



# Communities and Local Government Committee

House of Commons, London SW1A 0AA

Tel 020 7219 4972 Email [clgcom@parliament.uk](mailto:clgcom@parliament.uk) Website [www.parliament.uk](http://www.parliament.uk)

Heather Wheeler MP  
Parliamentary Under Secretary of State (Minister for Housing and Homelessness)  
Ministry of Housing, Communities & Local Government  
2 Marsham Street  
London  
SW1P 4DF

6 February 2018

## Funding for Supported Housing

Dear Heather,

Congratulations again on your recent promotion to Minister for Housing and Homelessness at the Ministry of Housing, Communities and Local Government. We hope that our Committees, through impartial, evidence-based work will continue to provide robust scrutiny and useful advice to you in these vital policy areas for which you are responsible.

In this spirit, we were grateful that you were able to participate in the Westminster Hall debate on Thursday 19 January, to consider the joint Report of the Communities & Local Government and Work & Pensions Select Committees on the Future of Supported Housing.

In our inquiry, which was co-Chaired by Helen Hayes MP and Richard Graham MP at the end of the last Parliament, we reflected on a number of issues, including the value for money provided by the sector and the quality of service received by tenants. But our primary focus was the Government's funding proposals for the sector, which had been announced the previous year and were causing considerable concern to providers in the sector. Our Report described the Local Housing Allowance (LHA) as an "inappropriate starting point" for a new funding mechanism, and warned that many providers were reconsidering their investment plans in light of concerns around the long-term reliability of local authority 'top-up' funding. We called on the Government to introduce a 'Supported Housing Allowance', sufficient to ensure supported housing tenants only required additional funding in exceptional circumstances, and a locally administered grant-based system for other very short term, emergency accommodation. In addition, we urged the Government to introduce a national funding mechanism for domestic violence refuges, reflecting their unique needs within the sector.

When we received the Government's response to our joint Report in November, we were pleased that the Government had clearly listened to our Committees and other stakeholders, and agreed to abandon its proposals for an LHA / local authority top-up based funding model. The new proposal for 'Sheltered Rent' is analogous to the 'Supported Housing Allowance' we called for. We were pleased that tenants in Sheltered Accommodation would now have the reassurance that their rents will be paid fully through the welfare system and they would not need to rely on a separate, complex and insecure local authority-based top-up mechanism.

However, despite this encouraging move, we continue to have several concerns around the Government's funding plans for supported housing. We have outlined these here and hope that

you will reflect on our concerns alongside the other consultation responses you will have received in recent months.

### **Short-term Accommodation**

As you will be aware from your own consultation, supported housing providers are deeply concerned by the Government's new funding plans for short-term accommodation - which we understand will be defined as housing provided for up to two-years - for a ring-fenced, grant-based system of funding administered by local authorities.

In your consultation, you quoted the Joint Committee's recommendation for a new funding mechanism for emergency accommodation and said we were in favour of a local grant fund for short-term supported housing. For reference, this is the full quote from Paragraph 97 of the Joint Committee's Report:

The Government is right to consider an alternative funding mechanism for **very short-term accommodation**, given the emergency nature of that provision and the **inability of Universal Credit to reflect short-term changes in circumstance**. The Government should consider a system of grants paid to local authorities so they are able to commission **emergency accommodation** in their areas. Local authorities should pay providers directly, so services are available when they are needed.

We want to emphasise that we were referring to very short-term, emergency accommodation, where tenants might not be able to sign-up to Universal Credit in time to pay the provider of their accommodation and where, currently, many providers are left out of pocket. We were not referring to 'short-term' accommodation, as defined by the Government, of up to two years.

As with the Government's previous funding proposals, many providers are concerned that a system that relies on a local authority-administered, ring-fenced top-up fund is insufficiently reliable in the long-term and will lead to lower investment in the sector and, potentially, the closure of existing services. In addition, it is apparent that the Government are moving from an individual-based system of funding, whereby money goes with the individual as part of their tenancy, to an institutional system, where the money goes to the institution itself. This seems very much at odds with the Government's wider welfare reform agenda.

We strongly recommend that the Government reconsiders its funding proposal for short-term supported housing provided for up to two years. While a locally-administered grant-based system could work well for emergency accommodation, anything longer than this should be funded through the same 'Sheltered Rent' model that the Government has proposed for other types of supported housing.

### **Domestic violence refuges**

We were disappointed that the Government did not decide to accept our Committees' recommendation for a new model of funding for domestic violence refuges, separate to the arrangements for other forms of supported housing, and likely to require a national approach to provision. We came to our conclusion in response to very clear evidence from groups including Women's Aid, who told us that 77 per cent of women in refuges travel from another local authority area to access a refuge. However, many local authorities had imposed caps—often to a level of 90 per cent—on the number of non-local women able to access a refuge. Women's Aid also told us that local authority-administered funding would lead to more generic, 'one-size-fits-all', low-cost provision as opposed to specialised care for abused women and their children.

However, despite this evidence, the Government rejected our recommendation, saying that, "we strongly believe that a local approach will ensure the best outcomes for vulnerable renters in crisis and emergency supported housing", arguing that local authorities are best placed to understand and meet local needs.

We do not understand why the Government has taken this view, despite overwhelming evidence to suggesting a different approach would be far more appropriate in this sector. Refuge providers are clear; they want and need a separate funding mechanism. We urge you to reconsider your decision to reject our recommendation for a national funding mechanism for domestic violence refuges.

### **Caps on Sheltered Rent**

While we opposed the use of the LHA cap for supported housing, our Committees nevertheless agreed with the Government's intention to have some form of control on the cost of supported housing. We accept, therefore, that the new 'Sheltered Rent' will be regulated by the social housing regulator, and that the Government has sought views in its recent consultation on an appropriate level to set this cap.

However, several providers have told us that they are keen for further detail on how Sheltered Rent will work in practice, what level the cap will be set at, whether there will be a separate sheltered rent rate for extra care housing, and what provision there will be for sheltered rent to increase to keep pace with inflation and increasing demands. With only two years until this new funding mechanism is implemented, and acknowledging that providers will need to make financial decisions well in advance of April 2020, we urge the Government to clarify funding levels as soon as possible and provide an indication of how the caps on Sheltered Rent will change over time.

Thank you again for your participation in the Westminster Hall debate on 18 January.

Yours sincerely



**Clive Betts MP**  
**Chair, Communities and Local**  
**Government Committee**



**Frank Field MP**  
**Chair**  
**Work & Pensions Committee**

