



Government Consultation on Supported Accommodation Funding Review

Submission by the Housing Learning and Improvement Network (LIN)

Q1. The local top-up will be devolved to local authorities. Who should hold the funding; and, in two tier areas, should the upper tier authority hold the funding?

The Housing LIN recognises that there are advantages and disadvantages should either tier be awarded the proposed devolved funding. However, on balance the Housing LIN supports the view that Local Authorities with Adult Social Care responsibilities are better placed to hold this funding. In two tier authorities, this would be the upper tier authority. Our reasons for saying this are that:

- i) We agree with the consultation report that states that upper tier local authorities “tend to be responsible for commissioning the bulk of supported housing services”, a responsibility we think would be enhanced by managing the devolved funding and further linking it to the equally important care and support services to the individuals that live in such housing both now and in the future. It makes sense therefore that future provision of supported housing and the new, local top-up fund should also be linked to these commissioning strategies and care investments as each rely on each other. Making this connection also recognises upper tier local authorities’ market shaping responsibilities under the 2014 Care Act and will avoid the current problem of some supported housing being developed without reference to these local commissioning strategies and care investment (revenue and capital) priorities. However, we stress that it is also essential that any move to these new arrangements does not lose sight of the importance of low level preventative outcomes of the current funding of supported housing (e.g. sustaining tenancies, preventing homelessness, compressing dependency, supporting self-care and building more resilient communities) and lead to commissioning care and support that only meets more acute needs. We consider that such a move could destabilise much of the current supply of sheltered and some extra care housing market for rent, put increasing challenges on those operators seeking to model their provision by developing more mixed tenure schemes that reflect ‘care ready’ lifestyle choices¹ and, coupled with other

¹ HCA (2009) *Housing our Ageing Population: Panel for Innovation*
<https://www.gov.uk/government/publications/housing-our-ageing-population-panel-for-innovation>

government rent reforms, threaten the future viability of the supported housing sector. Indeed, we are already seeing supported housing schemes that have taken several years to design, plan and commission 'mothballed' and/or sites sold for other development purposes because of operator's financial uncertainty over meeting 25+ year borrowing requirements against future revenue costs caused by the review of supported housing. We have also noted a lack of investor confidence and a resultant lower take up of private inward capital investment or drawing down public capital grants such as the Department of Health's Care and Support Specialised Housing (CASSH) Fund for affordable new supported housing developments. At a time when the government has put a renewed focus on housing for an ageing population (a core feature of the Housing White Paper²), this could jeopardise their supported housing growth plans.

- ii) Adult Social Care commissioning plans now also include Public Health services as one combined 'Care and Health' service, together with increasingly strong links to joint commissioning with primary care; for example, as overseen by local Health and Wellbeing Boards and the administration of the Better Care Funds (BCF), including current Disabled Facilities Grant arrangements. And despite the findings from the recent National Audit Office report³, the BCF - and any successor arrangements - could be a helpful mechanism to pool and determine the allocation of housing related care and support resources on a locally or on a devolved (i.e. Greater Manchester) or combined authority (i.e. Midlands) basis.
- iii) Recent research by the National Housing Federation⁴ and the ExtraCare Charitable Trust⁵ tells us that supported housing, such as sheltered housing and extra care housing, makes a significant contribution to the better health and well-being of its residents and that this could improve further if such housing enjoyed better links to both care and health funding; for example, to deliver the NHS 5 Year Forward View and new models of at home care and support programme.
- iv) We recognise that not all upper tier local authorities are as advanced in their commissioning of supported housing as others but feel that having to manage and plan for this new budget and function will stimulate them to 'raise their game' and utilise their care and support budgets (including personal budgets),

² CLG (2017) *Fixing our broken housing market* <https://www.gov.uk/government/collections/housing-white-paper>

³ National Audit Office (2017) *Health and social care integration*. <https://www.nao.org.uk/wp-content/uploads/2017/02/Health-and-social-care-integration.pdf>

⁴ NHF (2017) *The value of sheltered housing*. <http://www.housing.org.uk/resource-library/browse/the-value-of-sheltered-housing/>

⁵ ExtraCare Charitable Trust (2015) *Better Lives, Health, Future*. <http://www.extracare.org.uk/media/1168260/18239-brochure-210x210-166.pdf>

make best use of public land (e.g. One Estate plans) and access capital resources into a more joined-up programme of activity. On the latter, and following LGA Housing Commission findings⁶, the Housing LIN has been commissioned to identify potential new and innovative models of age-friendly housing with care and support that can provide greater independent living housing choices and reduce demand on more costly interventions.

- v) Upper tier local authorities operate on a larger scale and cover a bigger population. We feel it will be more cost effective to manage the new budget in one organisation rather than in separate District Councils. We also believe that housing providers who often operate across many districts would prefer dealing with the one local authority rather than many as this gives greater consistency in procurement processes, payments, monitoring methods etc.
- vi) Commissioning and funding supported housing over one larger area rather than in separate districts can also help the development of specialist provision to serve a wider catchment area and not be restricted by different 'local connections'. Similarly, this will also assist those who need to move out of their area to escape domestic abuse, refuge or other harmful networks.
- vii) Whilst we favour the upper tier authorities we feel that there could also be flexibility whereby funding could be further devolved to lower tiers for specific services such as homelessness and other short stay initiatives or responding to a new or unmet supported housing need.
- viii) Finally, we believe it is critical that, whichever local authority tier funding sits at, the system supports joined-up commissioning and draws on expertise across local areas.

Q2. How should the funding model be designed to maximise the opportunities for local agencies to collaborate, encourage planning and commissioning across service boundaries, and ensure that different local commissioning bodies can have fair access to funding?

We would support the development of clear, central guidance/regulation from the Government which required a governance structure to be adopted by all local authorities that administer the new top-up fund. And as reflected in the Care Act 2014's duty to cooperate, such a governance structure would require all tiers of local government to be involved in its composition and for all tiers to work together on the planning and commissioning of such housing across boundaries and client groups.

⁶ LGA Housing Commission (2016) *Building our homes, communities and future* <http://www.local.gov.uk/lga-housing-commission>

The governance structure could also include representatives of NHS Clinical Commissioning Groups and other statutory bodies, e.g. Criminal Justice Services etc. This would provide both national consistency and re-assurance to lower tier authorities that implementation of the new arrangements are inclusive of their own views, as well as greater consistency for service providers who engage with numerous commissioning bodies.

Q3. How can we ensure that local allocation of funding by local authorities matches local need for supported housing across all client groups?

We suggest that the governance structures suggested at Question 2 above require the governing body to produce and consult upon long term plans which describe how future supported housing funds will be allocated by local area and client groups, and that such plans are informed by existing and complimentary plans which already evidence the need for such housing. Examples would include Local Development Plans, Market Position Statements, Strategic Housing Market Assessment's, Joint Strategic Needs Assessments, social and health care commissioning plan, NHS Sustainability and Transformation Plans etc. For two tier authorities such long term plans should clearly identify the needs for supported housing within each district and by each client group in each district. Endorsed by the Department of Health (and the Welsh Government), the Housing LIN has developed an online modelling tool that can help commissioners identify the shortfall of provision of specialist housing for older people by locality and be used to plan future market provision⁷.

The emphasis should be on planning for the longer term so as to encourage future capital investment in new supported housing capacity for all client groups. We also believe that the initial allocation of funds to local authorities should be based on a 'lift and shift' model whereby the existing total spend on supported housing via housing benefit (less core rents set at LHA cap if this is the agreed policy) is passed over to each authority. We feel this formula provides a fairer and more stable distribution based on current spend and activity rather than any new formula which could create 'winners and losers', particularly in those areas where the difference between LHA cap and current Housing Benefit rates are significant. There is a very significant risk that existing supported housing and vulnerable people's homes will be placed at risk if local authorities do not receive a top-up funding allocation initially based on current housing benefit expenditure above LHA rates.

⁷ Housing LIN/EAC (2015) *Strategic Housing for Older People Analysis Tool (SHOP@)*
<http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPAT/?>

Q4. Do you think other funding protections for vulnerable groups, beyond the ring-fence, are needed to provide fair access to funding for all client groups, including those without existing statutory duties (including for example the case for any new statutory duties or any other sort of statutory provision)?

We do not believe there should be specific protections for each of the various client groups served by such housing as this would be too complex and would not allow local governing bodies the flexibility to adjust client group allocations according to local priorities and pressures. We would suggest that there could be a period (two years) of transitional funding protection for all client groups and all non-statutory services after the new arrangements commence in April 2019. This would help avoid any initial uncertainties and give the new governing body that administers the top-up funding more time to better assess local needs and priorities in consultation with local stakeholders. Beyond this transitional period we would still welcome protection for a percentage of funding to continue to support certain non-statutory functions (e.g. homelessness, drug and alcohol services) and believe this would be an important point of principle supported by District Councils and other local agencies concerned that such services would suffer if only statutory services prevailed.

We support the idea of extending statutory duties such that local authorities who manage the new fund are required to assess and plan for the need for future supported housing for all client groups. Such plans could then be submitted to central Government as a basis for bidding for future revenue and capital funding growth allocations.

We also believe there should be serious consideration given to removing supported housing for older people from these funding reforms until 2022 when Universal Credit is introduced for such clients. This would also allow more time to better plan for a smooth transition and implementation for the remaining working age residents in supported housing from April 2019 onwards.

Q5. What expectations should there be for local roles and responsibilities? What planning, commissioning and partnership and monitoring arrangements might be necessary, both nationally and locally?

We suggest this is best covered in our earlier answers to questions 2 and 3 above and our suggestion of a governing body (which follows national guidance/regulation in its composition) comprising of all local authorities and other key stakeholders. With regard to monitoring arrangements, we agree these are central to the success of these new arrangements as there will need to be clear evidence and measurable outcomes from services to sustain their continued allocations of funding. We would welcome a national minimum monitoring framework so as to provide consistency and measure comparative performance by locality, but which also allows additional

monitoring requests to be generated locally. Again, we believe housing and service providers would welcome such a consistent approach and suggest that both such providers need to be closely involved and consulted in shaping such arrangements.

As mentioned to our answer to question 1, a key component of all monitoring activity should focus on demonstrating the preventative value of services (including financial savings arising from the substitution of more costly services) and the achievement of agreed outcomes for residents/service users.

Q6. For local authority respondents, what administrative impact and specific tasks might this new role involve for your local authority?

We have consulted amongst the Housing LIN's local authority members and given a total UK spend of c£4.2b on these services (which we feel may be an under-estimate given the response rate to the original survey commissioned before this consultation) and accepting some of this will be absorbed in core rents paid within Universal Credit or continue in Housing Benefit, we still believe a significant amount will still be retained in the remaining top-up fund to be administered locally. Clearly, expenditure and activity required to manage such a large programme will be considerable and therefore we would favour an agreed sum of additional funding (ideally based as a percentage of the total top-up fund to be transferred) to meet these new operational costs and that they should be paid in advance of April 2019 so that staff can be employed to gear up and prepare for the new arrangements. We believe such preparation costs should be part of the allocation of funds included in the 'burdens and pressures' settlement for the 2018/19 financial year, and clearly additional to the top-up fund that will be allocated the year after.

We also suggest that such an additional sum to manage this new role, as was allocated to local authorities when the former Supporting People administrative arrangements were introduced, should equally be ring fenced and protected for the initial implementation period but could be reviewed after that when efficiency savings could be considered once the new responsibilities have bedded in. In addition, some funding should be set aside to support housing providers meet the cost of adjusting their management information systems and training their staff on the new arrangements.

We indicated earlier that upper tier authorities should manage this new devolved budget as they already spend large budgets on commissioning various care and support services hence we feel they have the management and administrative skills to operate and monitor such new services. However, we believe they would require some new, specific staff to replace the negotiation functions currently undertaken by housing benefit officers who are currently involved in agreeing the additional costs associated with supported housing. The government's own review revealed that

there are 651,500 accommodation-based supported housing units in Great Britain⁸ and local authorities will have considerable amounts of such stock managed by a diversity of supported and general needs housing providers in their areas.

Q7. We welcome your views on what features the new model should include to provide greater oversight and assurance to tax payers that supported housing services are providing value for money, are of good quality and are delivering outcomes for individual tenants?

We would be particularly keen to encourage an Outcome Based Commissioning approach from local authorities that administer these new services, involving individual tenants in the co-production of both setting and monitoring such outcomes. We further believe that providers of supported housing should adopt a strengths-based approach to assessing and meeting the needs of tenants in order to provide better service outcomes. We would also support such measures of outcomes being linked to a National Minimum Data Set in order to provide an element of national consistency and comparison. This could in time develop into some type of national accreditation and standards body which could be used as a benchmark of quality and outcomes and help reduce administrative burdens on local authority monitoring.

In monitoring value for money, the administering local authority should be supported to develop more sophisticated skills to understand the relationship between quality and price in different forms of supported housing, as well as being able to understand why costs vary across similar schemes due to the historic application of different grant conditions and capital funding models, locally agreed commissioning requirements etc. For example, the Homes and Communities Agencies' (HCA) design requirements for specialist housing to be built with 2 bedrooms and/or the inclusion of communal areas to facilitate onsite services on an extra care housing scheme. One of our Housing LIN members in Cornwall has notified us that a specialist housing they built approximately four years ago through the HCA's specialist bid fund for a new model of housing for older persons without revenue funding attached, and where the cost model and rents were agreed before the scheme was developed and submitted as part of the grant bid, now finds itself in a situation where some customers will see a gap between the rent cap and the actual rent from £11.23 per week to £16.01 per week. One specially adapted property will have a £34.85 gap - all based on 2017/18 rent levels.

⁸ DWP (2016) *Supported accommodation review: The scale, scope and cost of the supported housing sector*
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/572026/rr927-supported-accommodation-review-summary.pdf

Q8. We are interested in your views on how to strike a balance between local flexibility and provider/developer certainty and simplicity. What features should the funding model have to provide greater certainty to providers and in particular, developers of new supply?

We have already suggested above that there should be a period of transitional funding protection for all services transferred over from April 2019 so as to avoid a 'cliff edge' fear of change immediately afterwards. We are also aware that tenants in supported housing, by virtue of being assessed as vulnerable, are increasingly anxious about what the reforms will mean to them, especially where this could lead to rent arrears and threat of homelessness through no fault of their own.

Any changes thereafter to a service's funding should be subject to a period of consultation and scrutiny as clearly enshrined in the Governance arrangements for these new funding arrangements. Providers will also require notice to consult with residents on rents and service charges as a condition in their tenancy agreements.

We agree that one of the major concerns with these new proposals is the lack of certainty as to how the transferred funds will be increased to meet inflation pressures, and to meet future needs identified by commissioners and/or brought forward by developers of new supply.

With regard to future inflation, our ideal would be to have an agreed inflation formula that passed down an award each year from central government thereby giving all stakeholders greater certainty on their future income.

And, with regard to future growth, we suggest that each locality should produce a medium/long term commissioning plan which outlines the need for such new housing and that bids for additional funding should be submitted to central government for consideration against such plans. Examples of such plans would include the need to reflect for example the growing older population and to meet the local commissioning plans for of adults with various learning disabilities and complex needs whose aspirations are to live in their own homes rather than in hospitals or care homes. Such bids could also be linked to other local investment and infrastructure plans and the allocation of capital grants for supported housing, such as the aforementioned Department of Health's CASSH Fund or HCA's or Greater London Authority's (GLA) Affordable Housing Programmes. Indeed, the HCA and the GLA have already announced in advance the availability of future grant programmes for housing providers to bid for as part of their Continuous Market Engagement exercises. In the light of this, we believe that capital grant can only be approved where there is a commitment to meet additional revenue costs through the top-up fund and/or self-funder market so that all stakeholders have a clear picture of both the capital and revenue resources available for new supply.

Q9. Should there be a national statement of expectations or national commissioning framework within which local areas tailor their funding? How should this work with existing commissioning arrangements, for example across health and social care, and how would we ensure it was followed?

The Housing LIN has published a variety of resources on commissioning extra care housing and has a highly respected dedicated website⁹. We would support such a national statement as evidenced in our replies above, albeit with some scope for discretion as to how such expectations are achieved and monitored at the local level. Given the short time scale indicated to introduce these reforms such national statements will save local authorities time in not having to 're-invent the wheel' by generating their own statements. Providing such a national framework was published in advance of its implementation and subject to a short period of active consultation then we feel that accommodating this in existing local commissioning plans would be no different to having to accommodate other national requirements or new legislation. Assurances that it is being followed could form part of the reporting duties required in the Governance duties, roles and responsibilities that, as we suggest above, should also be set at a national level too.

Q10. The Government wants a smooth transition to the new funding arrangement on 1 April 2019. What transitional arrangements might be helpful in supporting the transition to the new regime?

We also support the need for a smooth transition as we have already experienced the current uncertainty over the new funding model and LHA cap etc. and the considerable financial risk this has had on the delivery of existing and future supported housing. In some cases, operators are looking to exit the supported housing market, dispose of stock or terminating care and support contracts. We have already indicated above various ideas that would help achieve a smooth transition and would summarise these and others again as follows;

1. The need for sufficient time and resources for local authorities, operators and residents/service users to prepare in advance for the new arrangements
2. A very clear and detailed database of all the supported housing units which will be defined as part of the new, local top-up fund and all the additional costs which are currently funded in these units by current housing benefit payments over the applicable LHA rates. This will better allow local authorities to prepare for the eventual payment, management and review of such budgets in future in consultation with the named service providers.
3. We would support some form of transitional funding protection (particularly for existing tenants at least) for the above housing and their current budgets

⁹ <http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/Commissioning/>

beyond April 2019 to avoid a 'cliff edge' fear of change and to give the new administrative authority time to introduce changes where required

4. We would also support a clear formula on future inflation and growth funding for the new top-up budget so as to give further assurances to services on funding resources and new developments beyond April 2019
5. In addition, we would support direction from central government on national Governance structures, monitoring frameworks and Minimum Data Sets so that time is not wasted 're-inventing the wheel' during the early phase of transition.

Q11. Do you have any other views about how the local top-up model can be designed to ensure it works for tenants, commissioners, providers and developers?

We believe this can best be achieved by clear governance structures and procedures that involve all the above stakeholders in the co-production of future commissioning plans and priorities, and describes how best to monitor the outcomes from such plans. Lead local authorities should already have considerable experience of such co-working to build upon and of involving service users in the planning and delivery of services commissioned in partnership with them. However, in managing these new top-up funds local authorities need to be prepared and managers trained to realise that most tenants in supported housing are vulnerable and the consequences of debt, eviction and homelessness are huge if not properly administered.

Service providers and landlords will also need comfort in being assured that top-up payments are secured on a long term contract basis rather than being subject to short term uncertainty. If not this could restrict future investment in the continued and future supply of such housing. We suggest the top-up payments should be paid direct to landlords as representative of a fixed, actual cost rather than being paid to individual tenants.

We would also consider incentivising service providers with a 'payment by results' model to further promote good practice. In addition, existing care and support budgets held by the local authorities could be further used to co-fund some parts of the services being transferred over, provided they showed a clear need for such additional funding supported by a robust business case.

Q12. We welcome your views on how emergency and short term accommodation should be defined and how funding should be provided outside Universal Credit. How should funding be provided for tenants in these situations?

We suggest different definitions of short term accommodation for different client groups. For mental health clients on a 'pathway to independence' short term is normally regarded as up to two years. For various other client groups accommodated as part of a wider social inclusion agenda (homeless persons, domestic violence, drug and alcohol services, offenders, refugees, care leavers etc.) we would suggest two definitions, being Stage 1 for 0 to 6 months and Stage 2 for 7 to 12 months. A further and simple definition would be to also recognise those individuals who find themselves outside of the Universal Credit system for what ever reason and therefore unable to use this to fund their core rent. For this group we agree there should be another method of funding their very short term accommodation needs outside of and additional to the proposed local top-up fund. We recommend that funding for this accommodation be paid directly to the accommodation provider rather than direct to individual clients.

We welcome the decision that funding for such short term accommodation is part of the wider ring fence and further suggest that funding for some client groups in this service (e.g. homeless persons) could be considered for further allocation in two tier authorities directly to District Councils, Probation Services etc. to administer themselves.

About the Housing LIN

The Housing LIN is a sophisticated peer-to-peer network bringing together over 40,000 housing, health and social care professionals in England and Wales to exemplify innovative housing solutions for an ageing population.

Recognised by government and industry as a leading 'knowledge hub' on specialist housing, our online and regional networked activities:

- connect people, ideas and resources to inform and improve the range of housing choices that enable older and disabled people to live independently
- provide intelligence on latest funding, research, policy and practice developments, and
- raise the profile of specialist housing with developers, commissioners and providers to plan, design and deliver aspirational housing for an ageing population.

For more information on the work of the Housing LIN's learning and improvement resources, peer-to-peer and online networked activities, visit: www.housinglin.org.uk