlighted throughout our response, we believe a number of reforms are required in order to contribute to the goal of ending homelessness in Wales.

6.1.2 The UK Government should:

- Implement the Homelessness Action Group's recommendations in relation to welfare

¹⁹ <https://gov.wales/housing-support-grant>

²⁰ https://www.cymorthcymru.org.uk/files/1816/0329/3911/Evidencing_the_Impact_of_HSG_in_Wales_2020.pdf

²¹ <https://www.nao.org.uk/wp-content/uploads/2014/11/Impact-of-funding-reductions-on-local-authorities.pdf>

- Reduce the 5-week wait for Universal Credit and make advance payments non-repayable grants instead of loans
- Review LHA rates to ensure accuracy in relation to local rents and annually align LHA rates to at least the 30th percentile
- Scrap the Shared Accommodation Rate for under-35s
- Work with the supported housing sector to better understand the impact and how this can be mitigated to enable people to remain in supported accommodation while making the transition into employment
- Remove the restrictions facing people with no recourse to public funds to enable people to have access to housing and support
- Retain the £20 uplift to Universal Credit

6.1.3 The Welsh Government should

- Implement the Homelessness Action Group recommendations in relation to welfare
- Review the terms of Discretionary Assistance Fund and/or other crisis funds, to include provision of appropriate flooring
- Continue ring-fencing the Housing Support Grant and seek to increase its budget

6.2 Further devolution of powers

6.2.1 In 2020 a report from the Wales Centre for Public Policy, *Administering social security in Wales Evidence on potential reforms*²² recommended that an assessment of the advantages of and risks associated with devolving the administration of social security should address four key issues:

- What outcomes would the devolution of administration of social security be designed to achieve?
- What aspects of the current arrangements for administering social security prevent the achievement of these outcomes?
- How could those aspects of social security be changed in order to achieve these outcomes?
- What are the legal and fiscal implications of the changes that would be needed and what other factors would need to be considered?

6.2.2 Around the same time a report from the Senedd's Equality, Local Government and Communities Committee *Benefits in Wales: Options for better delivery*²³ acknowledged the fundamental role of the benefits system in delivering social justice, and considered whether further devolution of powers could strengthen the ability to tackle poverty in Wales.

6.2.3 The Bevan Foundation's report *Making welfare work for Wales: Should benefits for people of working age be devolved?*²⁴ explores the case for the devolution of the welfare system to the Welsh Government. The report rules out 'doing nothing' and

²² <https://www.wcpp.org.uk/wp-content/uploads/2020/01/200110-Administering-social-security-in-Wales-evidence-on-potential-reforms.pdf>

²³ <https://senedd.wales/laid%20documents/cr-ld12832/cr-ld12832%20-e.pdf>

²⁴ <https://www.bevanfoundation.org/wp-content/uploads/2016/06/Final-Report-Low-Res.pdf>

also rules out the full devolution of the welfare system. Instead, it develops a series of principles to guide their recommendations about whether particular benefits should be considered for devolution:

In considering whether specific benefits should be devolved we have adopted some fundamental principles, drawing on Lodge and Trench.¹⁹ These are:

- *Whether devolving the benefit would undermine the social union Generally benefits which involve replacement of income or which are based on National Insurance contributions are an important part of the social union and so are not suitable for devolution.*
- *Whether the benefit is cyclical Benefits which change with the economic cycle e.g. Job Seekers Allowance are less suitable for devolution because they can impose financial strains on devolved resources.*
- *Whether the benefit fits well with devolved functions Benefits which relate to devolved functions are more suitable for devolution, as devolved governments are better equipped to deal with their responsibilities.*
- *Whether the benefit is place-related Benefits which reflect local conditions e.g. the housing or labour market are more suitable for devolution than those which are not.*

6.2.4 On housing, the Bevan Foundation's report recommends the following:

Housing: there is a poor housing system, and we recommend that steps be taken towards administrative devolution then full devolution of housing benefit (and its successor), as follows:

- *administrative decisions about support with housing costs (e.g. frequency, recipient of payments) should be devolved;*
- *decisions about eligible rents (such as Local Housing Allowance and underoccupancy) should be devolved;*
- *help with housing costs for 18-24 year olds should be devolved in full;*
- *the Welsh Government should be able to determine and make additional payments.*

6.2.5 Our view on the further devolution of the welfare system is that we see the potential benefits in devolving some elements, particularly in relation to the administration and where decisions are linked to local factors such as housing costs. Some of the decisions made in London are not well suited to the realities of living in Wales and making decisions closer to the people could bring greater understanding of the issues and a more positive impact on people's lives.

6.2.6 However, we also have concerns about devolving parts of the welfare system without assurances that Wales will receive adequate funding to establish, administer and deliver this. As highlighted in the Senedd Equality, Local Government and Communities Committee report *Benefits in Wales: Options for better delivery*²⁵ there are examples of some elements of the welfare system being devolved without the adequate funds required to deliver them:

²⁵ <https://senedd.wales/laid%20documents/cr-ld12832/cr-ld12832%20-e.pdf>

When Council Tax Benefit was devolved, the UK Government cut the associated funding by 10% which left the Welsh Government to make up the shortfall, which costs £22 million a year.

- 6.2.7 If further devolution occurs then the Welsh Government would need to have concrete assurances that it would receive the funding to establish and administrate the system, on top of the funding required to ensure that people in Wales are no worse off in financial terms.

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