

# Agenda Item IMD4

## INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD: 2017/04

<b>TITLE</b>	Consultation Response on the Funding of Supported Housing
<b>DECISION TO BE MADE BY</b>	Julian McGhee-Sumner, Executive Member for Health and Wellbeing
<b>DATE AND TIME</b>	Friday 10 <sup>th</sup> February, 4pm
<b>WARD</b>	All
<b>DIRECTOR</b>	Judith Ramsden, Director People Services
<b>REPORT TO BE PUBLISHED ON</b>	Thursday 2 <sup>nd</sup> February
<b>VENUE</b>	Room FF11, Shute End

### OUTCOME / BENEFITS TO THE COMMUNITY

In submitting a formal response to the Government consultation, the Council seeks to ensure that the best mechanisms for the delivery of supported housing are in place in the Borough.

### RECOMMENDATION

That the Executive Member for Health and Wellbeing approves the consultation response for submission.

### SUMMARY OF REPORT

A Supported Housing Consultation was released in November 2016 by DCLG and ran until 13 February 2017. The consultation sought views on the proposed supported housing funding model and the responses are outlined in Appendix 1.

The proposed new model will mean that core rent and service charges will be funded through Universal Credit (or Housing Benefit for pensioners and where Universal Credit has yet to be fully rolled out) up to the level of the applicable Local Housing Allowance (LHA) rate. The new model will devolve funding to local authorities in England to provide a 'top-up' where necessary to providers, reflecting the often higher costs of offering supported housing.

The Government proposes that local authorities should manage a 'top-up' fund to bridge the gap between the LHA rates and the costs of provision. While we welcome the Government's commitment that funding levels for supported housing will remain the same after the charges are introduced, we have significant concerns about how this will work in practice and are concerned this will create an additional administrative burden on local authorities with no additional funding to support it. An additional administrative cost may be managing the competitive element of priorities and areas for funding.

There is a concern amongst our partners that funding will end up being diverted to meeting other needs. This would have a seriously detrimental impact on many older

and vulnerable residents in supported housing, who could not afford to fund the shortfall themselves and would therefore be unable to remain in their homes. A consequence is likely to be a reduction in available specialist housing and support for older people with knock-on consequences and cost pressures on residential care, health services and also homelessness services potentially.

Funding should be based on demonstrated local need and priorities. There also needs to be a guarantee of the funding, so that Registered Providers have sufficient certainty to invest in supported housing. This funding needs to be ring-fenced in the longer term and the real cost of inflation and demographic change applied to the fund each year.

## **Background**

A Supported Housing Consultation was released in November 2016 by DCLG and will run until 13 February 2017. The consultation seeks views on the proposed supported housing funding model. The proposed new model will mean that core rent and service charges will be funded through Universal Credit (or Housing Benefit for pensioners and where Universal Credit has yet to be fully rolled out) up to the level of the applicable Local Housing Allowance (LHA) rate from 2019/20. This will apply to all those living in supported accommodation from this date. 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 on them. The new model will devolve funding to local authorities in England to provide a 'top-up' where necessary to providers, reflecting the often higher costs of offering supported housing.

The Government's rationale for the new model is that it will give local authorities an enhanced role in commissioning supported housing in their area. The Government states that this will allow local authorities to take a more coherent approach to commissioning for needs across housing, health and social care. Better local knowledge will help drive transparency, quality and value for money from providers in their area.

The Government also plans to apply the social rent reduction to supported housing, with the rents in these properties decreasing by 1% per 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 mutual/co-operatives, almshouses and Community Land Trusts and refuges.

Separate existing funding streams for care, support and supervision (such as legacy Supported People funding) will remain a part of the funding mix for supported housing and will not be changed by these reforms. The intention would be for the top-up fund to be used in conjunction with the wide range of funding dedicated to local commissioning. The Government proposes to 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 also is designed to help to provide certainty for providers that reductions in funding from Housing Benefit or Universal Credit, due to LHA rates, can be met elsewhere, as well as to give greater assurance to developers of new supported housing supply.

The Government has stated that the overall objectives for reform are:

- To ensure that vulnerable people receive the support they need;
- To establish a funding system that protects genuine supported housing and provides certainty to maintain and encourage the development of new supply;
- To deliver provision that focusses on service users and focusses on their individual outcomes as well as the quality of provision;
- To better align responsibility for commissioning services with greater control of the budgets to ensure improvements in quality, value for money, appropriate oversight, transparency and accountability; and
- To seek opportunities for greater collaboration and innovation through local commissioning across public sector commissioning, including strengthening the links between health, housing and social care.

## **Analysis of Issues**

The total rent and service charges for specialist retirement and extra care housing for older people tends to be higher than LHA levels due to the nature of the properties and the preventative services provided – services that help to prevent older people requiring more costly social care and health services. If the Government proposal to cap benefit eligibility at LHA rates is implemented in supported housing, many older and vulnerable people living in retirement, extra care and supported housing will find they have a shortfall in benefits compared with the cost of their homes.

The Government proposes that local authorities should manage a ‘top-up’ fund to bridge the gap between the LHA rates and the costs of provision. While we welcome the Government’s commitment that funding levels for supported housing will remain the same after the charges are introduced, we have significant concerns about how this will work in practice and are concerned this will create an additional administrative burden on local authorities with no additional funding to support it.

Our supported housing partners have noted their concerns around the proposed model. Although the funding will most likely be ring-fenced initially, there is concern that the ring-fence will not be sustained in the long-term and that real cost inflation and demographic changes will not be applied to the fund. With increasing financial pressures, there is concern that this money will be diverted away from the preventative services provided in supported housing towards meeting statutory duties and urgent and emergency needs. This would have a seriously detrimental impact on many older and vulnerable residents who could not afford to fund the shortfall themselves and would therefore be unable to remain in their supported housing. A consequence is likely to be a reduction in available specialist housing and support for older people with knock-on consequences and cost pressures on residential care and health services.

There is also likely to be an impact on development plans. For example, without the security of funding, housing providers are less likely to bid for, or develop, new supported housing schemes. The Council has had a recent development site where no Registered Provider (RP) or supported housing provider bid for the supported housing as a result of future funding uncertainty. The Council has been advised that the consultation proposal would not alleviate their concerns sufficiently to deliver the scheme. This has put the supported housing at risk and could result in the loss of much needed units. Not only is the future of new developments of supported housing at risk but we are now in a position that the de-registration of care homes is at risk due to the funding changes too.

Retirement, extra care and supported housing help older and vulnerable people maintain their independence, improves their quality of life and reduces the demands on social care and health services. At a time of increasing financial pressures on local authorities and an ageing population with growing needs, specialist housing and support services should be recognised as a vital element of a cost-effective preventative approach.

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Not Known	Not Known	Revenue
Next Financial Year (Year 2)	Not Known	Not Known	Revenue
Following Financial Year (Year 3)	Not Known	Not Known	Revenue

### **Other financial information relevant to the Recommendation/Decision**

None

### **Cross-Council Implications**

The Government's proposal has far reaching consequences for housing, social care and health services.

## **SUMMARY OF CONSULTATION RESPONSES**

<b>Director – Finance and Resources</b>	No comments
<b>Monitoring Officer</b>	No comments
<b>Leader of the Council</b>	Extremely concerned about the funding aspect of these proposals. History shows that where the government devolves the funding to the local authority like this that funding does not continue after a few years. Our council is the lowest funded authority in the country and is now struggling to fund the numerous activities that have been passed down to the council to operate without ongoing funding already so it will be difficult to absorb any more like this.

<b>List of Background Papers</b>
Funding for Supporting Housing Consultation Paper: <a href="https://www.gov.uk/government/consultations/funding-for-supported-housing">https://www.gov.uk/government/consultations/funding-for-supported-housing</a>

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**WOKINGHAM BOROUGH COUNCIL RESPONSE TO THE “FUNDING FOR  
SUPPORTED HOUSING” CONSULTATION**

1. *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?***

As a unitary authority, Wokingham Borough Council does not have strong views on this matter. However, we are aware that supported housing providers would prefer the funding to be held by housing services within Borough/District Councils, due to concerns that the funding may otherwise be diverted towards meeting statutory duties and other social care pressures in upper tier authorities.

2. *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?***

Funding should be based on demonstrated local need and priorities. There also needs to be certainty of funding in the medium and long-term (not simply an annual allocation), so that Councils and providers can plan accordingly. The funding needs to be ring-fenced in the longer term and the real cost of inflation and demographic change applied to the fund each year. The Government should not impose arrangements on local authorities, as this is likely to add to the administrative burden. Councils know who their key partners are locally and can make best use of existing commissioning arrangements to ensure the funding is allocated efficiently and effectively.

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

Funding should be based on demonstrated local need and priorities. Any projections of need should be based on an agreed and consistent demographic modelling, taking into account future projections of need. For example, in Wokingham Borough, we are aware of the following demographic changes that will place additional pressures on specialist housing and support services:

- Over the period 2013 – 2036, the population aged 65+ is expected to increase by 72.7% (in 2013 this number stood at 26,301) (*Berkshire Strategic Housing Market Assessment, February 2016*)
- There are also very significant increases in the numbers of residents projected to have dementia and mobility issues over a 25 year period and therefore may require additional support:

	2013	2036	Change	% Increase
Dementia	1659	3775	2116	127.5%
Mobility	4624	9568	4994	106.9%

*Berkshire Strategic Housing Market Assessment, February 2016*

- Over the period 2013 – 36, there is an estimated net need for 2,184 units of specialist housing (*Berkshire Strategic Housing Market Assessment, February 2016*)

Uncertainty over funding and/or inadequate funding to address these additional pressures will put supported housing services at risk. Our estimates show that there are currently 1779 units of specialised housing for older people which is currently available or in the pipeline; uncertainty over funding may put these units at risk.

Again, the Government should not impose arrangements on local authorities in terms of local allocation. Councils have strong local knowledge of need for supported housing in their area.

4. *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)?*

No. However, the Council's supported housing partners have noted their concerns around the proposed model. Although the funding will be ring-fenced initially, there is concern that the ring-fence will not be sustained in the long-term and the money diverted towards meeting other needs.

5. *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?*

Planning, commissioning, partnership and monitoring arrangements should be determined locally, based on existing arrangements where possible.

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

The Government proposes that local authorities should manage a 'top-up' fund to bridge the gap between the LHA rates and the costs of provision. While we welcome the Government's commitment that funding levels for supported housing will remain the same after the charges are introduced, we have significant concerns about how this will work in practice and are concerned this will create an additional administrative burden on local authorities. Experience from administering the Supporting People Fund shows that such a scheme can be very costly to administer. There is no certainty that additional funding would be available to support this and there is a risk that funding intended for delivering supported housing will be diverted towards the administration of it.

The social care department within the authority did at one time pay 'top up' to meet rent levels on occasion, but have worked hard to stop this. Without the appropriate funds it would put enormous pressure on the social care budget if the council were in that position again, without adequate funds coming in to cover it.

History shows that where the government devolves the funding to the local authority like this that funding does not continue after a few years. Our council is the lowest funded authority in the country and is now struggling to fund the numerous activities that have been passed down to the council to operate without ongoing funding already so it will be difficult to absorb any more like this.

7. *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?*

Monitoring arrangements should be determined locally.

8. *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?*

Longer term certainty from Government around funding and rent policy for supported housing is the main area required to reassure providers. The Council has had a recent development site where no Registered Provider (RP) or supported housing provider bid for the supported housing as a result of future funding uncertainty. The Council has been advised that the consultation proposal would not alleviate their concerns sufficiently to deliver the scheme. This has put the supported housing at risk and could result in the loss of much needed units. Not only is the future of new developments of supported housing at risk; we are now in a position that the de-registration of care homes is at risk due to the funding changes too

9. *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?*

No. The Government should not impose arrangements on local authorities, as this is likely to add to the administrative burden. Councils know who their key partners are locally and can make best use of existing commissioning arrangements to ensure the funding is allocated efficiently and effectively.

10. *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?*

- Clarity and certainty over the funding model, with local authorities clear on the amount of funding allocated to them, well in advance of 2019.
- Transitional funding for putting in place new systems for 2018/19 and 2019/20.

11. 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?

Supported housing helps older and vulnerable people maintain their independence, improves their quality of life and reduces the demands on social care and health services and also prevents homelessness. The Council maintains that a better system would be to exclude supported housing from the Universal Credit/LHA cap arrangements. This would ensure that funding reflects true needs and it would be easier to administer.

We would also welcome greater clarity about the extra money that pays for supported housing which will go to local councils actually means in practice – at the present time customers currently claim housing benefit and can maximise this with service charges. Is it the service charges which will be covered by this additional fund? Other than this, social care pays the rest, which isn't housing related, but can include support workers to assist with keeping up with the tenancy and paying rent on time etc. If we could understand the shortfall and the new money coming in, we could properly assess the impact to the budget.

12. 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 would welcome clarity over the term emergency and short term accommodation. Does emergency and short term accommodation, referred to here, mean respite and temporary ASC rather than temporary and emergency homelessness accommodation? Whilst we don't consider temporary accommodation provided for homelessness purposes as defined supported housing, if it is going to be, then the concerns we have raised for other forms of supported housing would apply to temporary licensees in the same way.

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