Dear Frank and Richard,

**Funding for supported housing**

Thank you for your very helpful inquiry into the future funding of supported housing, we very much welcomed the Joint Select Committee’s report. We apologise for the delay in responding. It was important that we considered your recommendations very carefully as well as the views of providers, investors, local authorities and those living in supported housing, and we hope you agree that we have listened.

As you will also know, the Prime Minister announced last week that we no longer plan to apply the Local Housing Allowance rates to Supported Housing and to the social sector more widely. Today, we have made a statement announcing the future of Supported Housing in the House and our noble colleague, Lord Bourne, has made the same statement in the House of Lords.

We believe this new approach more accurately reflects the needs of this vital sector. The model can be broken down into 3 areas, which reflects the diversity of this sector:

1. Introducing a ‘Sheltered Rent’ from April 2020, a new type of social rent that recognises the vital role that these homes play in supporting older and vulnerable people. This will keep funding for sheltered and extra care homes in the welfare system, and brings in new but proportionate cost controls.
2. Funding for other long-term supported housing (such as housing for those living with a disability, or those with mental ill health) remaining in the
welfare system with a commitment to the sector to work to deliver improved cost control, quality and outcomes.

3. Short-term supported housing (crisis or transitional accommodation, such as homeless hostels or domestic abuse refuges) to be funded and commissioned by local authorities through ring-fenced DEL grant.

Alongside this we are also aiming to improve local planning for supported housing and commissioning across service areas. Our policy announcement sets out proposals for a National Statement of Expectation and local level strategic planning to underpin the new funding regime.

These important and necessary changes will take time to implement and it is crucial that the support provided to people is not interrupted or put in doubt, which is why these changes will now commence from April 2020 rather than April 2019.

More information on these models can be found in the Policy Statement we are publishing today. We are also launching two consultations on the new models, and a draft ‘National Statement of Expectation’. We will continue to seek the views of experts on supported housing on a less formal basis and we believe your contribution would be very helpful should you wish to input into this. Our officials will provide more details on this at a later date.

It is our aim through making these changes to provide funding security to the sector, allowing them to make long term investment and therefore secure future supply. It will also ensure value for money for the taxpayer, and enable councils to have a stronger role in providing appropriately for their local areas. Most importantly, it will support positive outcomes for some of the most vulnerable people in this country, for whom this is ‘home’.

Thank you once again for your helpful report.

Yours sincerely,

MARCUS JONES    CAROLINE DINENAGE