



John Griffiths MS
Chair, Local Government and Housing Committee
Welsh Parliament
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18 November 2022

Dear John,

Following my appearance at Committee on 27 October where the Housing of Ukraine refugees was scrutinised, you requested some follow up information, which I am pleased to provide.

Firstly, you asked for figures on the number of Ukrainian refugees who have moved on from their initial accommodation, when information from the data platform is available. Our latest figures from the Ukraine Data Platform show that 698 Ukrainians allocated to initial accommodation are recorded as 'moved on'. Of these 508 have moved on within Wales, with a further 104 in other parts of the UK and 86 outside of the UK. We are actively working with all Local authorities and the Contact Centre to fully populate the data platform and this figure will increase over the coming weeks as more information about historical placements is added.

You asked for an update on the development and use of modular accommodation, including the cost per unit, and how they will be used in programmes to meet all housing needs.

Our Welsh Development Quality Requirement 2021 states:

“Modern Methods of Construction (MMC) is a preferred delivery solution. This includes various construction methods and technologies that can either replace traditional methods (e.g. using innovative technological or digital advancements), or complement them (e.g. producing components for hybrid construction that reduce resource required on-site and/or speed up assembly).”

This financial year the Transitional Accommodation Programme (TACP) is supporting 192 homes of modular construction. TACP grant funding of £16.5m is being made available to support this, with total costs £36m which equates to £187,500 per unit. Within the next 12 to 18 months a further 145 homes of modular construction will be

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completed. TACP grant funding of £12m is being provided to support this, with a total cost estimated at £22.6m, which equates to £156,479 per unit.

It should be noted that costs per unit vary depending on the size of the homes being provided (i.e. number of bedrooms), type of unit being provided and site conditions. MMC can be between 8-14% more expensive per unit than traditional build approaches. However, they deliver a high quality product that has lower carbon emissions, is cheaper to heat and can be provided more quickly. To meet future housing needs, we need to ensure that homes are of a high quality, innovative and sustainable.

You asked about the reduction in discretionary housing payments. Discretionary Housing payments (DHP) are administered by the Department for Work and Pensions (DWP) to local authorities in England and Wales. DHPs are used by local authorities to mitigate the impacts of other welfare reforms including helping people affected by the benefit cap, local housing allowance changes and the bedroom tax. These payments help prevent tenants from getting into rent arrears and at a time when people are facing a cost-of-living crisis and private rents are increasing, affordability becomes extremely difficult.

In 2022-23, DHP funding in England and Wales was reduced by approximately 27% compared to 2021-22 – in Wales, this equates to £6,349,254 in 2022-23 (compared to £8,684,917 in 2021-22). In August, the DWP announced an additional £2m payable across all English and Welsh local authorities. This additional in-year funding amounts to £109,977 across all Welsh local authorities. Taking into account the mid-year allocation, DHP funding in 2022-23 is 26% less than funding in 2021-22. This reduction followed an 18% reduction in 2021-22 funding compared to 2020-21. Furthermore, DHP funding in 2022-23 is the lowest amount Wales has received since the commencement of the UK welfare reform policy.

In 2021-22, the Welsh Government topped-up DHP funding by £4.1m to mitigate the reduction in recognition of the importance of this fund, particularly in the context of COVID and other household financial pressures. In 2022-23, the Welsh Government provided £6m to Local Authorities for a Discretionary Homelessness Prevention Fund. This fund bolsters LAs funding to provide immediate support to prevent and relieve homelessness for both those on benefits and those at risk on low incomes but not on benefits. This can cover preventative measures such as offering a rent guarantee, paying for rent arrears as part of a package of action to sustain a tenancy, as well as topping up the Discretionary Housing Payments (DHP) funding.

This approach will therefore provide a more flexible option than simply topping up the DHP funding alone as it will give discretion for LAs to target the funding appropriately subject to their own existing legal framework and rules.

Following your request to see a copy of the letter sent to the DWP on local housing allowances, I also attach a copy of this letter. I hope that you find this information useful.

Yours sincerely,

A handwritten signature in black ink that reads "Jane Hutt". The signature is written in a cursive style with a long horizontal stroke above the first letter of "Jane".

Jane Hutt AS/MS

Y Gweinidog Cyfiawnder Cymdeithasol
Minister for Social Justice

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/JJ/3066/22

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10 October 2022

Dear Chloe

As the cost-of-living crisis continues to worsen, we are writing to follow on my correspondence to your predecessor Rt. Hon Thérèse Coffey MP in January and April this year to call on you urgently to increase the Local Housing Allowance (LHA) rates for those living on welfare benefits.

The LHA determines how much assistance a low-income household living in the private rental sector can receive towards their rent through the benefits system and it has been frozen since 2020. The LHA is intended to cover the rent for 30% of houses in an area. However, the current LHA rates reflect the level of rents which existed in the private rental market for the period ending September 2019, which is now three years out of date and is patently significantly too low, making many properties unaffordable for those in receipt of housing-related benefits.

We are witnessing private rented sector rents rising at their fastest rate in over a decade in many areas, and a significant gap between people's rental costs and the LHA. To illustrate this, when comparing the current 30th percentile (as calculated by Rent Officers Wales) with current LHA rates, the difference on average for Wales is 8.99%. However, this masks significant regional variations, with Newport and Monmouth showing the greatest differences of 20.20% and 17.55% respectively. The differences between the LHA rate and current 30th percentile figures for some individual LHA categories are even greater, with 4-bedroom and 1-bedroom properties in Newport differing by 30% and 26% respectively.

This disparity is leaving many people having to try to find the additional rent from the money they have remaining or - if they are unable to do so, as many are - become homeless. Consequently, we would ask that you not only base benefits on the current rents levels, but that you also restore LHA rates to be payable at the 50th percentile, as was the case when LHAs were first introduced.

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Furthermore, the substantial reduction in Discretionary Housing Payments (DHP) funding to Welsh local authorities in this financial year is compounding the issue. The reduction amounts to approximately £2.3m (27%) compared to the previous financial year. Whilst a further £2 million was allocated across all local authorities in England and Wales in early August, this additional funding only amounts to 2% of the total DHP award and its impact will be limited.

DHPs were originally increased to help mitigate the impact of the UK Government's welfare reforms and to help tackle poverty for those households most affected by welfare benefit changes. On that premise, we had expected an increase in funding particularly in the light of the continuing LHA freeze and the financial pressures that families are experiencing caused by the current cost-of-living crisis.

We would therefore urge you to reconsider LHA rates and DHP funding and take the immediate steps needed to address these significant concerns.

We look forward to receiving your response.

Yours sincerely



Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Jane Hutt AS/MS
Y Gweinidog Cyfiawnder Cymdeithasol
Minister for Social Justice