

Seventy-seventh Report of Session 2022-23

Department for Levelling Up, Housing and Communities

Supported Housing

Introduction from the Committee

Supported housing in England provides much needed accommodation and support, supervision and care to vulnerable people who often have complex and multiple needs, to help them live as independently as possible in the community. Residents tend to include people at risk of, or who have experienced, homelessness, people with a learning or physical disability, or people recovering from drug or alcohol dependence. Responsibilities are spread across central and local government:

- the Department for Work and Pensions (DWP) reimburses local authorities for paying Housing Benefit claims and sets Housing Benefit policy;
- the Department for Levelling Up, Housing and Communities (DLUHC) is responsible for the supply and quality of supported housing;
- the Department of Health and Social Care (DHSC) develops policies that aim to give more people the choice to live independently and healthily in their own homes for longer; and
- local authorities are responsible for managing Housing Benefit claims and inspecting supported housing.

Gaps in oversight and regulation of supported housing allow some landlords to make large profits while providing poor quality accommodation and support. Demand for supported housing is largely unknown, and the Government is not expected to meet its original target for building 15,700 to 16,500 new supported housing units as part of the Affordable Home Programme. Housing Benefit can leave local authorities short-changed and allow for an unknown amount of fraud in the sector. The Supported Housing (Regulatory Oversight) Act 2023 contains measures to improve supported housing. The Act focuses on exempt accommodation (mostly short-term supported housing that is exempt from locally set Housing Benefit caps), rather than supported housing more broadly.

Based on a report by the National Audit Office, the Committee took evidence on Wednesday 21 June 2023 from the Department for Levelling Up, Housing and Communities and the Department for Work and Pensions. The Committee published its report on 10 November 2023. This is the Government's response to the Committee's report.

Relevant reports

- NAO report: [Investigation into supported housing](#) – Session 2022-23 (HC 1318)
- PAC report: [Supported Housing](#) – Session 2022-23 (HC 1330)

Government response to the Committee

1. PAC conclusion: Demand for supported housing outstrips supply so vulnerable people do not always get the homes or support that they need.

1. PAC recommendation: Within six months of publishing the new snapshot of data on supporting housing, DLUHC should write to the Committee setting out how central government is maximising efforts to get supply of supported housing to meet demand, for example, through the Affordable Homes Programme.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2024

1.2 The Department for Levelling Up, Housing and Communities (DLUHC) has commissioned research to provide an up-to-date assessment of the supply and demand of supported housing across Great Britain which is due to be published in early 2024.

1.3 DLUHC will respond to the Committee within six months of publishing the new research setting out how it is maximising efforts to increase the supply of supported housing.

2. PAC conclusion: Exempt accommodation—an expanding sub-sector of short-term supported housing that can be of poor quality—has little regulation or oversight so leaving vulnerable people unprotected from unscrupulous providers.

2. PAC recommendation: Alongside its Treasury Minute response, DLUHC should write to the Committee outlining progress with its consultation with local authorities and set out its early thinking on how it intends to support them to implement the Act effectively, improve short-term supported housing and protect vulnerable residents.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2023

2.2 DLUHC will publish a consultation in early 2024 on the detailed design of the measures set out in the Supported Housing (Regulatory Oversight) Act 2023 (the Act). It is extremely important to hear from local authorities who will be implementing these measures, including locally led licensing schemes for supported housing and overseeing the enforcement of new National Supported Housing Standards. The government is mindful of any unintended consequences on vulnerable residents.

2.3 DLUHC will support local authorities in implementing measures in the Act including through new burdens funding. A new burdens assessment will be undertaken following the consultation.

2.4 DLUHC will also publish guidance alongside the National Supported Housing Standards and the licensing regime regulations to support local authorities in implementing these reforms and to ensure consistency.

2.5 DLUHC has written separately to the Committee in response to this recommendation.

3. PAC conclusion: DLUHC and DWP cannot assess and therefore resolve the problems with supported housing as they have no reliable data about the sector.

3. PAC recommendation: In the Treasury Minute response to this report, DLUHC and DWP should summarise what they are currently doing, along with plans for future work, to radically improve and keep up to date, their data on demand, supply, and costs of supported housing while minimising the burden on local authorities.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

3.2 The government recognises that data is limited, and that better quality data would support evidence-based decision making.

3.3 DLUHC has commissioned research to provide an up-to-date assessment of the sector, which is due to be published in early 2024. Following this, a second research project will set out the benefits and outcomes delivered by supported housing.

3.4 In 2022, the Department for Work and Pensions (DWP) made investments to deliver improvements to local authority (LA) IT systems, to accurately record all new Housing Benefit claims. This has substantially improved data quality for new claims. DWP has contacted LAs with lists of incorrectly recorded new claims for them to make necessary changes.

3.5 DWP has also taken action to improve data on existing claims. LAs have been awarded £4.79 million in additional New Burdens funding to review their Housing Benefit caseload and set the supported housing status accurately. This review is to be completed by 31 March 2024. DWP is monitoring administrative data to identify LAs' progress with the case review and will continue to do so until March 2024.

3.6 From April 2024, these changes will ensure DWP has robust data enabling it to quantify the scale and cost of specified accommodation. DWP will continue to monitor new Housing Benefit claims to ensure that data quality is maintained.

3.7 The Act places new duties on local housing authorities to produce supported housing strategic plans and introduces a licensing regime. These measures will allow DLUHC to capture information on the supply and demand of supported housing and provide a better understanding of the sector. Details will be consulted on in early 2024 and DLUHC will also carry out a New Burdens assessment.

4. PAC conclusion: The Supported Housing (Regulatory Oversight) Act 2023 gives local authorities more powers over providers of supported housing but there is a risk of unintended consequences, including discouraging good quality providers.

4. PAC recommendation: DLUHC should assess how local authorities can set up licensing schemes with appropriate levels of fees that will deter poor providers and encourage good quality supported housing.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2024

4.2 The Act makes provision for licensing Regulations to require or permit the licensing authority to charge fees covering the cost of performing the authority's functions, as set out in the Regulations. The government recognises that providing supported housing is a low-margin activity for many good providers, so any additional costs must be balanced against the impact on new and existing schemes.

4.3 DLUHC will take a proportionate approach to these reforms to protect good quality supported housing. DLUHC must ensure the measures work as intended so that all supported housing is of good quality and that LAs are able to effectively enforce against poor quality provision.

4.4 A consultation on the measures contained in the Act will be published in early 2024. This consultation will ask for views on the proposed design of the licensing regime and all responses will be analysed carefully.

4.5 Impact assessments will be published alongside the regulations for the licensing regime. These regulations will be drafted and consulted upon after the first consultation responses have been analysed. The level of any fees will be considered as part of that impact assessment.

5. PAC conclusion: Local authorities have limited capacity to deal with fraud in Housing Benefit claims for supported housing.

5. PAC recommendation: Within six months, DWP should inform the Committee about how it intends to identify the level of fraud in Housing Benefit for supported housing and how it will better support local authorities, including funding, to tackle this fraud.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2024

5.2 DWP understands the importance of tackling fraud and error across all benefits. However, Housing Benefit fraud, for example, benefit fraud (from undeclared income, changes in circumstance, or falsified information) needs to be distinguished from unscrupulous provider behaviour as described in the Committee's report. The former is what DWP will act upon in this recommendation, the latter is covered under responses to recommendations 1 to 4 above.

5.3 DWP already provides LAs with funding to tackle Housing Benefit fraud and error in the main areas of loss, the top area being earnings and employment. DWP has two key initiatives in this regard; Housing Benefit Award Accuracy (HBAA) and Verify Earnings and Pensions (VEP). These initiatives provide LAs with funds to carry out full case reviews and action referrals from data matching against DWP's benefits, tax credits and claimants' earnings information.

5.4 By July 2024 DWP will:

- look to understand the total supported housing volumes in the Housing Benefit (HB) caseload following completion in March 2024 of the LA review exercise. This will help DWP to identify the supported housing HB claims for potential fraud and error activities;
- DWP's Performance Measurement Team (the experts who sample benefit claims to check for levels of fraud and error) have just begun its next programme of sampling for Housing Benefit cases that are passported from Universal Credit – i.e. Supported and Temporary cases, to feed into the May 2025 MVFE (Monetary Value of Fraud and Error) publication. DWP will be looking at the early Management Information (MI) from this sample, as the team works through it from November 2023 to October 2024, to see if it provides an indication of specific fraud and error types not currently addressed through its existing Housing Benefit fraud and error initiatives;
- further develop plans to support LAs in making quality Housing Benefit fraud referrals for DWP to investigate; and
- look at cases LAs have carried out under DWP's key fraud and error initiatives to understand how effective they are on tackling fraud and error in supported housing HB claims.

5.5 All this will then determine what actions may be required to further support LAs, including consideration of how DWP will allocate existing funding provided to LAs in tackling fraud and error in the future.

6. PAC conclusion: Some local authorities face increasing gaps in their budgets because of the way DWP Housing Benefit regulations work.

6. PAC recommendation: As part of the consultation with local authorities on the Supported Housing (Regulatory Oversight) Act 2023, DWP should consider how to reduce subsidy loss, and then implement solutions.

6.1 The government disagrees with the Committee's recommendation.

6.2 DWP agrees that it should consider feedback from LAs on subsidy loss. As subsidy is not part of the scope of the Act there is no plan to ask an explicit question as part of the consultation, but DWP fully expect that some stakeholders will raise this issue in their responses, and it has previously received representations from LAs on this issue.

6.3 This is a complex area with a range of contributing factors many of which are not within DWP's control. DWP anticipate the Act may address some of the contributing factors and this will be monitored closely as part of the department's continual review. The Housing Benefit subsidy rules and how these are administered are reflected in the Income-related Benefits (Subsidy to Authorities) Order 1998.