



# Government response to the Levelling Up, Housing and Communities Select Committee Report on exempt accommodation

Presented to Parliament  
by the Secretary of State for  
Levelling Up, Housing and Communities  
by Command of His Majesty

June 2023

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# Introduction

1. The Government welcomes the Levelling Up, Housing and Communities Committee's report published on 27 October following its inquiry into exempt accommodation. We are grateful to the Select Committee and all those who provided evidence.
2. Supported housing is accommodation that has been designed or designated to be provided alongside support or care, to enable people who need additional help to live as independently as possible in the community. The supported housing sector is diverse and includes social landlords, charities, and voluntary bodies as well as private providers.
3. The terms "specified accommodation" and "exempt accommodation" are defined in Housing Benefit regulations. Exempt accommodation is a category of specified accommodation and as such is a subset of supported housing. The focus of this inquiry and report is England only, whereas Housing Benefit policy is Great Britain wide.
4. Supported housing is key to the delivery of wider Government ambitions including on ending rough sleeping, supporting victims of domestic abuse, and providing better adult social care. There are many providers doing excellent work to provide good quality homes and support for their residents who include some of the most vulnerable in society.
5. Concerns about the quality of accommodation and support have grown over the past few years, often – but not exclusively – focussed on short-term accommodation for people experiencing homelessness or at risk of rough sleeping.
6. The Government recognises the very serious issues and consequences of a minority of rogue landlords who are exploiting vulnerable people and the housing benefit system, by providing little or no support to their residents whilst charging excessive rents for poor quality housing.
7. The Government is committed to putting an end to this awful practice and ensuring supported housing residents receive the good quality accommodation and support they deserve.
8. The Government has already taken action, but we recognise that there is more to do. We strongly welcome the recommendations in the Select Committee's report. That is why we are supporting Bob Blackman MP's Private Members Bill – the Supported Housing (Regulatory Oversight) Bill – which is progressing through Parliament.
9. This legislation builds on the Government's announcement of 17 March 2022 which committed to bringing forward measures including: standards for the support provided to residents; new powers for local authorities to manage their local supported housing providers; and changes to Housing Benefit regulations to seek to define care, support, and supervision. We are also bringing forward significant improvements to social housing, including through the Social Housing (Regulation) Bill, and have committed to legislate to enshrine in law a Decent Homes Standard (DHS) for that the Private Rented sector.
10. The Supported Housing (Regulatory Oversight) Bill contains the following measures:
  - **Local authority (LA) supported housing strategies** – this requires local authorities to undertake a review of supported housing in their area, to assess the availability of and need for supported housing. The strategies will be renewed every five years;

- **Supported Housing Advisory Panel** – this requires the DLUHC Secretary of State to set up an Advisory Panel to provide information and advice about supported housing. We propose to establish this panel as soon as possible once the Bill has commenced;
- **National Supported Housing Standards** – this allows for DLUHC Secretary of State to set standards for support provided in supported housing;
- **Licensing schemes** – the Bill creates a power for the DLUHC Secretary of State to make regulations to establish a licensing regime for the supported housing sector. The Secretary of State will be required to exercise this power in relation to a particular subset of supported housing. The regulations will require supported housing providers to register schemes operating in designated areas. Areas will be designated either by the local authority themselves or the DLUHC Secretary of State. Licensing schemes may include consideration of the condition of the property, adequacy of the care and support provided, interactions with other licensing schemes, costs, any financial penalties and would allow for exemptions from the licensing scheme;
- **Consultations** – DLUHC will formally consult on elements contained in the Bill, including the licensing regime, standards, and any additional measures for securing compliance with the standards. We intend to begin these consultations as soon as possible once the Bill has commenced;
- **Planning** – the Secretary of State must conduct a review of the licensing scheme within three years of the licensing regulations being made and following that review must consider whether to introduce a new planning use class for exempt accommodation in England;
- **Homelessness** – the Bill sets out that a person will not be treated as intentionally homeless if they are leaving supported housing because it does not meet the National Supported Housing Standards;
- **Information management and sharing** – the Bill provides for information management and sharing powers for those involved in the provision of supported housing (local housing authorities, registered providers etc).

11. The Government has already taken action. We have:

- Published the **National Statement of Expectations** which set out good practice for assessing and planning to meet demand as well as ‘what good looks like’ for accommodation.
- Invested £5.4m in **supported housing enforcement pilots** in Birmingham, Blackburn with Darwen, Blackpool, Bristol, and Hull to test ways of tackling this issue.
- Published an **independent evaluation** of the pilots which found an improvement in the quality of support and accommodation. The pilots also achieved a reduction in the number of illegitimate or unreasonable Housing Benefit claims paid out, preventing an estimated £6.2m being paid in error.

- Developed a **good practice resource** to support local authorities looking to drive up the quality of supported housing in their area. This resource outlines the interventions the pilot authorities found effective and why they were beneficial.
- Updated **Housing Benefit guidance** specifically for supported housing claims, to provide more support for local authorities with their decision-making.
- Awarded £20 million from the **Supported Housing Improvement Programme** to 26 local authorities from 2022 to 2025 to directly target quality and value for money in supported housing.

12. The pilots and independent evaluation showed that local authorities can only go so far without regulatory reform. Subsequently, Bob Blackman MP is taking forward the Supported Housing (Regulatory Oversight) Bill which, subject to Royal Assent, we believe will address many of the issues highlighted in the Select Committee's report.
13. We are committed to ensuring the sector is effective in providing good quality supported housing. As appropriate, if needed, we will deploy measures in the Bill for the Secretary of State to introduce universal local licensing by requiring all local authorities to set-up a licensing scheme. Ministers will continue to focus closely on this sector.
14. In addition to the measures in the Bill, we recognise that there have been calls for a national body to ensure consistency and provide expertise to assist local areas. We will consider this further and will return to the committee with our thoughts.
15. Following careful consideration of the committee's report, we have set out our response to the recommendations.

## Responses to recommendations

**Recommendation 1: Where a prospective resident of exempt accommodation is a survivor of domestic abuse, there must be a requirement that housing benefit is only paid to providers that have recognised expertise and meet the standards in Part 4 of the Domestic Abuse Act 2021. This must be implemented alongside increased supply of specialist services: the Government’s Supported Housing Improvement Programme offers an opportunity to develop an evidence-based, survivor-led model of exempt accommodation for survivors of domestic abuse and their children. (Paragraph 33)**

### **Government response:**

16. It is indeed egregious that organisations with no expertise can target survivors of domestic abuse. That is why we introduced fully funded duties on local authorities within the Domestic Abuse Act 2021 for the provision of accommodation-based support. The government has provided support and assistance to victims of domestic abuse and their families, recognising the importance of access to safe accommodation in supporting this.
17. Local Authorities must commission enough of the right support to meet the needs of all survivors of domestic abuse and their children. They should ensure that support commissioned is delivered by knowledgeable and/or experienced specialist providers, charities, and other voluntary organisations whose purpose is to provide support to survivors of domestic abuse, as clearly set out in the Statutory Guidance.
18. Local Authorities are required to monitor and evaluate the effectiveness of their domestic abuse safe accommodation strategies. They should monitor the quality of commissioned services in line with the domestic abuse standards listed in the Statutory Guidance including the Department for Levelling Up, Housing and Communities’ (DLUHC) Quality Standards, Women’s Aid National Quality Standards, Imkaan Accredited Quality Standards, Male Domestic Abuse Network Service Standards and/or Domestic Abuse Housing Alliance (DAHA) Accreditation Framework for Housing Providers.
19. There are occasions where women will be housed in exempt accommodation services which are not listed as specialist domestic abuse services. It may be that a person fleeing domestic abuse has other care and/or support needs that are best met in specialist accommodation. It is important that people have a choice over where they live and can decide for themselves, with advice from professionals, what type of accommodation is best for them. As the Select Committee has highlighted, referral pathways into all types of supported housing are an important issue, and we will consider this as part our ongoing support of the Supported Housing (Regulatory Oversight) Bill.
20. The recommendation also suggests that the Government’s Supported Housing Improvement Programme offers an opportunity to develop an evidence-based, ‘survivor-led’ model of exempt accommodation. Many expert domestic abuse services already provide excellent survivor-led models of exempt accommodation, for example, charities such as Refuge and members of Women’s Aid.

21. In instances where a provider is not directly commissioned by a local authority to provide domestic abuse support and accommodation, the measures outlined in the Bill are designed to combine to produce a more robust, safer system for all, including a set of National Supported Housing Standards that providers of supported housing must meet.
22. The Government will consider the interaction between licensing, national standards for support and Housing Benefit regulations as detailed policy design continues after the Bill receives Royal Assent. The Department for Work and Pensions (DWP) will continue to look at changing Housing Benefit regulations to seek to define care, support, and supervision, as set out in the Governments' announcement in March 2022. We will work with DWP to consider how the national standards for support can be linked with Housing Benefit.

**Recommendation 2: Within twelve months of the publication of this report, the Government should publish national standards, and give local authorities the power and resources to enforce these standards, in the following areas:**

- **The referral process, which should include an assessment of the prospective resident's support needs and if there are any considerations about with whom they should or should not be housed;**
- **Care, support, or supervision, which should include helping the resident progress towards independence and employment;**
- **The quality of housing; and**
- **Information the provider must give to the resident, including on their rights, particularly their right to work and right to complain. (Paragraph 55)**

**Government response:**

23. The Government is aware that some local authorities want regulatory tools to challenge providers on the quality of support they provide to residents. The Supported Housing (Regulatory Oversight) Bill will achieve this by bringing forward national standards for support and giving local authorities the power to set up licensing schemes where there is poor quality supported housing in their area.
24. Referral pathways, an assessment of prospective resident's needs, and information provided to residents are important aspects of this work and we will look at these as part of the development of the licensing regulations and national standards for support.
25. We will formally consult with the sector and interested parties, including providers, local authorities, and residents of supported housing, to develop the licensing scheme and national standards for support as soon as possible after Royal Assent, publishing our plans once the Bill has commenced.
26. In addition, DLUHC and DWP are also working closely together to drive up quality in both supported housing and affordable housing more widely. As one part of this, the Government has been establishing the Building Safety Regulator, which will play a role in improving housing quality.



27. The Government has also set an ambition to reduce non-decency in rented homes by 50% by 2030, with the biggest improvements in the lowest-performing areas. We are committed to reviewing the Decent Homes Standard that provides for minimum standards in the Social Rented Sector, as well as applying the DHS to the Private Rented Sector for the first time. We have also concluded our review of the Housing Health and Safety Rating System (HHSRS) and will publish a summary of the findings and agree next steps in due course.

**Recommendation 3: Consideration should be given to an accreditation scheme for providers, implemented on a graded basis, so that councils can assess the quality of provision in their area and so that poorer quality providers can improve. (Paragraph 56)**

**Government response:**

28. The licensing regime, national standards for support and strategic plans in the Supported Housing (Regulatory Oversight) Bill will enable local authorities to identify issues and take a considered and evidence-led approach.

29. Local authorities may choose to set-up accreditation schemes for providers operating in their area as part of their bespoke approach. An example of this was seen during the supported housing enforcement pilots, when Birmingham City Council rolled-out a Quality Standards accreditation scheme for providers.

30. As part of our commitments in the Bill to consult, we will ask whether additional measures outside of the licensing schemes would support compliance with the national standards. Again, we will keep this closely under review and do not rule out further action if required.

**Recommendation 4: The Government should provide new burdens funding to local authorities to ensure that they can carry out these duties to the best of their ability, recognising that improving the overall standard of exempt accommodation and making it more consistent is likely to save resources in the long-term. The Government should also carry out an impact assessment to identify and mitigate any unintended consequences. (Paragraph 57)**

**Government response:**

31. The Government's New Burdens Doctrine is clear that anything which issues a new expectation on local authorities (irrespective of whether it is legislation or guidance) should be assessed for new burdens.

32. As part of the work to design the licensing scheme and draft regulations, the Department will work with local authorities to estimate costs and will carry out a new burdens assessment into the measures set out in the Supported Housing (Regulatory Oversight) Bill once it has Royal Assent.

**Recommendation 5: We recommend that a National Oversight Committee be urgently established to address the oversight issues relating to exempt accommodation. Among its functions we expect that it would coordinate awareness of emerging issues, inform the development of policy in this area, and develop proposals for reform of the regulatory system. The composition of the committee should include the existing regulators— the Care Quality Commission, Regulator of Social Housing, Charity Commission, Financial Conduct Authority, and the Office of the Regulator of Community Interest Companies - officials from DLUHC, the Local Government Association, and any other organisation it was thought would make a valuable contribution to improving oversight. One of the committee’s first tasks should be to input into the development of the national standards we have recommended. (Paragraph 60)**

**Government response:**

33. Government has committed to establishing a Supported Housing Advisory Panel through the Supported Housing (Regulatory Oversight) Bill. Providing information and advice on the regulatory oversight of supported housing will form part of the Advisory Panel’s remit.

34. The Advisory Panel will bring together key stakeholders who will advise on and challenge progress towards eliminating bad practice by those whose motive is purely exploitation. The panel will consist of those with interest from across the supported housing sector, including (but not limited to) those who represent the interests of registered providers, local authorities, charities, and above all residents of supported housing. We will convene the panel at the earliest opportunity once the Bill has commenced.

**Recommendation 6: Within twelve months of publication of this report, the Government must organise the collection, collation, and publication of annual statistics at a local authority level on the following:**

- **The number of exempt accommodation claimants;**
- **The number of exempt accommodation providers;**
- **The number of housing units used for exempt accommodation;**
- **The number of exempt accommodation housing units per provider;**
- **The number of exempt accommodation claimants per provider;**
- **The number of exempt accommodation providers registered with different regulators, and commissioned to provide accommodation or support;**
- **The number of providers meeting and failing to meet the national standards we set out; and**
- **The amount of money paid by both the DWP and the local authority in exempt accommodation housing benefit. (Paragraph 83)**

## **Government response:**

35. We have commissioned research to provide an up-to-date assessment of the size, cost, and demand of the supported housing sector across Great Britain. Findings will be published by the end of 2023. The research will also consider how Government could systematically collect and publish data to monitor the sector, whilst making best use of existing local and national data systems.
36. The Department for Work and Pensions (DWP) has made changes to the way local authorities provide Housing Benefit data on supported housing claims that will ensure that, over time, better data is available on the number of claimants in exempt accommodation, and the amount being spent on exempt accommodation. These changes started to take effect for new claims from April 2022 and will therefore take some time for data to improve. DWP have also secured funding to cover the cost of local authorities undertaking a full desk-based review of their Housing Benefit stock cases from April 2023, to improve the accuracy of the data.
37. In addition, the local authority strategic plans and licensing schemes due to be implemented through the Supported Housing (Regulatory Oversight) Bill are expected to improve the supported housing evidence base. We recognise the importance of data in driving improvements and will work with the committee to provide reassurance going forward.

**Recommendation 7: The Government should conduct a review of exempt housing benefit claims to determine how much is being spent and on what. Rent should be capped at a reasonable level that meets the higher costs of managing exempt accommodation. Funding for support should be provided separately. (Paragraph 85)**

## **Government response:**

38. As explained in the previous recommendation, the Housing Benefit data held by the Department for Work and Pensions (DWP) is incomplete for exempt accommodation. We recognise that we need to address this, and work is in hand to improve the quality of data. However, as the changes will apply to new claims, it will take some time for data to improve across all exempt accommodation.
39. Rents are generally higher for supported housing than general needs housing which reflects the additional costs that can be associated with operating this type of accommodation. However, the Government cannot effectively determine a standardised rent cap at this point for these additional costs, due to the complexity and wide range of housing models and services, even within cohorts, across the supported housing sector.
40. In Housing Benefit exempt accommodation claims where rents are unreasonably high, or the property is larger than the claimant needs, the local authority has powers to restrict the rent covered by the benefit award. However, the reality is that it is difficult for local authorities to find suitable alternative accommodation, which is cheaper, as other providers will 'match' rents in that area to market levels.
41. Funding for local authorities for housing-related local support services is through the wider Local Government Settlement, as the Government believes that local authorities are best placed to make decisions on what services they provide and commission, based on local priorities and circumstances.

42. The Government is committed to supporting local authorities in making those decisions, including through the Local Government Finance Settlement for 2023/24 which makes available up to £59.7 billion for local government in England, an increase in Core Spending Power of up to £5.1 billion or 9.4% in cash terms on 2022/23. This boost in funding demonstrates how Government stands behind councils.

**Recommendation 8: Eligibility for funding for exempt accommodation must be based on an open-book, transparent breakdown of the accommodation and the support costs incurred to the provider. The Government should consider how to give councils greater control over rents for exempt accommodation to ensure value for money. (Paragraph 86)**

**Government response:**

43. The Government agrees that costs in supported housing should be more transparent, and we will look for ways to improve transparency through the measures set out in the Supported Housing (Regulatory Oversight) Bill.

44. The Bill contains a package of measures aimed at delivering value for money as well as ensuring good quality supported housing for residents. As explained in the previous response, capping rents for this type of housing is not yet practical, but as part of the Government announcement on 17 March 2022, the Department for Work Pensions (DWP) announced an intention to make changes to Housing Benefit regulations to define 'care, support and supervision', which alongside measures in the Bill, will help local authorities drive up standards and ensure value for money.

45. The Department for Work and Pensions (DWP) have updated and consolidated the Housing Benefit guidance to provide support to local authorities to identify landlords who do not meet the specified accommodation definition.

**Recommendation 9: The same 100% subsidy should be paid by DWP whether or not the provider is registered. Later in this report we recommend that all providers be registered. While this will result in increased costs for DWP, this is likely to be offset by savings resulting from implementing our recommendations to drive out unscrupulous, profit-driven providers. (Paragraph 87)**

**Government response:**

46. Local Authorities administer all the Housing Benefit awards in their area and seek reimbursement for these through the Department for Work and Pension's (DWP) Housing Benefit subsidy arrangements. The DWP subsidy rules vary according to the type of accommodation, the landlord/housing provider and the eligible rent rules which apply. As a result, local authorities are not fully reimbursed for all Housing Benefit supported housing cases.

47. The current Housing Benefit subsidy rules for exempt accommodation were originally intended to encourage local authorities to keep costs reasonable by incentivising them with 100% subsidy if they used registered providers (as rents are subject to limits set out in the Regulator

of Social Housing's Rent Standard). However, the increased demand for supported housing means that there is now wider use of charities and Community Interest Companies (CICs) which are not subject to the rent standard and have different subsidy rules, meaning that local authorities are not able to recover all the Housing Benefit costs. Not all housing provided by Registered Providers is subject to the Rent Standard. This includes housing that does not meet the definition of low-cost rental accommodation in the Housing and Regeneration Act 2008 and housing that is excepted in the Rent Standard, such as specialised supported housing.

**Recommendation 10: We recommend that these measures include planning reforms that would assist councils to implement local strategies for exempt accommodation based on an assessment of need. (Paragraph 98) Specifically, we recommend that the Government end the existing exemptions that registered providers have from HMO licensing and the Article 4 direction. Furthermore, we recommend that the loophole relating to non-registered providers with properties containing six or fewer residents also be addressed so that they are brought within the planning regime. This action would prevent there being a change of use without planning permission, which would be a much-needed tool to enable local authorities to balance the provision of exempt accommodation with other housing need and to control the density of exempt accommodation in an area. (Paragraph 99)**

#### **Government response:**

48. It is important that local areas plan to meet local need for supported housing and that registered social landlords are not overburdened with additional requirements above what is already in place. However, the Government recognises that some local authorities feel powerless to prevent new supported housing provision that is not required or that does not align with strategic plans. We believe that the local housing authority licensing schemes and national support standards are the best way to ensure that the right provision in the right places is ensured. These measures are targeted at the problem we are seeing with poor quality provision. Where local authorities implement a licensing scheme this will supersede Houses in Multiple Occupation (HMO) licensing.

49. While there are no plans to make changes to the use classes, we recognise that local areas want to plan effectively to meet local need. Therefore, the Supported Housing (Regulatory Oversight) Bill includes a proposed duty for local authorities to produce local supported housing strategies. This will enable local authorities to map supported housing supply and demand and will provide LAs and the Government with a strategic view of provision.

50. The Department for Levelling Up, Housing and Communities (DLUHC) Secretary of State has committed to undertake a review of the effect of licensing schemes on accommodation and support within 3 years after the regulations are made. At this stage, a determination will be made as to whether planning reform is required through creating a separate use class for exempt accommodation.

**Recommendation 11: Demand for exempt accommodation is driven in part by a shortage of affordable homes. To solve the issues found in exempt accommodation the Government must solve the wider housing crisis. We reiterate the recommendations from our 2020 report, "Building more social housing"- in particular, our call on the Government to build 90,000 social rent homes a year. (Paragraph 100)**

### **Government response:**

51. Through our £11.5 billion Affordable Homes Programme, we deliver affordable homes for both sale and rent, across England. We will increase the share of social rent homes within the programme and will be publishing more information on delivery of the programme.
52. We understand how important access to good quality, genuinely affordable housing is in making sure that hardworking individuals and families can thrive in the communities they call home.
53. Equally, we recognise the importance of delivering more socially rented homes – homes that very often serve the needs of those most vulnerable in society. Our Levelling-up White Paper made a commitment to increase the volume of high quality, safe socially rented housing; the Affordable Homes Programme will play a key part in delivering those homes.
54. Since 2010, we have delivered over 632,600 new affordable homes, including over 441,600 affordable homes for rent, of which 162,900 are homes for Social Rent.

**Recommendation 12: We also recommend that action be taken to address this complex landscape, by making it compulsory for all providers to be registered. A mechanism is required to ensure that there is better quality provision and that standards are maintained. Good providers will have nothing to fear from registration, while the bad providers can have their registration removed. We heard some concerns that the cost and additional reporting requirements of being registered may impact on smaller providers, particularly those reliant on charitable and grant funding. We do not see why this is the case, or why it should continue to be so. Registering should not be unnecessarily onerous or expensive, and if it is that should change. Therefore, we call upon the Regulator of Social Housing to take action to make it easier for smaller providers of exempt accommodation to register with them. (Paragraph 108)**

### **Government response:**

55. Measures in the Supported Housing (Regulatory Oversight) Bill will improve the oversight of providers of supported housing. Licensing schemes will enable local authorities to better control standards in their area and we have also committed to consult on additional measures to ensure compliance with national standards for support.
56. We should be clear that it is not within the remit of the Regulator of Social Housing ('the regulator') to look at the quality of support provided in exempt accommodation.
57. The regulator sets out in its guidance on registration that becoming a registered provider is a significant undertaking. The regulator needs to satisfy itself that providers can meet the registration criteria which are linked to the regulatory standards. All applicants must meet the Governance and Financial Viability Standards at the point of registration and demonstrate they have the capacity to meet the other regulatory standards and maintain compliance with all the standards on an ongoing basis. The regulator recognises the amount of information and evidence provided by applicants will reflect their size and business models. It anticipates

that more complex or riskier models will need to provide additional information and evidence to demonstrate compliance. Thorough registration requirements are therefore necessary to ensure that, regardless of size or business model, a provider can meet the regulatory standards and provide good quality homes and services once registered.

58. Most providers of social housing do choose to register, including nearly all large providers which own or manage 95% of the social stock in England. Mandating all providers of social housing to register with the regulator poses the risk of the sector being reclassified as public due to the significant increase in regulatory control. This already happened in 2015 when the Office of National Statistics (ONS) reclassified Private Registered Providers (PRPs) as public sector bodies. Regulation was subsequently amended to reduce control of the sector, reinstating PRPs' private classification. Reclassification would burden the Government with taking on the sector's debt, which stands at £90bn. Social housing landlords may also be restricted in their access to funding and their ability to build new homes.
59. Overall, we consider the proposed measures in the Bill to be better placed to provide oversight and control over the supported housing sector, rather than ensuring mandatory registration for all providers with the Regulator of Social Housing.
60. In the private rented sector, we will ensure non-social housing providers - whether private rented, or private rented sector-leased, or 'non-social' (supported housing where the accommodation is owned or provided by a registered provider but is not let at social rent) are covered – including by the Decent Homes Standard. Further details will be set out in due course.

**Recommendation 13: The Government must set out how it will clamp down on those exploiting the lease-based model for profit and prohibit lease-based profit-making schemes from being set up. This should include how it will ensure that there is full transparency over ownership structures and how income from housing benefit is being used. (Paragraph 109)**

**Government response:**

61. The Government is clear that it is utterly unacceptable that a small minority of unscrupulous supported housing landlords are exploiting some of the most vulnerable people in our society. The regulator has taken action against some registered providers who provide exempt accommodation through a leasing model, where it has not had adequate evidence that those providers are managing their risks effectively.
62. The Government will strongly support local authorities and other authorities in taking action against exploitative landlords including those who are exploiting the vulnerable needing supported housing.
63. However, we should be clear that not all lease-based providers are delivering a poor service, and the model provides much-needed supported housing supply in some instances.
64. The regulator has already taken regulatory action against a number of lease-based providers and is working closely with those providers to address their issues. The regulator has also, where necessary, intervened to make statutory appointments to the Boards of some of these

supported housing providers. Furthermore, a majority of applications for registrations received by the regulator since 2015 (when its registration criteria changed), from those who provide supported exempt accommodation through a leasing route have been unable to demonstrate that they meet the regulator's registration criteria, and so the regulator has not been able to register them.

65. Measures in the Social Housing Regulation Bill are designed to also provide additional tools for the regulator in its regulation of registered providers, which include lease-based providers. These are:

- Look through power – This will enable the regulator to get information from people outside of the regulated sector and, for example, allow the regulator to investigate potential wrongdoing by examining the financial accounts of organisations thought to be inappropriately profiting from a registered provider.
- Non-profit definition (Designation) – This measure will clarify the definition of a 'non-profit' organisation to ensure providers are designated according to the substance of how they actually operate (or intend to operate) rather than solely looking at constitutional form or charitable status (which forms the current legislative approach). The Regulator will be able to now look at a provider's operations to make the appropriate designation. This will ensure registered providers who do not truly operate as non-profit organisations are given the appropriate designation and will not receive the benefits awarded to non-profit providers.
- Notification of Change of Control – This will require registered providers to notify the regulator when there is a change in who has substantial control over its operations. This will ensure the regulator has a clear picture of who has control over a registered provider and the social housing that it manages, giving sight of potential issues and misconduct relating to who is in control of a registered provider.

66. Measures in the Supported Housing (Regulatory Oversight) Bill include a proposed fit and proper person test to ensure that those providing supported housing are appropriate. We will also consider how we can align the licensing regime and national standards for support with Housing Benefit regulations.

## Conclusion

67. The Government is grateful to the Levelling Up, Housing and Communities Select Committee for their report on exempt accommodation and welcomes the opportunity to continue to work with the Committee to deliver measures to address issues in poor quality supported housing.