



National Audit Office



REPORT

Investigation into supported housing

Department for Levelling Up, Housing & Communities,
Department for Work & Pensions

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What this investigation is about

1 Supported housing is accommodation that is provided alongside support, supervision or care to help people with specific needs to live as independently as possible in the community. This includes, for example, older people, people with a learning disability, people with a physical disability, people at risk of or who have experienced homelessness, or people recovering from drug or alcohol dependence. Supported housing can be short term or long-term, depending on a person's needs. There are no good data on the numbers of units of and people living in supported housing. However, a government review in 2016 estimated that in 2015 there were 651,000 supported homes (a room or bedspace in shared supported housing or a self-contained home) in Great Britain (85% of which are in England). The review estimated that the government spent around £3.5 billion in England per year on the accommodation element of supported housing through Housing Benefit.

2 The Department for Work & Pensions (DWP) reimburses local authorities for paying Housing Benefit claims and sets Housing Benefit policy. The Department for Levelling Up, Housing & Communities (DLUHC) is responsible for the supply and quality of supported housing. The Department of Health & Social Care (DHSC) develops policies that aim to give more people the choice to live independently and healthily in their own homes for longer. Other government organisations also have a role with certain groups of people, for example, the Department for Education for young people leaving the care system. Local authorities are responsible for managing Housing Benefit claims and inspecting supported housing.

3 There has been considerable criticism of some supported housing, in particular, short-term supported housing. Some types of supported housing are exempt from locally set caps on Housing Benefit which means providers can charge high rents. This type of exempt accommodation was the subject of an inquiry in 2022 by the Committee for Levelling up, Housing & Communities (the Committee). The Committee concluded that some residents' experiences of exempt accommodation were 'beyond disgraceful'. The Committee also noted the lack of regulation and governance of providers, and 'the exploitation of the system by people seeking to make profit from it'.

4 This investigation sets out the facts on how the supported housing system in England works and government oversight of the sector. It outlines:

- the types of supported housing;
- central and local government spending on supported housing;
- the numbers of people living in supported housing;
- the central and local oversight;
- the regulation; and
- the government's current and proposed actions to improve supported housing.

5 This investigation was prepared in response to correspondence from members of Parliament raising concerns about short-term supported housing. It does not examine in detail central government's efforts to increase the supply of supported housing or look at the quality of care provided in supported housing. This report does not seek to examine and report on the value for money of supported housing or make any recommendations.

Summary

Key findings

Types of supported housing

6 There are multiple definitions of supported housing, which are used interchangeably. There is a general understanding that more than minimal care, support or supervision must be provided, in addition to housing. A local authority assesses if care, support or supervision is more than minimal but there are no specified national standards. Where other definitions exist, some are based on the people who live there, and others are based on Housing Benefit regulations. In practice, definitions are often used interchangeably. In particular, the term 'supported housing' is often used for a specific subset of supported housing known as 'exempt accommodation' and vice versa. The Department for Levelling Up, Housing & Communities (DLUHC) uses three categories of supported housing: transitional or short-term (for example, hostels); specialised supported housing (long-term housing designed for people who need a high level of care); and sheltered housing and sheltered extra care (long-term housing mainly for older people with minimal or extra care needs) (paragraph 1.4 and Figure 1).

7 Some types of supported housing are exempt from locally set caps on Housing Benefit. The Department for Work & Pensions (DWP) uses the term 'specified accommodation' to describe supported housing that is paid for with Housing Benefit rather than Universal Credit. The main type of specified accommodation is 'exempt' accommodation which is exempt from locally set caps on Housing Benefit (paragraph 1.5).

Oversight and regulation of supported housing

8 Responsibilities for supported housing are spread across central government.

No one organisation is fully responsible for overseeing and coordinating the supply, quality, and funding of supported housing. DWP is responsible for Housing Benefit and sets Housing Benefit policy. DLUHC is responsible for the supply and quality of supported housing. Local authorities manage Housing Benefit claims and inspect supported housing. The Department of Health & Social Care (DHSC) develops policies that aim to give more people the choice to live independently and healthily in their own homes for longer. Other government organisations also have a role with certain groups of people, for example, the Department for Education for young people leaving the care system. DLUHC, with DWP and DHSC, has created the Supported Housing Programme Board to help coordinate the work of DLUHC, DWP and DHSC to improve the supply, quality and value for money of supported housing (paragraph 2.3 and Figure 3).

9 Local authorities can inspect properties and challenge the housing costs claimed but may lack the resources for this oversight.

Local authorities have powers to inspect all rented homes to check for hazards, using the housing health and safety rating system. They can also use inspections to understand the quality of accommodation and support provided. They assess Housing Benefit claims to see if the support is more than minimal. However, some local authorities have told DLUHC that their limited resources constrain the number of inspections they can do. They have also reported that they are sometimes reluctant to challenge Housing Benefit claims because of the time and cost of legal proceedings, and of the potential negative impact on the person whose claim they are challenging (paragraph 2.4).

10 There are gaps in regulation and some providers of supported housing have less scrutiny.

The Regulator of Social Housing is responsible for regulating providers of social housing registered with it. Its remit only covers the providers' homes that are social housing. Not all providers are required to register with the Regulator of Social Housing, however, registration is mandatory for local authorities providing social housing. The Regulator of Social Housing reported in 2021-22 that 509,406 units of supported housing were classed as social housing, around 12% of all registered social housing in England. Other regulators cover some elements of other providers of supported housing. For example, the Charity Commission regulates charities, but it does not inspect the quality of supported housing. The Care Quality Commission does not inspect the quality of the accommodation and focuses on personal care. The Regulator of Community Interest Companies is 'light touch' and mainly focuses on whether registered members meet the criteria for community interest companies (paragraphs 2.7 to 2.9 and Figure 4).

Short-term exempt accommodation

11 There are well known concerns with the quality and value for money of some short-term exempt accommodation. Exempt accommodation can provide much-needed homes and support including for people recovering from drug or alcohol dependence; at risk of or transitioning to or from homelessness; or on release from the criminal justice system. However, some areas, such as Birmingham, have seen increasing numbers of landlords who circumvent the regulations, enabling them to profit by providing costly sub-standard housing with little or no support, supervision or care. Hull City Council reported to the Committee for Levelling Up, Housing & Communities (the Committee) that in the 345 supported housing units it inspected between April 2019 and January 2022, it found 323 hazards classed as a serious and immediate risk to a person's health and safety. The Committee reported hearing of "people with a history of substance misuse being housed with drug dealers, and of survivors of domestic abuse being housed with perpetrators of such abuse". Poor-quality exempt accommodation can have a negative impact on the resident's quality of life and may not give vulnerable people the environment and support that they need (paragraphs 2.2, 2.10 to 2.12).

12 There is a lack of data on exempt accommodation which makes it difficult to assess the scale of the problem. The homelessness charity Crisis estimated that in May 2021 there were 153,701 households in Great Britain in exempt accommodation; a 62% increase from 2016 to 2021.¹ However, the lack of national central government data means we have been unable to validate this figure (paragraph 2.13).

Demand for and supply of supported housing

13 DLUHC does not expect to meet its targets for building new supported homes. DLUHC and DHSC provide capital funding to housing providers to increase the supply of new supported housing. DHSC runs the Care and Support Specialised Housing Fund, which has £51 million of funding for 2022-23 and £71 million of funding for 2023-24 and 2024-25. Our report on the DLUHC-run Affordable Homes Programme found mixed progress in delivering new supported housing. As at March 2022, the 2015 and 2016 iterations of the programme had provided around 12,000 new supported homes outside London (there were no targets set). However, as at May 2022, DLUHC did not expect to meet its targets of 15,700 to 16,500 new supported housing units under the 2021 iteration of the programme. In England, Homes England had allocated funding for 8,471 new supported homes against a target of between 12,200 and 13,000. The Greater London Authority had allocated funding for 325 new supported homes in London, against a target of 3,500. DLUHC does not currently know or routinely try to estimate the demand for supported housing (paragraphs 2.14 and 2.16).

¹ This figure is taken from data supplied to Crisis by DWP in response to a Crisis Freedom of Information request in September 2021.

System of funding

14 Some local authorities are experiencing increasing shortfalls in their funding because of how the Housing Benefit system works. Local authorities pay Housing Benefit for specified supported housing, in most cases, directly to the provider. DWP reimburses local authorities for these payments in line with the Housing Benefit subsidy rules which are set out in legislation. In some cases, the rules mean that the amount of subsidy paid to the local authority may be restricted. If the housing provider is registered with the Regulator of Social Housing, DWP reimburses the full amount. If the housing provider is not registered, then the local authority can claim 100% of the amount of a rent officer determination for such a property (this determination is based on similar properties in the area and can be lower than the rent that providers ask for). If the resident is classed as ‘vulnerable’, the local authority can claim a further 60% of the amount above the rent officer determination.² Therefore, local authorities experience a gap in subsidy from DWP of 40% above rent officer determination for particular vulnerable groups, and 100% above this determination, for other residents. The gap in funding is referred to as ‘subsidy loss’. Some, but not all, local authorities experience a high subsidy loss and told us it can have a substantial impact on their budgets. Local authorities in England experienced a subsidy loss of £108 million (in cash terms) in 2021-22 compared with £53.8 million in 2017-18 (paragraphs 2.17 and 2.18).

Data

15 Central government has limited national data on supported housing. DWP and DLUHC do not routinely collect data at a national level on the numbers of all people in supported housing or the numbers of units of supported housing. While DWP collects data from local authorities, this does not include people living in supported housing who are not in receipt of Housing Benefit. The most comprehensive national picture of supported housing is from DWP and DLUHC’s (then the Department for Communities & Local Government) joint review in 2016, for which they gathered data from local authorities using a survey. However, just under half (197 of the 407 of local authorities surveyed across England, Wales and Scotland) provided a response. Since the introduction of the ‘specified accommodation’ definition in Housing Benefit regulations in 2014, DWP has required local authorities to regularly collect data on specified accommodation cases that are paid through Housing Benefit. DWP’s data reporting system enabled local authorities to report if a claim was for exempt accommodation, however, DWP found that local authorities reported supported housing data inconsistently. To improve the data, from April 2022, DWP required local authorities to identify and to record if a claim is for specified accommodation and if so, the type. DWP accepts that this new requirement will only gradually improve data quality as new claims are made. Therefore, in March 2023 it provided local authorities with £4.79 million of funding to review all their existing Housing Benefit claims to identify and record if claims are for specified accommodation and, if so, what type (paragraphs 2.19 to 2.21).

² The definition for vulnerable in this case is a resident that is: 60 and over; incapable of work; or with a child.

16 DLUHC is aware of the limits of the available data and has commissioned research to provide an up-to-date understanding of the supported housing sector in England. The research intends to focus on the size and composition of the sector, costs, current and future supply and demand, the interaction between commissioners and housing providers, and how to improve monitoring. DWP has provided funding to extend the research to cover Scotland and Wales. The research is due to be finalised by November 2023 (paragraph 2.22).

Government's actions to improve supported housing

17 DLUHC is aware of the issues with supported housing and has run pilots to support local authorities. Between September 2020 and October 2021, DLUHC ran pilots to help local authorities deal with problems with supported housing in their areas. DLUHC provided £5.4 million to local authorities in Birmingham, Blackburn with Darwen, Blackpool, Bristol and Hull to test enforcement measures to improve quality and value for money in supported housing. Local authorities reported that the pilots improved the quality of support for residents, and reduced the numbers of Housing Benefit claims deemed 'illegitimate' or 'unreasonable', for example with rents higher than usual for that type of accommodation. They achieved this by improving how they reviewed people's support and greater scrutiny of Housing Benefit (paragraphs 3.2 and 3.3).

18 In June 2021, DLUHC, with DWP and DHSC, created the Supported Housing Programme Board to try to address problems with quality, value for money, supply and viability. In March 2022, the Parliamentary Under Secretary for Rough Sleeping and Housing announced several commitments to improve supported housing. These plans intended to deal with "a minority of landlords who charge high rents for poor quality accommodation with little or no support". These commitments included setting minimum standards of support; new powers to local authorities for them to manage their local supported housing market; changes to Housing Benefit regulations to seek to define care, support or supervision; and introducing the Supported Housing Improvement Programme (paragraph 3.4).

19 In June 2022, Bob Blackman MP laid a Private Members Bill on supported housing, which government supports overall. The Bill has additional measures to DLUHC's plans as set out in the March 2022 statement. The Bill is mainly concerned with specified housing rather than wider supported housing. It does not include reform to Housing Benefit rules. The key proposals are to:

- require local authorities to review exempt housing in their areas and develop strategies;
- give local authorities powers to create licensing schemes for exempt accommodation, although this is not a statutory requirement (and allows the Secretary of State to designate areas for licensing); and
- develop national standards for support (paragraph 3.5 and Figure 5).

20 DLUHC expects the Bill to come into force by summer 2023 but as at March 2023, it had yet to establish how it will support local authorities to implement the new duties that the Bill will introduce. However, DLUHC told us that it was committed to a full consultation ahead of any measures affecting local authorities coming into force. It has also committed to assessing whether additional funding (new burdens funding) for local authorities is needed. DLUHC was also still deciding some of the details of how the Bill will work in practice. However, it told us that it will consult fully on the detail of measures brought forward by the Bill including support standards, licensing schemes and additional enforcement measures. DWP noted its commitment to consult on linking licensing and support standards in Housing Benefit regulations. Some local authorities have told us that they are positive about the changes the Bill will bring, but more funding will be needed if it is to be effective (paragraph 3.6).