

Appendix 1

Supported Housing & Housing Benefit Announcement (15/09/16)

Please be advised that this morning, the Secretary of State for Work and Pensions issued a WMS confirming that supported housing will remain exempt from the LHA cap until April 2019, from which point a new 'local top-up' model will be introduced.

The consultation document (and written evidence review) will be published after the House returns from Party Conference in October 2016, though the exact date is TBC.

Housing Benefit: Written statement - HCWS154

Supported accommodation plays a vital role in the lives of many vulnerable people. A safe and stable and supportive place to live can be the key to unlocking better outcomes for people and for many it is a stepping stone to independent living in the longer term. The Government values the role supported housing plays and is committed to encouraging further development to meet future demand.

Over the past number of months, we have spoken to providers, local authorities, charities, representative bodies and the Devolved Administrations about the future funding arrangements for the sector. We are also grateful for the extensive input from these groups into our evidence review of supported accommodation in Great Britain, jointly commissioned by my Department and the Department for Communities and Local Government at the end of 2014. The review has provided a helpful insight in to the scale, scope and cost of the sector and we will publish it shortly alongside a consultation document.

We have heard the concerns regarding the application of the Local Housing Allowance (LHA) rates to social rents from 2018. So I can announce today that we will be deferring the application of this policy for supported housing until 2019/20. At this point we will bring in a new funding model which will ensure that the sector continues to be funded at current levels, taking into account the effect of Government policy on social sector rents. I can also confirm that the deferral until 2019/20 will extend to fully mutuals/co-operatives, almshouses and community land trusts while we consider whether any additional arrangements will be necessary for this group in the longer term.

It is our intention that from 2019/20 core rent and service charges will be funded through Housing Benefit or Universal Credit up to the level of the applicable LHA rate. This will apply to all those living in supported accommodation from this date. I can also confirm that the Shared Accommodation Rate will not apply to people living in the supported housing sector, in recognition of the particular challenges this would have placed upon them.

For costs above the level of the LHA rate, Government will devolve in England an amount of funding for disbursement locally. In Wales and Scotland, an equivalent amount will be provided and it will be for those administrations to decide how best to allocate the funding.

In England, we will devolve funding to local authorities to provide additional ‘top up’ funding to providers where necessary, reflecting the higher average costs of offering supported accommodation, compared to general needs. This will give local authorities an enhanced role in commissioning supported housing in their area. This will also allow local authorities to ensure a more coherent approach to commissioning for needs across housing, health and social care, using local knowledge to drive transparency, quality and value for money from providers in their area.

Different types of supported housing provision and services are commissioned by different bodies locally, such as Clinical Commissioning Groups. It will be important to ensure that these bodies can access funding to deliver their commissioning objectives. We will work with relevant agencies and Departments across Government to design this fund to make sure that we maximise the opportunities for local agencies to collaborate.

In recognition of the need to manage the transition to a new funding regime carefully, we will ring-fence the top-up fund to ensure it continues to support vulnerable people. The amount of top-up funding will be set on the basis of current projections of future need. This will also help to provide certainty for providers that reductions in funding via the benefits system can be met elsewhere as well as to give greater assurance to developers of new supported housing supply. We will also consult on appropriate safeguards to ensure that this funding continues to support vulnerable people and promotes supply of supported housing. We will also consider what level of new burdens funding would be appropriate to enable local authorities to fulfill their new role.

As the Prime Minister made clear, we are working to ensure that vulnerable people in refuges are not adversely affected as a result of the LHA rates. While we are confident that this model will meet the needs of the majority of the sector, we recognise some particular challenges may remain for very short term accommodation, including hostels and refuges. We will work with the sector to develop further options to ensure that providers of shorter term accommodation continue to receive appropriate funding for their important work. Whilst the mechanism may be different, funding for this type of accommodation will benefit from the same protection as supported housing in general.

We recognise the vital importance of ensuring that providers are able to develop new, much needed, supported housing and we want the long-term funding model to support this. We will seek views through the consultation on how this objective might best be achieved through the

design of the model.

In March 2016, we introduced a one year deferral for supported housing, fully mutuals/co-operatives, almshouses and Community Land Trusts from the reduction of social rents in England of 1% a year for 4 years from 2016. It is important that providers can continue to provide high-quality and cost-effective supported housing to meet the needs of their tenants. However, it is also important that supported housing should make efficiency savings in the same way as the rest of the social sector.

Therefore, I can confirm that, as planned, we will apply the rent reduction to supported housing, with rents in these properties decreasing by 1% a year for 3 years, up to and including 2019/20.

The existing exemption for specialised supported housing will remain in place and will be extended over the remaining 3 years of the policy for fully mutuals/co-operatives, almshouses and Community Land Trusts and refuges.

For those affected by the social sector rent reduction policy, the Welfare Reform and Work Act 2016 includes provision that allows a social landlord to be exempted from the requirement to reduce rents by the Secretary of State for Communities and Local Government or the social housing regulator (in the case of private registered providers) if complying would result in serious financial difficulty or jeopardise their financial viability. This provision provides a safety net for those providers who do not have the capacity to offset the decrease through efficiencies or from elsewhere in their business.

Supported housing is of vital importance to vulnerable people and we want to continue to work with providers to ensure that services are as good as they can be. We want to build on the work of excellent providers to drive all quality and value for money up to the level of the best. These reforms, giving local areas greater control and strategic oversight, represent the first step towards that goal, whilst giving the sector the necessary certainty over the total amount of funding available nationally. We also want quality and a focus on individual outcomes to play a greater role in how we fund the sector.

We will continue to work with the sector to develop the detail that underpins the new funding model and to ensure that any accompanying regulatory reform is effective and proportionate. It is important that we get the detail right and we want to continue the extensive conversation we have begun with the sector to do this. A formal consultation document will be published shortly.