



Department
for Work &
Pensions

Ministerial
Correspondence
Caxton House
Tothill Street
LONDON
SW1H 9DA

0207 340 4000

www.gov.uk

ministers@dwp.gsi.gov.uk

Rt Hon George Howarth MP

Our ref: POS(4)10077/477

14 October 2016

Dear George,

Thank you for your email of 5 October on behalf of a number of your constituents about the cap of Housing Benefit at the Local Housing Allowance rate for people who live in supported accommodation.

The Government values the role of supported housing and is committed to encouraging further development to meet future demand. Supported accommodation plays a vital role as a safe, stable and supportive place to live for many vulnerable people.

In the last few months we have spoken to providers, local authorities, charities, representative bodies and the Devolved Administrations about the future funding arrangements for this sector. We are very grateful for their extensive input into our evidence review of supported accommodation in Great Britain which was jointly commissioned by this Department and the Department for Communities and Local Government at the end of 2014. The review has provided a valuable insight into the scale, scope and cost of supported accommodation and it will be published shortly alongside a consultation document.

A number of these bodies have expressed their concerns regarding the application of the Local Housing Allowance rates to supported accommodation. We are pleased to say that supported housing has been exempted from this policy until 2019/20. This will include mutuals, co-operatives, almshouses, and community land trusts and in the longer term we will consider whether additional arrangements will be necessary for this group. After 2019/20 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 rents.

From 2019/20 all those living in supported accommodation will have their core rent and service charges funded through Housing Benefit and Universal Credit up to the Local Housing Allowance rate. In recognition of the particular challenges faced by those living in supported accommodation the Shared Accommodation Rate will not apply. As of this date the Government will devolve an amount of funding for disbursement locally in England to cover the costs above the level of the Local Housing Allowance. An equivalent amount will be provided for Scotland and Wales and the Devolved Administrations will decide how it will be spent.

In England funding will be devolved to local authorities so as to provide 'top up' funding to providers where required in recognition of the higher average costs of providing supported accommodation. This will increase the role of local authorities in this area and allow them to have a more coherent approach to commissioning resources. They will be able to utilise their local knowledge to drive transparency, quality and value for money from their service providers.

Yours sincerely,

A handwritten signature in black ink, appearing to read "David". The signature is written in a cursive, flowing style.

Lord Freud

Minister of State for Welfare Reform