Fourteenth Report of Session 2023-24

Department for Levelling Up, Housing and Communities, Home Office

Homes for Ukraine

Introduction from the Committee

The UK government launched the Homes for Ukraine scheme on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to sponsor and host Ukrainian nationals who are seeking refuge from the war. Individuals are granted three-year visas to stay in the UK, with full access to public services, benefits, and other support. By January 2024, 141,200 Ukrainians had come to stay in the UK.

The scheme is jointly run by the Department for Levelling Up, Housing & Communities (DLUHC) and the Home Office. The Home Office primarily leads on operational matters relating to the processing of visas and checks on the suitability of the sponsor. DLUHC leads on all aspects of the scheme from the point of arrival of Ukrainians into the UK, working closely with local authorities and devolved governments.

Just under 74,000 sponsors had applied to host Ukrainians under the scheme by September 2023 and DLUHC continues to provide funding for new arrivals, about 400 people a week. Any adult in the UK can act as a sponsor providing they pass eligibility checks conducted by the Home Office and local authorities. Sponsors must commit to hosting for a minimum of six months and can claim thank you payments from government worth £350 a month for the first year and then £500 a month for years two and three. The local authority where the sponsor is based receives a one-off tariff payment of £10,500 per arrival (reduced to £5,900 for all arrivals since 31 December 2022) to help with support and integration needs.

By the end of September 2023, the government had provided £2.1 billion in funding for the scheme. The government announced in the Autumn Statement in November 2023 that it will extend thank you payments for another year and provide a further £120 million funding to the devolved administrations and local authorities in England to invest in homelessness prevention.

Based on a report by the National Audit Office, the Committee took evidence on 23 November 2023 from the Department for Levelling Up, Housing and Communities and the Home Office. The Committee published its report on 23 February 2024. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Investigation into the Homes for Ukraine scheme – Session 2023-24 (HC 1863)
- PAC report: Homes for Ukraine – Session 2023-24 (HC 69)

Government response to the Committee

1. PAC conclusion: The lack of a government decision on whether to extend visas granted as part of the scheme is causing needless uncertainty for those Ukrainians who arrived in the UK first.

1. PAC recommendation: The Home Office and DLUHC should, as part of their Treasury Minute response, set out when they will make a decision about whether scheme visas will be extended and whether there will be options for permanent settlement. They should make these decisions well ahead of the first visas expiring in March 2025.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 To provide Ukrainians with future certainty, on 19 February 2024, the government announced that existing Ukraine scheme visa holders will be able to apply for further permission to remain in the UK for an additional 18 months under the Ukraine Permission Extension Scheme.

1.3 The Ukraine Permission Extension scheme will provide the same rights and entitlements to access work, benefits, healthcare and education that Ukrainians have benefited from under the existing schemes.

1.4 Applications will open from early 2025 for those who hold permission to remain under the three original Ukraine schemes: Homes for Ukraine, the Ukraine Family Scheme and the Ukraine Extension Scheme. Individuals will be able to apply within the last three months of their existing visa.

1.5 Further detail on eligibility and application processes will be made available before the scheme opens.

1.6 The Ukraine schemes are temporary visa routes offering sanctuary for those fleeing the Ukraine war and do not lead to settlement. This was a key principle of the schemes when they were established at the outbreak of the war in recognition that Ukraine will need its citizens, from around the world, to support its reconstruction efforts to recover and rebuild their economy and infrastructure.

2. PAC conclusion: We are concerned that the risk of homelessness among Ukrainians in the UK is likely to increase as more sponsorships end or break down.

2a. PAC recommendation: DLUHC should, as part of its Treasury Minute response, set out what action it will take to:

- ***increase the number of local authorities that regularly provide homelessness data returns;***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Department for Levelling Up, Housing and Communities (DLUHC) has already taken action to improve how many local authorities respond to data collection on Ukraine homelessness. The department has worked closely with local authorities to boost the response rate, identifying where submissions are missing, incomplete or of poor quality.

2.3 Local authorities are also sent multiple reminders to complete their returns and where appropriate, can request brief extensions for submission. The effectiveness of these efforts is reflected in the latest collection (February 2024), which received a 90% response rate, increasing from a 67% response rate in June 2023.

2.4 To maintain a high response, the department will continue to work closely with local authorities through the actions set out above. Where local authorities do not respond to a particular collection, the department imputes data on the number of homelessness duties owed from their last response to maintain an accurate picture of trends. Using this approach, the latest publication included data for the number of duties owed from 98% of local authorities.

2.5 Alongside collecting the management information, the department works closely with local authorities through the Homelessness Advice and Support Team, a team of experts seconded in from the homelessness sector, to understand local pressures.

2b. PAC recommendation: DLUHC should, as part of its Treasury Minute response, set out what action it will take to:

- ***secure an adequate supply of sponsors for the scheme in the future in a cost-effective way.***

2.6 The government agrees with the Committee's recommendation**.**

Recommendation implemented

2.7 DLUHC undertake a variety of actions to encourage new sponsors. This includes actions to encourage new hosts for rematching with guests who need to move out of their current sponsorship arrangement but are not ready to move into their own accommodation.

2.8 The Expression of Interest (EOI) portal which local authorities can access directly to identify potential sponsors in their area for a rematch has been designed to improve the sponsor pool and highlights to anyone interested in sponsoring that they can also match with a guest already in the UK.

2.9 Key communications moments, such as the Homes for Ukraine two-year anniversary are used to promote the scheme through social, media and stakeholder channels. Relevant policy announcements are also used as opportunities to garner support for the scheme and encourage more sponsors to come forward. For example, at the two-year anniversary of the launch of the scheme, the Secretary of State for Levelling Up thanked sponsors and encouraged more to sign up via a video on departmental social media channels.

2.10 Ongoing collaboration with Recognised Providers who match sponsors and guests, other voluntary community sector partners, and local authorities, allows effective targeting of communications through stakeholder channels, to aid the recruitment of sponsors and facilitate new and existing sponsors to host Ukrainians already in the UK through rematching.

2.11 Those accessing the EOI portal are also signposted to the recognised provider page for support in becoming a sponsor or a rematch host.

2.12 Councils receive flexible tariff funding for a range of interventions to support Ukrainian guests into long-term sustainable housing including through Private Rented Sector access schemes and rematching.

3. PAC conclusion: The Home Office's failure to meet its targets for processing visas is leaving some Ukrainians facing an unacceptably long wait for decisions to be made on their applications.

3a. PAC recommendation: The Home Office should, as part of its Treasury Minute response, set out what action it will take to meet its targets in future, and what plans it has in place to respond should there be a future surge in applications.

3b. PAC recommendation: The Home Office should publish quarterly updates on visa processing times for the remainder of the Scheme.

3.1 The government agrees with the Committee's recommendations.

Recommendation implemented

3.2 As part of 'normalising' the operational delivery of Homes for Ukraine, the Home Office has formally introduced a 15 working day customer service standard from February 2024 which will be published quarterly as part of the migration transparency data.

3.3 This information will be captured and recorded in line with existing processes on other visa routes and will include all non-complex applications, as well as any complex applications which can still be processed within 15 days.

3.4 To ensure targets on processing times can be met, the Home Office has used data on application volumes over the last few months to ensure there is sufficient resource in place to process new applications, whilst also resolving any outstanding complex applications as and when the relevant checks are complete.

3.5 Should there be a future surge in applications due to a change in circumstances in Ukraine, the Home Office will be able to urgently reprioritise the deployment of resource within the department's operational teams, as demonstrated in the early months of the war. This time, there are caseworkers available who have experience of Homes for Ukraine and the necessary processes and casework systems are already in place to enable an effective response to any increase in volumes.

4. PAC conclusion: DLUHC is making decisions about future funding of the scheme without a proper understanding of how effective funding has been in supporting those taking part in the scheme to date.

4a. PAC recommendation: DLUHC should, as part of its Treasury Minute response, explain:

- ***what evidence it used as the basis for its decision to continue funding thank you payments and the additional homelessness prevention funding announced at the autumn statement; and***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 DLUHC looked in detail at a range of evidence to understand the value for money case for thank you payments including the use of the Office for National Statistics (ONS) survey data to understand sponsor intentions, employment, earnings and homelessness data, arrivals data and estimates of likely demand for sponsorship to set out the fiscal benefits of the policy.

4.3 This analysis suggests that thank you payments are good value for money compared to the counterfactual of government support for alternative accommodation options/ homelessness support. It costs £6 to £8 per person per night to provide a Ukrainian sponsorship accommodation (based on monthly thank you payments of £350 per household in the first year, and £500 per household thereafter), which is much lower than the costs to accommodate households in temporary accommodation.

4.4 Sponsorship accommodation uses pre-existing supply (avoiding additional pressure on the housing market) and provides day-to-day support from sponsors with finding employment, education and accessing public services. The ONS survey results from July 2023 found that a higher proportion of adults on the Homes for Ukraine scheme were employed or self-employed in the UK (55%) compared with those on the Ukraine Family Scheme (not in sponsorship accommodation) (46%).

4.5 There is good evidence that homelessness prevention funding is good value for money and reduces the number of households that enter temporary accommodation. The impact evaluation of the Homelessness Prevention Trailblazers found a 13% reduction in acceptances for the homelessness main duty compared to non-trailblazer areas.

4.6 At Autumn Statement 2023, the government announced £120 million UK-wide funding to invest in homelessness prevention. This funding can be used to support all households at risk of homelessness, including Ukrainian households who can no longer remain in sponsorship for 2024-25. This followed the £150 million which was made available during 2023-24.

4b. PAC recommendation: DLUHC should, as part of its Treasury Minute response, explain:

- ***how it will ensure that is has a robust evidence base going forward so that any future funding is targeted towards the most effective interventions and where there is most need.***

4.7 The government agrees with the Committee's recommendation**.**

Recommendation implemented

4.8 A variety of sources are used to inform DLUHC's evidence base about how the scheme is progressing, and to inform future funding decisions.

4.9 DLUHC continues to work closely with voluntary community sector organisations, local authorities and others to monitor the needs of Ukrainian guests and this informs what and where the most effective interventions are. For example, targeting funding to those local authorities who had a higher number of Ukrainian guests arriving.

4.10 As part of the quarterly payments process, DLUHC requires local authorities to provide detail on how they are spending their tariff. This information improves our-understanding of how the scheme is operating in practice and inform future funding decisions.

4.11 As noted in the department's response to recommendation 2, DLUHC continues to take action to improve how many local authorities respond to data collection on Ukraine Homelessness.

4.12 DLUHC will continue to work with ONS and Home Office to collect survey information from both guests and hosts in order to build, maintain and monitor a robust evidence base.

5. PAC conclusion: The scheme was set up at speed and has helped 141,200 Ukrainians come to the UK, but DLUHC does not know fully what aspects of the scheme have or have not worked and whether overall the scheme has been value for money.

5. PAC recommendation: As part of its Treasury Minute response, DLUHC should set out what plans it has to evaluate the scheme, both while it is still ongoing and at the end of the scheme. These evaluations should include:

- ***how lessons learned from the scheme, and best practice examples, could be used for potential future resettlement schemes; and***
- ***a consideration of the overall value for money of the scheme.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

5.2 The department has committed to a continuous evolution approach, refining the scheme as lessons are learnt. It continues to monitor various data and evidence across the scheme to assess progress against key milestones and metrics (as set out in the NAO Report dated October 2023), reporting regularly to the Homes for Ukraine Programme Board. This includes, analysis of LA Foundry returns, homelessness statistics, ONS surveys and LA quarterly returns as part of the LA tariff and Thank You payment assurance process which has demonstrated effective use of the funding.

5.3 The department undertook an exercise to identify the emerging lessons of the sponsorship model to inform future refugee policy and preparation. It is also developing an emergency sponsorship playbook to equip future decision makers with the key considerations for establishing a similar scheme in future.

5.4 It will continue to collect and monitor this data and is currently exploring options for a further value for money evaluation of the scheme.

5.5 It is clear, however, that Homes for Ukraine was an effective value for money approach for accommodating high numbers of Ukrainians at speed. As stated above, DLUHC looked in detail at a range of evidence to understand the value for money case for thank you payments, this showed that thank you payments are good value for money compared to the counterfactual of government support for alternative accommodation options/ homelessness support. It costs £6 to £8 per person per night to provide a Ukrainian sponsorship accommodation (based on monthly thank you payments of £350 per household in the first year, and £500 per household thereafter), which is much lower than the costs to accommodate households in hotels or temporary accommodation and lower than housing benefit costs to support private rental option.

6. PAC conclusion: DLUHC has not yet assessed what it will do when its current contract with Palantir to provide the scheme's main data system ends in September 2024.

6. PAC recommendation: DLUHC should, as part of its Treasury Minute response, set out its assessment of its commercial options once the current Palantir contract expires. If this includes extending the contract with Palantir, DLUHC should explain how this is justified under current procurement regulations. In particular, how such a decision would be consistent with the Government Chief Commercial Officer's concerns about departments accepting IT companies' offers to provide free trial periods to gain a commercial foothold.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: September 2024

6.2 Under the terms of the Palantir contract, the service may run for up to 3 years. This means that the contract can, subject to agreement of both parties, be extended until September 2025.

6.3 DLUHC is undertaking work to review the options available to the department ahead of the expiry of the current Palantir contract in September 2024, including the potential to renew the contract for a final year. As this is commercially sensitive information, the department is unable to provide any further information at this time.

6.4 The Government Chief Commercial Officer's (GCCO) concerns alluded to by the Committee did not specifically relate to Homes for Ukraine which fell within the 'exceptional circumstances' cited by GCCO, including the need for urgency and a robust data platform to be established at pace.