



Ministry of Housing,  
Communities &  
Local Government

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Dear Colleague

### **Swale Borough Council – Confirmation of Funding for Homelessness & Rough Sleeping 2025/26**

I would like to thank you for your ongoing work to tackle homelessness and rough sleeping. I am writing to confirm the final direct allocations across all homelessness and rough sleeping grants in financial year 2025/26. I hope that informing you of all new programme allocations concurrently will allow for greater transparency and join up in the planning of your homelessness and rough sleeping services.

As announced in the Autumn Budget, funding for homelessness services is increasing next year by £233 million compared to this year (2024/25). This brings the total spend on homelessness and rough sleeping to nearly £1 billion in 2025/26. This increase in funding will help to prevent rises in the number of families in temporary accommodation and help to prevent rough sleeping. This is a crucial step towards getting the country back on track to ending homelessness.

The Deputy Prime Minister is driving work across government to develop a new homelessness strategy, working with mayors and councils. We will finalise the strategy following the conclusion of Phase 2 of the Government's Spending Review next year. As part of this process, we will continue to review how we are working with and providing funding to local authorities to give you the freedom and flexibility needed to tackle homelessness and rough sleeping in your local area.

I am pleased to be able to confirm that for 2025/26 **you have been allocated a total of £2,071,390.00** across Homelessness and Rough Sleeping grant funding programmes. This funding is in addition to any funding you may have already been notified of, where applicable.

We have included **further information for each grant funding programme in Annex A**, and a **breakdown of your 2025/26 allocations is also included in Annex B**. For rough sleeping grants, we have changed how we have previously awarded funding, moving away from extensive bidding processes and to a direct award for 2025/26. We have also consolidated what were formerly the Rough Sleeping Initiative, and the Accommodation for Ex Offenders grants into a single 2025/26 Rough Sleeping Prevention and Recovery Grant.

I encourage you to begin engaging with your MHCLG Rough Sleeping and Homelessness Advice and Support Team advisers, to review your approach to service provision for next year and to begin refreshing your local delivery plan. We will be hosting a series of webinars early in the New Year to provide more information on the 2025/26 funding outlined in this letter. Invitations for these sessions will be sent out in due course.

**Below, I have set out the some of the priority impacts to achieve from the Homelessness Prevention Grant and Rough Sleeping funding and I ask that you design your services to focus on achieving these outcomes:**

- **Services are designed to meet local need across family and single homelessness and rough sleeping.** This includes provision targeted at people at highest risk of repeat and enduring homelessness, such as people leaving institutions and care, and the most vulnerable families.
- **Deliver a high-quality service that is accessible to all**, delivering provision that includes face to face engagement for all, and is designed to meet needs of those with additional access or support needs in mind.
- **Homelessness and rough sleeping are prevented**, increasing prevention activities that result in fewer placements in temporary accommodation and fewer people sleeping rough for the first time before accessing services.
- **Homelessness and rough sleeping are brief**, delivering a reduction in:
  - the number of families in unsuitable temporary accommodation and B&B.
  - long stays in temporary accommodation without plans to move on.
  - the number of people sleeping rough in the long-term.
- **Returns to homelessness and rough sleeping are minimalised** through delivering sustainable accommodation and support solutions.

You should consider how you might increase collaborative working practices across your broader networks, including the voluntary sector, health services, criminal justice services, housing sectors, faith groups and wider community networks to secure further support to deliver on the target outcomes of this funding. This also includes social and private housing providers who are integral to preventing homelessness and rough sleeping.

In areas with a Changing Futures programme we encourage you to ensure your services are integrated in relation to supporting individuals experiencing multiple disadvantage, with clear referral pathways and collaborative working. MHCLG has written separately to Changing Futures area leads to confirm area allocations for 25/26 to enable continuation of the programme.

All MHCLG funding for homelessness and rough sleeping is subject to the grant conditions as specified in the grant type for each programme, set out in Annex B. Full details of grant conditions will be provided in the respective grant determination letters sent to you alongside grant payments or as agreed in your commissioning letter.

This funding has been publicly announced on 18<sup>th</sup> December 2024 and therefore I ask that you commence the necessary steps to mobilise your funded services upon receipt of this letter. Please do speak to your Homelessness Advice and Support Team and Rough Sleeping advisers if you have any queries or would like further advice.

Thank you again for your commitment and ongoing work to help us tackle all forms of homelessness.

Yours Sincerely



RUSHANARA ALI MP

Parliamentary Under-Secretary of State for Homelessness and Democracy

## Annex A: Further Information on Homelessness and Rough Sleeping Grant Funding Programmes

### Homelessness Prevention Grant (HPG)

Today we have announced the allocation of £633.24 million in funding through the Homelessness Prevention Grant that will be made available to local authorities in 2025/26 to support you to deliver services to prevent and respond to homelessness.

We are rolling over cash allocations from 2024/25 to all local authorities (£440.36 million in total). This includes £331.3 million core funding, alongside £109.1 million which was provided as a top up to account for homelessness pressures, including those from Ukraine households. This means all local authorities will receive at least the same amount of funding in 2025/26 as they did in 2024/25.

We will allocate an uplift of £192.88 million using the existing Homelessness Prevention Grant formula, with an adjustment to the distribution to account for council tax raising ability. We recognise that different places have different abilities to raise local council tax income. In response, we have made an adjustment to offset these differences so that areas less able to raise council tax income receive a greater share of the grant, known as equalisation. This means that local authorities that have lower tax raising abilities receive a proportionately higher share of the uplift than they would have otherwise. This is consistent with the approach being taken for the Social Care Grant and Children's Social Care Prevention Grant where additional funding was secured at Budget and is a first step to reforming the allocation of local government funding to reflect relative needs and resources, ahead of larger scale reform from 2026/27.

The Homelessness Prevention Grant will be ringfenced to ensure local authorities can focus on preventing homelessness as well as funding the provision of temporary accommodation, and to continue to embed the changes required through implementation of the Homelessness Reduction Act 2017.

For 2025/26, we will introduce a **new ringfence** within the Homelessness Prevention Grant, to maintain prevention activities during this period. This will mean that 49% of your funding allocation must be spent on prevention, relief and staffing activity. The 49% within this ringfence may not be spent on temporary accommodation. This proportion is based on spend declarations submitted in 2023/24, which showed that an average of 49% of total Homelessness Prevention Grant funding was spent across these three activities. We have published a regional analysis of spend declarations on gov.uk alongside the allocations.

The purpose of the Homelessness Prevention Grant is to give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness. We expect local authorities to use it to deliver the following priorities:

- Embed the Homelessness Reduction Act by increasing activity to prevent single homelessness and rough sleeping.
- Reduce the number of families in unsuitable temporary accommodation by maximising family homelessness prevention.
- Reduce the use of bed and breakfast accommodation for families and eliminate family B&B placements beyond the statutory six-week limit.

We will maintain the existing grant conditions, which are:

- A requirement to provide a spend declaration stating how much Homelessness Prevention Grant funding was spent across 'temporary accommodation', 'staffing', 'prevention and relief' and 'other'.
- A requirement to submit accurate Homelessness Case Level Information Collection (H-CLIC) data, including full data on temporary accommodation numbers, with the department retaining the

right to claw back up to 10% of funding where this condition has not been met without good cause.

- A requirement to produce and agree a B&B elimination plan with your HAST Adviser at any time during the funding period should they have five or more families in B&B accommodation for longer than six weeks, where requested to do so.

Funding for 2025/26 will be provided in April 2025.

### **Rough Sleeping and Targeted Single Homelessness Grants**

We have also announced the allocation of £283.2 million in funding for three of our Rough Sleeping grants that will be made available to local authorities in 2025/26. Further information for each specific rough sleeping grant is included below.

We have changed how we have awarded funding to tackle rough sleeping, moving away from bidding processes to a direct award approach. The direct allocation of funding for 2025/26, reflects the transitional period ahead of the multi-year spending review and homelessness strategy from 2026/27, where we are developing our long-term approach to tackling homelessness and rough sleeping. The funding allocations for rough sleeping in 2025/26 are largely a continuation of funding totals and existing distribution structures. We hope this funding will support the continuation of established critical services, whilst allowing you the flexibility to review where changes to delivery and services could have a greater impact in your area.

The rough sleeping grants will remain ring-fenced for 2025/26 to protect funding for rough sleeping services, and we encourage LAs to prioritise delivery on prevention and targeting interventions appropriately depending on need, including focusing on support to long term and repeat rough sleepers.

Recipients of funding must continue to complete MI data returns on Delta, provided by MHCLG at monthly intervals. The data must be submitted by a date to be specified by MHCLG and must include emergency accommodation and rough sleeping management information.

I recognise the difficult fiscal position local authorities currently face, and we encourage you to work closely with your MHCLG Advisers to review your current delivery plans and determine what interventions need to continue, stop or start to be able to deliver services in line with the national priorities set out in this funding letter.

### **Rough Sleeping Prevention and Recovery Grant**

We are considering how best to provide grant funding to enable greater flexibility to local authorities to deliver effective interventions determined by local knowledge of need, plus reduce where possible the administrative burdens of grant management. As a first step towards this, for 2025/26 we are replacing the 2022-25 **Rough Sleeping Initiative** grant, and the **Accommodation for Ex Offenders** grant with a single 2025/26 **Rough Sleeping Prevention and Recovery Grant**.

The purpose of the Rough Sleeping Prevention and Recovery Grant is to enable local authorities to continue vital rough sleeping services, to support individuals sleeping rough, at risk of sleeping rough, or at risk of returning to rough sleeping. It provides local authorities the flexibility to determine the most effective services, driven by local need, to be delivered in line with the national priority impacts set out in this letter.

Your total funding amount is formed of up to two parts:

1. An amount representative of your 2024/25 Rough Sleeping Initiative (RSI) allocations. This includes original RSI allocations awarded in May 2022 and any Targeted Funding allocations awarded in June 2023, or Target Priority Group funding awarded in August 2023. Any other ad hoc top-ups received in 2024/25 are also included.

2. For those areas who received funding through the Accommodation for Ex-Offenders programme 2023-25, you will receive an average of your 23/24 and 24/25 allocation. The average across the 2023-2025 programme has been used to ensure that all schemes have funding to continue supporting individuals leaving prison, either into private rented sector accommodation or towards another sustainable outcome.

The grant will be ring-fenced to protect spending for rough sleeping services and prevention activities, such as support for prison leavers.

Allocations are confirmed in Annex B and the funding will be paid to the grant recipients, as established in 2022-25 payment structures, to allow existing commissioning arrangements within local authorities to continue. Allocations that are distributed to joint funding structures based on awards in 2022-25 will continue into 2025/26 within the existing payment structure. Where funding is allocated across multiple authorities, we expect joint delivery and collaboration to continue. If you have any concerns or administrative queries regarding this, please contact your adviser in the first instance.

Although allocations are based on 2024/25 funding, the individual ringfence for specific service lines no longer applies and LAs should work with their Advisers to understand what changes could be made to improve delivery towards the expected impacts outlined above.

Funding for the Rough Sleeping Prevention and Recovery Grant will be paid in Spring 2025 in a single tranche as a Section 31 ring-fenced payment. You will be required to complete at least one light touch mid-year delivery report and an end of year declaration form to confirm the spend of this grant. The end of year declaration will be issued to you in March 2026 and will require sign-off by your S151 officer or equivalent by the 10<sup>th</sup> April 2026. Your grant determination letter, to be sent to you alongside your grant payment, will provide a full breakdown of the programme management and reporting requirements.

### **Rough Sleeping Accommodation Programme**

We have allocated revenue funding of up to £37.65 million across the Rough Sleeping Accommodation Programme (RSAP) which provides ongoing support costs (at the same level as 2024/25) to keep delivered capital (CDEL) units viable and available for rough sleepers in 2025/26.

This grant will continue to be ring-fenced for the sole purpose of providing support to people who are recovering from rough sleeping in accordance with the Programme's [guidance](#). Funding allocations are at Annex B and will be paid to the existing recipient (i.e. if your delivery partner currently receives revenue funding directly from Homes England via section 19 payment, or if you receive this revenue funding directly via section 31 payment, this arrangement will continue in 2025/26). **It is your responsibility to confirm your allocation with Registered Providers and/or other partners as applicable.**

Schemes with outstanding completions will still be expected to complete a quarterly DELTA delivery return (if paid via section 31) or complete delivery updates on Homes England's IMS system (if paid by section 19).

Funding for 2025/26 for completed schemes who are paid via section 31 will be paid in Spring 2025 in a single tranche payment. Homes England will confirm payment structure for section 19 payments during their contracting process. GLA will do the same for London boroughs. You will be required to complete an end of year declaration form will be issued to you in March 2026 requiring sign-off by your S151 officer or equivalent and returned by 10th April 2026.

### **Rough Sleeping Drug and Alcohol Treatment Grant**

We are committing £58.7 million to the Rough Sleeping Drug and Alcohol Treatment Grant (RSDATG) for local authorities for 2025/26. This includes a £5 million contribution from the Office for Health

Improvement and Disparities (OHID) within the Department for Health and Social Care (DHSC). This funding will continue to fund specialist drug and alcohol treatment and support services in the 83 RSDATG local authorities (LAs) and 4 pan-London projects that support individuals who are sleeping rough or at risk of sleeping rough.

As in previous years, the purpose of the funding is to:

- Improve substance misuse outcomes and recovery for people experiencing or at risk of rough sleeping
- Reduce the numbers of people sleeping rough as a result of substance misuse
- Reduce the number of deaths of people sleeping rough or experiencing homelessness from drug and alcohol poisoning.

OHID will work with LAs on their plans to manage continued delivery of services against these objectives with the allocations set out below, which are slightly reduced proportionately across areas from allocations in 24/25.

As in previous years, MHCLG will provide the funding to OHID, which will then distribute the grant funding to local authorities under section 31 of the Local Government Act, in line with agreed allocations. In 2025/26, the funding will be provided to RSDATG LAs as part of a consolidated substance misuse grant, in line with government policy to simplify funding allocations. The expectation is that the funding continues to be allocated to RSDATG services.

Substance misuse commissioners will receive separate notification of allocations from OHID.

### **Single Homelessness Accommodation Programme (SHAP)**

Where you or your partners have existing Single Homelessness Accommodation Programme (SHAP) funding, arrangements remain unchanged.

### **Future Plans: Consultation on Funding from 2026/27**

MHCLG have been developing proposals for how HPG will be allocated from 2026/27. Whilst the timing of the General Election has meant it has not been possible to complete a review of the formula ready for financial year 2025/26, the department is planning to launch a formal consultation early in 2025 on a new needs formula to be used from 2026/27 allocations. This timeline will allow for more extensive consultation with LAs, with sufficient time to analyse and respond to views. It will also allow us to align engagement with wider discussions on the Local Government finance landscape and develop our long-term approach to tackling homelessness and rough sleeping via the homelessness strategy work. Please speak to your MHCLG advisers for further information on our plans for 2026/27 including launching a formal consultation.

## Annex B: Breakdown of Allocations Across Programmes

### Revenue Funding

Programme	Swale Borough Council £ 25/26	Comments
Homelessness Prevention Grant 2025/26	£1,346,129.00	
Rough Sleeping Prevention and Recovery Grant 2025/26	£705,650.00	<p>Your local authority also benefit from the Rough Sleeping Prevention and Recovery Grant in 2025/26 paid to Canterbury City Council. Canterbury will be paid £911,120.00 and this is paid on the condition that current arrangements to spend funding across the joint-award area from the Accommodation for Ex Offenders 2021-25 programme will continue. If you have any concerns or administrative queries regarding this, please contact your adviser in the first instance.</p> <p><i>For reference only, previous RSI 24/25 allocation: £705,650.00</i></p> <p><i>For reference only, calculated average of previous AfEO 2023-25 allocation: £0.00</i></p>
Rough Sleeping Accommodation Programme 2025/26	£19,611.00	Some or all of your Rough Sleeping Accommodation Programme 2025/26 funding goes direct to provider via Homes England s.19 payment
Rough Sleeping Drug and Alcohol Treatment Grant 2025/26	£0.00	
<b>TOTAL</b>	<b>£2,071,390.00</b>	

