

Financial implications of the Homelessness and Social Housing Allocation (Wales) Bill

October 2025

1. Introduction

1. The Homelessness and Social Housing Allocation (Wales) Bill¹ (the Bill) and Explanatory Memorandum (EM)², including the Regulatory Impact Assessment (RIA), were introduced by Jayne Bryant MS, Cabinet Secretary for Housing and Local Government (the Cabinet Secretary) on 19 May 2025.

2. The EM says the Bill will:

- expand access to homelessness services and provide additional support to those who need it most;
- widen responsibility to certain specified public authorities to identify individuals who are homeless or at risk of homelessness and respond effectively;
- prioritise allocation of social housing to those most in need.³

3. The Finance Committee (the Committee) took evidence on the financial implications of the Bill on 11 June 2025⁴, from:

- Jayne Bryant MS, Cabinet Secretary for Housing and Local Government;
- Sarah Rhodes, Deputy Director Housing Policy, Welsh Government;
- Hannah Fisher, Head of Homelessness Prevention Legislation, Welsh Government.

4. Policy scrutiny of the Bill was undertaken by the Local Government and Housing Committee.⁵

5. The Legislation, Justice and Constitution Committee also considered the Bill in accordance with matters which fall within its remit.⁶

¹ [Welsh Government, Homelessness and Social Housing Allocation \(Wales\) Bill](#)

² [Welsh Government, Explanatory Memorandum](#)

³ [Welsh Government, Explanatory Memorandum, page 3](#)

⁴ [Finance Committee, Agenda, 11 June 2025](#)

⁵ [Local Government and Housing Committee](#)

⁶ [Legislation, Justice and Constitution Committee](#)

2. Financial implications of the Bill

Current homelessness costs

6. The RIA states that homelessness cost the Welsh public service approximately £275 million in 2023-24. It says this equates to an average of £20,000 per household experiencing homelessness, with almost half of this cost relating to the provision of temporary accommodation. It goes on to say:

“There are also costs to the wider public sector, as people experiencing homelessness are more likely to interact with the health, social care and criminal justice system than those that are not homeless. Alma Economics analysis estimate that the incremental cost of homelessness to wider public services is £64m, or £4,700 per household experiencing homelessness.”⁷

7. Furthermore, the Welsh Government highlights analysis by Alma Economics, which estimates “that the impact of becoming homeless on health outcomes is equivalent to a monetary value of £12,200 per person, while the loss of earnings could be around £3,300”. The RIA adds:

“This implies a large personal cost of being homelessness to individuals, equivalent to over £200m per year across the homelessness population. The total societal cost of homelessness in 2023-24 was estimated to be approximately £485m.”⁸

8. Without further action, the RIA suggests that the public sector cost of homelessness is estimated to rise by an average of over three per cent per year, representing an increase from £275 million in 2023-24 to £383 million in real terms by 2033-34.⁹

9. The Cabinet Secretary confirmed that this analysis is based on the five-year average of Stats Wales outcomes data. She went on to say:

“... it is important to note that the data is erratic over the last five years in particular, but this forecast is really broadly in wider research that suggests that homelessness is likely to increase

⁷ [Welsh Government, Explanatory Memorandum, page 86](#)

⁸ [Welsh Government, Explanatory Memorandum, page 86](#)

⁹ [Welsh Government, Explanatory Memorandum, page 87](#)

over the next decade unless we shift the policy to address that. Because ... the system that we have at the moment is the most expensive system that we could have, and we know that the costs will increase in that way.”¹⁰

Evidence and assumptions

10. The RIA is based, in part, on the work of Alma Economics, commissioned by the Welsh Government in April 2024 to look at costs, benefits and impacts. The RIA notes:

“... due to time constraints, the ALMA analysis was conducted in parallel with the development of the Bill and ongoing stakeholder engagement.”¹¹

11. However, the Cabinet Secretary’s official told the Committee:

“What we asked Alma to help us with was creating a model that we could adjust over time, depending on how this Bill develops through scrutiny, how our thinking might change on particular costings. So, it’s a reactive model that we can adjust over time.”¹²

12. The RIA highlights data limitations including:

- data gaps relating to the progression of people through the homelessness system;
- data on temporary accommodation does not map to the statutory outcomes data;
- a lack of quality data presenting challenges to adequately capture rough sleeper costs.¹³

13. The Committee sought to understand how the gaps in data has impacted the accuracy of the estimated financial implications of the Bill. The Cabinet Secretary explained:

¹⁰ Finance Committee, RoP, 11 June 2025, paragraphs 35-36

¹¹ [Welsh Government, Explanatory Memorandum, page 80](#)

¹² Finance Committee, RoP, 11 June 2025, paragraph 57

¹³ [Welsh Government, Explanatory Memorandum, pages 83-84](#)

“... it has been tricky and we have used the best-quality evidence available to us at the time. We have prioritised official statistics and, again, high-quality published evidence, wherever we possibly could. Again, we have encountered areas where evidence is not available. So, when that has been the case, we've tried to triangulate the data with a range of sources. We've produced appropriate assumptions, which have been tested with key stakeholders, but the estimates that we have presented in the RIA are the most accurate estimates that we could produce, bearing in mind the data available to us.”¹⁴

Summary of costs

14. The total cost of the Bill is estimated to be £325.8 million over the 10-year appraisal period. This comprises:

- £310.6 million in recurrent costs, with the majority of costs falling to local authorities (£302.4 million). The remaining amount will fall to the Welsh Government (£1.5 million) and registered social landlords (RSLs) and the wider public sector (£6.6 million);
- £15.3 million in transitional costs which fall to the Welsh Government (£0.4 million), local authorities (£2.4 million) and RSLs and the wider public sector (£12.5 million).¹⁵

15. Addressing the investment needed to implement the Bill, the Cabinet Secretary referred to “significant areas of additional cost in relation to strengthening the prevention work”, adding:

“Benefit over time is the focus on prevention and that flow through the system, so that we're not pushing people, as the current system is, to crisis. We want to have that early intervention and prevention, so that flow through the system, and that will enable the redistribution of resources, resulting in higher levels of prevention, more efficient relief of homelessness, alongside that reduction in reliance on temporary accommodation, which we know is very expensive, not just financially, but obviously as a human cost.”¹⁶

¹⁴ Finance Committee, RoP, 11 June 2025, paragraph 67

¹⁵ ~~Welsh Government, Explanatory Memorandum, page 77.~~

¹⁶ Finance Committee, RoP, 11 June 2025, paragraph 16

16. An official accompanying the Cabinet Secretary said the intention would be to distribute any additional funding to local authorities in line with the same formula as the Revenue Support Grant.¹⁷

17. In written evidence to the Local Government and Housing Committee, the Welsh Local Government Association said:

“The assumptions behind some of the savings seem optimistic, not only in their scale but also in the timing of when they might be realised. While some of the data has been provided by councils, the information supplied did not always reflect the final proposals in the Bill and therefore may undermine elements of the assumptions made in the financial assessment. Councils would wish to ensure that the actual costs of implementation are closely monitored, and discussions held with Welsh Government if costs are exceeding the level of funding provided... It is crucial that Welsh Government commit to fully funding the financial implications of the Bill on an on-going basis”¹⁸

Summary of benefits

18. The RIA estimates benefits of £1.2 billion after the initial transition period, comprising:

- £645.7 million of financial benefits to local authorities (£475 million), the wider public sector (£167 million) and to RSLs (£3.7 million);
- £549.6 million in “social benefits”, expected to accrue to the individual/household in the form of health benefits (£432.9 million) and earnings benefits (£116.7 million).¹⁹

19. In present value terms, the Welsh Government suggests that reforms will generate £2 of benefits for every £1 invested. If the non-financial health and earning benefits are included, this increases to £4 of benefits from every £1 spent.²⁰

20. When asked how realistic it is for the change to achieve savings as early as outlined in the RIA, the Cabinet Secretary said:

¹⁷ Finance Committee, RoP, 11 June 2025, paragraph 107

¹⁸ Written evidence: Welsh Local Government Association

¹⁹ Welsh Government. Explanatory Memorandum. page 79

²⁰ Welsh Government. Explanatory Memorandum. page 88

*"We've put things in place already, we've had some more investment in the build-up to this Bill around local authorities as well, in terms of realigning their homelessness system in preparation for the Bill. We do think that there will be these benefits in terms of focusing very much on prevention at an early stage and that we will see the benefits within that in the time that we've set out through the RIA."*²¹

21. The Cabinet Secretary's official went on to say:

*"Where the prevention rate is at the moment, in the last year's worth of data, is around 58 per cent, 59 per cent. A 10 per cent increase will only take us back to where we were pre COVID, so, actually, we think that's entirely achievable with additional resource in prevention. We know local authorities can achieve those prevention rates because they've done it before, so we think the time scales set out in the RIA are reasonable."*²²

22. While the RIA assesses the individual costs of each of the relevant sections of the Bill, the Welsh Government has taken a different approach to calculating the £1.2 billion of benefits – providing a summary of the overall benefits across the change. The estimated benefits are predicated on the Bill achieving “a ten-percentage point improvement in recent homelessness prevention and relief rates”.²³

23. The Cabinet Secretary explained that it had “not been possible to model the benefits resulting from each individual reform” due to there being “little evidence on the potential impact of the individual reforms or examples of similar interventions”.²⁴

24. At the Committee’s request, the Cabinet Secretary shared a technical note on the modelling and assumptions used by Alma Economics to develop the cost-benefit analysis of the Bill. In terms of the estimated benefits, the note stated:

“... the benefits are based on the overall package of reforms, focussing on high-level changes to key parameters that lead to

²¹ Finance Committee, RoP, 11 June 2025, paragraph 29

²² Finance Committee, RoP, 11 June 2025, paragraph 34

²³ Welsh Government, Explanatory Memorandum, page 79

²⁴ Finance Committee, RoP, 11 June 2025, paragraph 30

beneficial outcomes: increased prevention, more efficient homelessness relief and reducing discharge for other reason.”²⁵

The ‘core scenario’

25. Based on the last two full years of data, the RIA highlights a current homelessness prevention rate of 58 per cent and a current homelessness relief rate of 59 per cent.²⁶

26. The RIA sets out a ‘core scenario’ to “demonstrate how the reforms can deliver value for money (i.e. net benefit) by delivering achievable improvements in prevention and relief outcomes”. The core scenario is that the share of:

- people prevented from becoming homeless is increased from 58 per cent to 68 per cent as a result of the reforms;
- homeless people successfully relieved from homelessness is increased from 59 per cent to 69 per cent as a result of the reforms.²⁷

27. The RIA notes that a breakeven could be achieved at a lower rate.²⁸

28. Based on the core scenario, the RIA states that:

“... the number of households experiencing homelessness in Wales in 2031-32, when the full benefits of the reforms are expected to be realised, is expected to fall from approximately 18,000 to 14,000.”²⁹

29. We asked the Cabinet Secretary what evidence led to the conclusion that the change will improve the homelessness prevention and homelessness relief rates given the variability of data. She explained that the current homelessness prevention and homelessness relief rates used as the baseline in the RIA are based on the last two full years of data, and referred to “switching analysis’, in which we switch the cost and benefit parameters to understand the break-even point”. She went on to say:

“... we do believe that the 10 per cent is achievable. We’ve done it before. It would mark a return to rates ... prior to the COVID

²⁵ Letter from the Cabinet Secretary for Housing and Local Government, 27 August 2025

²⁶ Welsh Government, Explanatory Memorandum, page 90

²⁷ Welsh Government, Explanatory Memorandum, page 90

²⁸ Welsh Government, Explanatory Memorandum, page 92

²⁹ Welsh Government, Explanatory Memorandum, page 90

pandemic, when the prevention rate was around 67 per cent, and so that's an average taken between 2017-18 and 2019-20."³⁰

30. With regard to health benefits, the RIA says "the ALMA economics analysis estimates that the reforms will result in approximately 700 years of additional healthy life (0.16 years per person), equivalent to £53m in monetary terms".³¹

31. The Integrated Impact Assessment refers to a Price Waterhouse Coopers estimate "that for every £1 invested in solutions to move people directly out of homelessness, £2.80 will be generated in benefits". It also notes the current pressures on the NHS in terms of capacity and staff retention, stating:

*"There is a possibility that reforms will create the negative impact of an increased strain on health services and resources during the transitional period due to an increased number of referrals from housing and other sectors."*³²

32. In later correspondence, the Cabinet Secretary provided an example of how the change may impact on health services:

*"Several provisions within the Bill, particularly 'ask and act' and case coordination will require changes in practice to identify individuals who are either homeless or at risk of homelessness and who are also in need of health services. The RIA accounts for the opportunity costs associated with this change (page 128 and 135)."*³³

33. There is also expected to be £14 million of additional earnings in 2031-32 through the increased provision of stable accommodation.³⁴

34. In terms of the achievability of these benefits, the RIA says the required improvement necessary for the costs of the reforms to break even is "low and extremely achievable". It also does not require a return to pre-pandemic prevention levels to achieve value for money.³⁵

³⁰ Finance Committee, RoP, 11 June 2025, paragraphs 42-43

³¹ [Welsh Government. Explanatory Memorandum. page 91](#)

³² [Welsh Government. Explanatory Memorandum. page 188](#)

³³ [Letter from the Cabinet Secretary for Housing and Local Government. 27 August 2025](#)

³⁴ [Welsh Government. Explanatory Memorandum. page 91](#)

³⁵ [Welsh Government. Explanatory Memorandum. page 92](#)

Affordability assessment

35. The RIA includes an affordability assessment which is described as a “purely financial assessment” with “only cash costs and cash-releasing benefits” included. The environmental, social, cultural and wider economic costs and benefits identified in the RIA have been removed from the affordability assessment, as have opportunity costs.³⁶

36. The affordability assessment identifies total costs of £1.7 million (or £2 million adjusted for inflation) to the Welsh Government and £304.8 million (or £366.3 million adjusted for inflation) to local authorities over the appraisal period. It also estimates financial benefits of £475 million (or £573.2 million adjusted for inflation) to local authorities over the appraisal period.³⁷

37. The affordability assessment says:

“The Welsh Government intends to provide funding to support local authorities during the initial years of the implementation period. Beyond this point, the financial benefits generated by local authorities are expected to more than offset the costs associated with the legislation.”³⁸

38. The affordability assessment states that “all costs associated with other Welsh public bodies are expected to be opportunity costs and do not represent an additional financial outlay”. None of the other benefits are included in the Affordability Assessment, even though the RIA refers to the benefits of £167 million to the wider public sector and £3.7 million for RSLs as “financial benefits”.³⁹

39. We asked the Cabinet Secretary in what form these estimated benefits of £167 million to the wider public sector and £3.7 million for RSLs will be realised. In subsequent correspondence, the Cabinet Secretary clarified that:

“RSLs are outside of the scope of the affordability assessment as it applies to Welsh public sector bodies only. However, the benefits to the wider public sector and RSLs are expected to be financial benefits. In the case of the wider public sector, they include avoided costs to health services and the criminal justice

³⁶ Welsh Government, Explanatory Memorandum, page 174

³⁷ Welsh Government, Explanatory Memorandum, pages 175-176

³⁸ Welsh Government, Explanatory Memorandum, page 176

³⁹ Welsh Government, Explanatory Memorandum, page 79

system. For RSLs, the benefits relate to the provision of settled accommodation.”⁴⁰

Committee view

40. The Committee notes the aims of the Bill and its intention to improve the prevention and relief of homelessness in Wales. We recognise the importance of preventative spending which focuses on easing future demand on services. We further note the Cabinet Secretary’s view that the significant investment associated with this Bill will enable the redistribution of resources and reduce the reliance on expensive temporary accommodation.

41. The Welsh Government suggests that the public sector cost of homelessness is estimated to increase by around three per cent each year (between 2023-24 and 2033-34) without further action. However, we also note the Cabinet Secretary’s comments about data limitation challenges and statistics which have been “erratic over the last five years”. While we recognise the Cabinet Secretary’s view that the Welsh Government has used the best-quality evidence available to it, we would like to understand what modelling has been undertaken to establish the public sector cost of homelessness in other scenarios.

42. The Bill proposes a significant number of reforms which amounts to an estimated cost of £325.8 million over the 10-year appraisal period. The RIA also estimates financial benefits of £645.7 million (with financial benefits expected to outweigh implementation costs from 2028-29 onwards) and social benefits of £549.6 million (in the form of £432.9 million health benefits and £116.7 million earnings benefits).

43. The RIA estimates the individual costs of each section of the Bill. However, according to the Cabinet Secretary, it was not possible to estimate benefits arising from the Bill in the same way because there is “little evidence on the potential impact of the individual reforms or examples of similar interventions”. Instead, the RIA estimates the benefits of the Bill in its entirety, based on the assumption that it will deliver the core scenario of a ten-percentage point improvement in recent homelessness prevention and relief rates. This approach is unhelpful in analysing the estimated cost of individual elements of the Bill against the estimated benefit. While we note that the Cabinet Secretary believes the core scenario is achievable, it is important to acknowledge the substantial range of uncertainty around presenting a single central estimate for prevention and relief outcomes.

⁴⁰ [Letter from the Cabinet Secretary for Housing and Local Government, 27 August 2025](#)

44. We note the Welsh Government’s intention to “provide funding to support local authorities during the initial years of the implementation period” with financial benefits expected to “more than offset the costs associated with the legislation” beyond this point. We ask the Cabinet Secretary to clarify what she considers to be “the initial years of the implementation period” for the purpose of Welsh Government funding. Ultimately, and in line with the written evidence presented by the Welsh Local Government Association on the Bill, we are concerned that the timescales for delivering benefits may be too ambitious and that delays in realising the financial benefits will impact on the cost of delivering the changes in the Bill, leading to funding challenges for local authorities.

45. The Cabinet Secretary indicated that there has already been some investment to help local authorities realign their homelessness system in anticipation of the Bill and we would welcome further information on how this funding has been deployed. We also heard that additional funding to support the Bill’s implementation will be distributed to local authorities through the same needs-based formula as the Revenue Support Grant.

Conclusion 1. The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.

Recommendation 1. The Committee recommends that the Cabinet Secretary conducts a sensitivity analysis in relation to the public sector cost of homelessness showing the potential range of costs, and that this information is included in an updated Regulatory Impact Assessment, after Stage 2.

Recommendation 2. The Committee recommends that the Cabinet Secretary:

- confirms what she considers to be the initial years of the implementation period in terms of the provision of Welsh Government funding to support local authorities, and
- provides assurances that the Welsh Government will continue to provide funding to support local authorities should funding deficits arise as a result of financial benefits not being realised at the pace identified in the Regulatory Impact Assessment.

Recommendation 3. The Committee recommends that the Cabinet Secretary provides:

- a breakdown of the additional funding provided to local authorities in preparation for the Bill, to date, including the activities undertaken with this funding, and
- further details about how, and when, additional funding to support implementation of the Bill will be distributed to local authorities to reflect their individual needs.

3. Costs of specific elements of the Bill

Part 1: Homelessness

Meaning of “threatened with homelessness”

46. Local housing authorities must currently “take reasonable steps to prevent homelessness for any eligible applicant who is at risk of homelessness within 56-days”. The RIA states that pressures in the system, high caseloads and late presentations “mean local housing authorities are often unable to undertake the prevention work they would like”.⁴¹

47. The RIA identifies costs of £1,716 (including staff on-costs) for each applicant eligible for assistance under the current homelessness prevention duty. It notes that 8,772 households presented for prevention assistance in 2023-24, at an estimated cost of £15.1 million.⁴²

48. The Bill amends the definition of “threatened with homelessness” if it is likely that a person will become homeless within six months, in order to provide local housing authorities with more time to prevent homelessness. To achieve this long-term benefit, the RIA states that “initial investment will be required to ensure local authorities are able to re-focus services”. The RIA says:

“In combination with other proposals within the Bill on prevention ... the aim of this proposal is to create the conditions for improved and more effective homelessness prevention and increase the overall rate of prevention.”⁴³

49. The RIA estimates an increase in cases based on the current caseload of 8,772. Its central estimate is an increase of 15 per cent or 1,316 cases per annum. Based on information from local authorities of the cost of a case, this equates to an increase of £2.3 million per year from 2027-28.⁴⁴

50. The Cabinet Secretary described an increase of 15 per cent as “a reasonable assumption” which is “based on forecasts that show a moderate increase based on current practice”. The Cabinet Secretary’s official explained that a 15 per cent increase was a reasonable estimate which sought to account for “trying to pull

⁴¹ Welsh Government, Explanatory Memorandum, page 94

⁴² Welsh Government, Explanatory Memorandum, page 94

⁴³ Welsh Government, Explanatory Memorandum, pages 95-96

⁴⁴ Welsh Government, Explanatory Memorandum, page 96

people into the system at an earlier stage” but also recognising that “some of those people would have found their way to the homelessness system eventually, but at a later stage”.⁴⁵

Prevention, support and accommodation plans

51. Legislation currently requires local authorities to “take reasonable steps to help to secure that suitable accommodation is available, or does not cease to be available, for occupation by an applicant” and, in doing so, to “make the best use of the authority’s resources”. While local housing authorities are not legally required to put Personal Housing Plans (as they are currently called) in place for applicants seeking homelessness assistance, their use is promoted in Welsh Government guidance.⁴⁶

52. The Bill strengthens the language associated with reasonable steps “so that the authority must help to secure that suitable accommodation does not cease to be available for occupation by the applicant by taking reasonable steps likely to achieve that purpose”. The Bill also requires local authorities to provide a Prevention, Support and Accommodation Plan (PSAP) to anyone owed a homelessness duty.⁴⁷

53. Based on 2023-24 data, the Welsh Government estimates that 28,446 households will require a PSAP, with each applicant’s PSAP taking four hours to complete. It is anticipated that this will require 64.7 Full-Time Equivalent (FTE) staff at a total cost of £3.1 million.⁴⁸

54. When asked how local authorities will be expected to manage the increased case load, the Cabinet Secretary said:

“The RIA does recognise the additional costs and the capacity that’s needed for this Bill, but I’m clear it’s not about make do and mend. I don’t expect local authorities to deliver the necessary changes without that additional resource. I’m clear that initial investment is very much required to refocus the homelessness system, as we have been doing over the last few

⁴⁵ Finance Committee, RoP, 11 June 2025, paragraphs 79, 81 and 84-86

⁴⁶ [Welsh Government. Explanatory Memorandum, page 98](#)

⁴⁷ [Welsh Government. Explanatory Memorandum, page 100](#)

⁴⁸ [Welsh Government. Explanatory Memorandum, pages 100-101](#)

years as well. And I think that is very much reflected in the RIA.”⁴⁹

55. The official accompanying the Cabinet Secretary added:

“... there are some local authorities in Wales who are already restructuring in anticipation of the Bill and the shift in focus on prevention—so, already looking at the structures. But the RIA doesn't assume local authorities will do that, as the Cabinet Secretary says. We've been really clear we've costed the additional ask through the Bill, and we've tried to capture everything in terms of the RIA that we think will be that additional requirement as a result of the changes to the system that will be required through the Bill.”⁵⁰

56. The Cabinet Secretary confirmed that this initial investment would be funded by the Welsh Government, with the caveat that funding in future budgets would be for future Governments to consider.⁵¹

57. The Welsh Government assumes an additional £5 million per annum will be required to ensure that local authorities are able to offer help to secure that suitable accommodation does not cease to be available for occupation by the applicant by taking reasonable steps likely to achieve that purpose.⁵²

58. To estimate this cost, the Cabinet Secretary considered the current funding for discretionary homelessness and prevention services:

“Since the pandemic, we have provided £5m for this purpose. This funding has been transferred to the Revenue Support Grant this year in recognition of its statutory nature. The estimate in the RIA therefore represents an assumed doubling of that current preventative funding.”⁵³

Duty of a public authority to “ask and act”

59. The RIA notes that people who are homeless, or at risk of homelessness, “encounter a range of public services as they seek to understand and manage their housing situation”. While informal arrangements exist, there is no

⁴⁹ Finance Committee, RoP, 11 June 2025, paragraph 92

⁵⁰ Finance Committee, RoP, 11 June 2025, paragraph 105

⁵¹ Finance Committee, RoP, 11 June 2025, paragraphs 97 and 99

⁵² Welsh Government. Explanatory Memorandum, pages 100-101

⁵³ Letter from the Cabinet Secretary for Housing and Local Government, 27 August 2025

requirement for these services to refer individuals for assistance. Analysis by Alma Economics estimates the incremental cost of homelessness to be £64 million to wider public services per year (£4,700 per homeless case).⁵⁴

60. The Bill introduces a new duty on specified public authorities in Wales to “ask and act”. It also requires a specified public authority to:

“... provide the person with information about help that may be available from other services, and to consider whether there are any other steps it could reasonably take in the exercise of its functions to help the person secure or retain suitable accommodation.”⁵⁵

61. The RIA identifies a one-off cost of £66,860 to the Welsh Government, incurred in 2027-28, to produce the training offer to prepare the Welsh public service. It also highlights “significant opportunity cost associated with accessing training and guidance” to specified public authorities. Using average salaries and an assumption of 2 hours to complete the training across 208,413 staff, the cost is estimated to be £12.4 million in 2028-29.⁵⁶

62. The Cabinet Secretary confirmed that officials have engaged with all relevant devolved and non-devolved public bodies in relation to this provision:

“The delivery of “ask and act” forms part of our mid-term implementation planning, to allow time for this ongoing engagement and planning. During this time, we will develop training, referral materials and methodology and data requirements, in partnership with stakeholders.”⁵⁷

Reviews

63. The Bill amends the Housing (Wales) Act 2014 to provide additional rights to request a review in certain circumstances. The Welsh Government assumes that creating additional rights to request a review will increase the number of requests for reviews made to local authorities. To estimate the impact, it has assumed that 25 per cent of applicants subject to a homelessness duty may request a review. It

⁵⁴ [Welsh Government. Explanatory Memorandum. page.102](#)

⁵⁵ [Welsh Government. Explanatory Memorandum. page.125](#)

⁵⁶ [Welsh Government. Explanatory Memorandum. page.127](#)

⁵⁷ [Letter from the Cabinet Secretary for Housing and Local Government. 27 August 2025](#)

describes this as a “relatively high estimate” but says there is “no robust data upon which we can scale estimates for increased requests for reviews”.⁵⁸

64. The Welsh Government assumes that the review would take a senior officer 3.5 hours to complete, at a total estimated annual cost of £997,000 from 2027-28. This represents 5,578 extra reviews at a cost of £178.75 per review.⁵⁹

65. Addressing the assumption that 25 per cent of applicants subject to a homelessness duty may request a review, correspondence from the Cabinet Secretary stated that the Welsh Government does not currently collect data on requests for reviews and the courts do not publish statistics on appeals relating to homelessness:

“As the Bill provides increased opportunities to request a review and it will be possible for applicants to request more than one review during their service experience, we have chosen to use a relatively high estimate of 25% as a basis for potential cost. The reason for this potential over-estimate is to minimise risk of under costing the reforms. We understand that local authorities may aim to resolve concerns outside of the formal process, however we did not think it appropriate to assume this level of informal practice going forward. The aim of the increased rights to request reviews is to create access to justice in the simplest way possible.”⁶⁰

Abolition of differences in entitlement related to intentional homelessness

66. Currently, the ‘priority need’ test determines “whether certain groups of people are considered to fall into a ‘priority need’ group, creating entitlement to homelessness assistance”. Local authorities may use the intentionality test to determine whether an applicant is intentionally homeless. The RIA says the majority of local authorities no longer apply the priority needs test and there is “significant variation” in the interpretation and use of the intentionality test across Wales.⁶¹

67. The Bill proposes that both the priority need and intentionality tests are abolished, increasing the cost of delivering homelessness services as:

⁵⁸ [Welsh Government, Explanatory Memorandum, page 106](#)

⁵⁹ [Welsh Government, Explanatory Memorandum, page 107](#)

⁶⁰ [Letter from the Cabinet Secretary for Housing and Local Government, 27 August 2025](#)

⁶¹ [Welsh Government, Explanatory Memorandum, pages 112-113](#)

“... any applicant who is eligible and ‘homeless’ will be owed a full duty by the local housing authority as long as they also have a local connection. This will include meeting any needs in relation to interim accommodation and no longer tolerating homelessness for some people.”⁶²

68. The Welsh Government says it has made “a likely over-assumption that all households currently excluded from homelessness assistance would enter either temporary accommodation or supported accommodation”. It assumes three quarters of these households will require temporary accommodation, with the remaining quarter utilising supported accommodation. The cost is estimated to be £5.4 million per annum and commence in 2030-31. This is based on 366 additional households entitled to assistance.⁶³

69. When asked how capacity will be met if the over-assumption turns out to be an under-assumption, the Cabinet Secretary said:

“The data in Wales does show the low numbers in Wales in terms of those priority needs. The last full year of data that we have access to, it's around, just under, 300. And in terms of intentionality and how many that's used for, it's 100 across Wales. So, we don't envisage any significant increase in the numbers of people experiencing homelessness, and we're not aware of any data to the contrary.”⁶⁴

70. In terms of timing, the Cabinet Secretary explained:

“... we had really good engagement with local authorities throughout this whole process and they do require time for those proposed changes coming through in the Bill, and that's something that we've also said in terms of the phased approach that we want to have to this Bill—so, the preventative services at one end, and, obviously, the removal of those tests more likely to be at the end of the Bill.”⁶⁵

⁶² Welsh Government, Explanatory Memorandum, page 114

⁶³ Welsh Government, Explanatory Memorandum, pages 114-115

⁶⁴ Finance Committee, RoP, 11 June 2025, paragraph 121

⁶⁵ Finance Committee, RoP, 11 June 2025, paragraph 121

Help to retain suitable accommodation secured in exercise of homelessness functions

71. The Bill contains a new duty to provide help to retain suitable accommodation that has been secured under homelessness functions. The RIA says the last full year of data suggests that 3,357 households found to be threatened with homelessness were so due to the loss of rented or tied accommodation.⁶⁶

72. The Welsh Government has analysed data from three local authorities to identify what proportion of households seeking support due to loss of accommodation would require additional tenancy support. The Welsh Government uses a ratio of the number of households threatened with homelessness to demand for tenancy support and applies this ratio to the number of households found to be threatened with homelessness due to the loss of rented or tied accommodation. This suggests a proxy demand for tenancy support in Wales of 19,075 households. It then assumes 10 per cent of those households require additional support under the proposed duty. Using the average annual cost of tenancy support per tenant (£4,092), the total recurring annual cost is estimated to be £7.8 million, from 2027-28.⁶⁷

73. We asked the Cabinet Secretary whether she has committed to funding the full £7.8 million annual cost and what will happen with the funding of these costs following the initial years of implementation. In response, she stated:

“Future budgets will be a matter for future Governments, however, I recognise, as the RIA sets out, initial investment is necessary to support implementation of this Bill, including the new duty to help retain suitable accommodation. Helping a person to retain their accommodation is an important form of homelessness prevention, particularly in relation to repeat homelessness. The new duty is important for both local authorities as they prepare applicants for long term housing and for providers of social housing as they prepare to support occupation contract holders. The RIA sets out that the costs of the duty to retain are recurring and form part of the long term

⁶⁶ Welsh Government. Explanatory Memorandum, pages 120-121

⁶⁷ Welsh Government. Explanatory Memorandum, page 121

aim to redistribute investment into prevention and away from temporary accommodation.”⁶⁸

Provisions not costed

74. The RIA does not provide a cost estimate for some proposals in Part 1 of the Bill, for example, because they may impact on a small number of people or formalise existing practice. These include:

- strengthening the local connection test (sections 6 and 11-16);
- ensuring young people leaving care have suitable accommodation (section 23);
- the protection of personal property for prisoners (section 26);
- ensuring that local housing authorities take reasonable steps to provide the applicant with an opportunity to view the accommodation (whether in person or otherwise) (section 34).⁶⁹

75. The Committee explored whether there is a risk that this approach misses the potential cumulative impact of these changes on services. The Cabinet Secretary’s official said:

“I think we could have added more detail in the RIA, on reflection, on this. The thinking hasn't just been, 'This isn't that very many people', it's also about using the Bill to formalise practice that is very well under way and improving practice at no additional cost. So, to take the example of viewing, viewing is standard practice across the sector; there's no suggestion in this Bill that it isn't. But, for particular groups, people in prison, people in hospital, it can be quite difficult to view properties, and in the lived-experience feedback, we heard the occasional example of, 'I was offered a property, I couldn't view it and I was told, if I refused it, that was it.' So, we just wanted to just pull that together, really, and make sure that that's not something that is—. That should be on offer to people experiencing homelessness.”⁷⁰

⁶⁸ [Letter from the Cabinet Secretary for Housing and Local Government, 27 August 2025](#)

⁶⁹ [Welsh Government, Explanatory Memorandum, pages 118, 130, 137 and 152](#)

⁷⁰ Finance Committee, RoP, 11 June 2025, paragraph 127

76. She explained that the Bill will enable someone to view a property in person or otherwise (such as via video) and indicated that “we haven't been able to identify where costs would fall in delivering this fully”.⁷¹

Part 2: Social Housing Allocation

Common Housing Register

77. Currently, 19 of the 22 local authorities in Wales operate a Common Housing Register (CHR), providing “a single point of registration for applicants and a single list of applicants registered for social housing in the local area”. However, CHRs differ in approach and format due to the lack of regulated specification.⁷²

78. The Bill places a requirement on local housing authorities to establish and maintain a CHR for eligible and qualifying people. All housing providers, including the local housing authority, RSLs and Registered Providers of Social Housing, must only allocate their housing stock to the applicants on the CHR.⁷³

79. The cost of setting up a CHR is estimated to be £10,500 per register, which includes IT and equipment, staff time and training. Therefore, the total estimated cost to establish CHRs in the three remaining local authorities is £31,500.⁷⁴

80. When asked whether the existing CHRs operated by the other 19 local authorities are fit for purpose and cost neutral, the official accompanying the Cabinet Secretary said:

*“The way that we have drafted the Bill is to try to account for the different types of common housing register that already exist. So, there are fully integrated, partially integrated, choice-based lettings, nominations. They could all continue, we think, under this drafting, but it pulls together those two big policy aims that help the applicant at one end of the system and gives clarity to all partners about what accommodation is being allocated.”*⁷⁵

⁷¹ Finance Committee, RoP, 11 June 2025, paragraph 128

⁷² [Welsh Government, Explanatory Memorandum, page 159](#)

⁷³ [Welsh Government, Explanatory Memorandum, page 160](#)

⁷⁴ [Welsh Government, Explanatory Memorandum, pages 160-161](#)

⁷⁵ Finance Committee, RoP, 11 June 2025, paragraph 161

81. The Committee questioned whether a more standardised approach to CHRs would help to address the current gaps in data. The official accompanying the Cabinet Secretary explained:

“... our working understanding of how common housing registers work now is that they do hold quite a lot of data. The regs-making power we’ve included in the Bill gives Ministers powers to call in some of that information but also make requirements around what information is covered.”⁷⁶

Associated implementation costs

82. The RIA identifies other associated implementation costs and activities.

83. The existing Code of Guidance will be withdrawn and new guidance issued to support the Bill, which will be developed in consultation with stakeholders. The cost associated with developing guidance, across bodies, is estimated at £104,200, to be incurred in 2026-27.⁷⁷

84. The RIA also identifies the provision of training to local housing authorities to support implementation of the Bill. This includes direct costs to the Welsh Government of £33,900 to develop and roll out the training, incurred in 2026-27. The opportunity cost for local authority staff to attend two days of training is £132,000.⁷⁸

85. The RIA highlights pre-implementation activities for local authorities to plan for the reforms, although the amount of planning will differ for each local authority. It notes a broad assumption around the requirement, estimating two FTE to support planning activities prior to implementation, per local authority. The one-off cost is estimated to be £2.2 million in 2026-27.⁷⁹

86. When asked whether additional funding would be required for these two posts, the Cabinet Secretary’s official said:

“It is additional funding. The aim of those transitional posts is to prepare and manage the transition from the legislation we have now to the legislation of the future.”⁸⁰

⁷⁶ Finance Committee, RoP, 11 June 2025, paragraph 177

⁷⁷ ~~Welsh Government. Explanatory Memorandum, page 163~~

⁷⁸ ~~Welsh Government. Explanatory Memorandum, page 164~~

⁷⁹ ~~Welsh Government. Explanatory Memorandum, page 164~~

⁸⁰ Finance Committee, RoP, 11 June 2025, paragraph 164

Committee view

87. The Committee notes the additional costs that will fall on local authorities and the extra capacity needed within local authorities to deliver the Bill's objectives. We recognise that the provision of Prevention, Support and Accommodation Plans to anyone owed a homelessness duty represents a significant change to existing working practices and will require an additional 64.7 FTE staff at a total cost of £3.1 million to local authorities. We also note that each local authority will require an additional two FTE staff to support planning activities prior to implementation (at a one-off estimated cost of £2.2 million in 2026-27). We were told that some local authorities "are already restructuring in anticipation of the Bill and the shift in focus on prevention". While we welcome this preparation, the Committee would like to understand more about the activities already in progress within local authorities and related costs.

88. We heard that establishing and maintaining Common Housing Registers is estimated to cost £10,500 for each of the three local authorities currently without registers, with no costs for those local authorities already operating registers. We welcome the assurance that the relevant regulation-making power in the Bill will enable Welsh Minister to specify standardised information to be included in Common Housing Registers, which should go some way to addressing existing social housing data gaps.

Recommendation 4. The Committee recommends that the Cabinet Secretary provides details of restructuring activities already underway in some local authorities in preparation for the Bill's implementation, including the costs that have already been incurred, and confirms whether these costs are reflected in the Regulatory Impact Assessment.

Recommendation 5. In relation to Common Housing Registers, the Committee recommends that the Cabinet Secretary works with local authorities to:

- agree the standardised information to be included in all registers and identify any gaps in the information currently collected by existing registers, and
- confirm whether the requirement to maintain a Common Housing Register remains cost neutral for those local authorities currently operating registers.

4. Post-implementation review

89. The post-implementation review chapter of the RIA says research preceding the Bill will form the basis of ongoing engagement as the reforms are implemented, with “continuous assessment of how the legislation has taken effect and delivered the policy intent”.⁸¹

90. The Welsh Government commits to commissioning an independent evaluation of the impact of the Bill. Alongside the evaluation, the Welsh Government will also “consider the extent to which the Bill’s implementation assists in achieving the relevant actions set out in the Ending Homelessness Action Plan”.⁸²

91. The Bill contains a requirement to regularly review the condition and use of temporary accommodation.⁸³

92. The Welsh Government says it will also engage with delivery partners and those with lived experience to consider implementation.⁸⁴

93. In terms of monitoring the significant costs and benefits identified in the RIA, the Cabinet Secretary said:

“... we’re also going to consider the actual costs and benefits as part of the post-implementation review and our ongoing evaluation work, which I think will be really key to achieving the aims and ambitions that we have within this Bill.”⁸⁵

Committee view

94. The Committee reiterates its view that the inclusion of a robust post-implementation review is good practice and helps to ensure the objectives of legislation are being delivered in line with expectations, and that value for money has been achieved. This is particularly important given the scale of the estimated costs and significance of the changes proposed in the Bill. We welcome the Cabinet Secretary’s commitment to considering the actual costs and benefits as

⁸¹ Welsh Government, Explanatory Memorandum, page 189

⁸² Welsh Government, Explanatory Memorandum, page 190

⁸³ Welsh Government, Explanatory Memorandum, page 190

⁸⁴ Welsh Government, Explanatory Memorandum, page 190

⁸⁵ Finance Committee, RoP, 11 June 2025, paragraph 181

part of the post-implementation review and urge the Welsh Government to establish clear mechanisms to effectively monitor the change.

Recommendation 6. The Committee recommends that the Cabinet Secretary clarifies her approach to monitoring and reviewing the implementation of the Homelessness and Social Housing Allocation (Wales) Bill, including the proposed timescales.