

## Consultation on Future Funding for Supported Housing

### Purpose

For discussion and direction

### Summary

The report sets out the current Government position on the future funding of supported housing and outlines some of the key questions in the consultation for a member steer.

### Recommendations

That the Board provides a steer on the following questions to help inform the LGA response to the supported housing consultation:

1. Does the Board have a view on the practicalities of sharing the top-up funding across service and organisational boundaries?
2. Is the Board aware of any eligible groups not covered by existing statute? Does the Board believe there is a risk that local allocation of funding by councils will not match local need for supported housing across all eligible groups?
3. How can a balance be struck between local flexibility and provider/developer certainty and simplicity?
4. What transitional arrangements might be helpful in supporting the transition to the new regime?
5. Do members of the Board have a view on how funding could be provided to enable to provision of short-term and emergency accommodation?

### Action

Officers will include the steer from members in the drafting of the LGA response to the consultation.

**Contact officer:** Abigail Gallop  
**Position:** Senior Adviser  
**Phone no:** 0207 664 3245  
**Email:** [Abigail.gallop@local.gov.uk](mailto:Abigail.gallop@local.gov.uk)

## Consultation on Future Funding for Supported Housing

### Background

1. Supported housing is any housing scheme where housing is provided alongside care, support or supervision to help people live as independently as possible in the community. It covers a range of different housing types, including hostels, refuges, supported living complexes, extra care schemes and sheltered housing. Supported housing can provide long term support for years for some vulnerable groups such as older people and disabled people or very short term immediate emergency help for when people are in times of crisis, such as use of hostels and refuges.
2. The types of people in supported housing include:
  - 2.1 Older people with support needs;
  - 2.2 People at risk of or recovering from homelessness;
  - 2.3 People with learning disabilities;
  - 2.4 People with mental health problems;
  - 2.5 People with physical or sensory disabilities;
  - 2.6 People with drug or alcohol problems;
  - 2.7 People experiencing or at risk of domestic abuse;
  - 2.8 Vulnerable young people (such as care leavers or teenage parents);
  - 2.9 Ex-offenders;
  - 2.10 Vulnerable armed forces veterans; and
  - 2.11 Others (such as refugees with support needs).
3. Accommodation is predominantly provided by social landlords, including housing associations and local authorities, as well as charitable and voluntary organisations. Housing associations provide over 70 percent of supported housing units in Great Britain. Some private sector “for profit” organisations also provide supported housing, both as landlords and/or support providers.
4. The Department of Work and Pensions and the Department of Communities and Local Government have been jointly reviewing the extent and funding of supported housing with a view to simplifying the administration of housing benefit for this sector under Universal Credit. Government’s initial proposals to achieve this, as announced in the 2015 Spending Review, were to introduce a limit on the amount of housing benefit that could be claimed for supported housing to the level of the local housing allowance (LHA) cap.
5. After representation from a number of organisations on the impact of lowering the level of funding available for this sector to the level of the LHA, including from the LGA, Government has announced that it intends to supplement the amount of funding above the LHA cap via a ‘local top up fund’ to councils.
6. Government published a consultation on the implementation of the local top up fund and future funding for supported housing on 21 November.

## Issues

7. Government has announced that:
  - 7.1. The introduction of the LHA cap for supported housing will be deferred until 2019/20, when core rent and service charges will be funded through Housing Benefit or Universal Credit up to the level of the applicable LHA rate and a new funding model for additional rent and service charge costs above this rate will be introduced. This will apply to all those living in supported accommodation from 2019/20.
  - 7.2. In England, government will devolve funding to local authorities to provide additional 'top up' funding to providers where necessary, reflecting the higher average costs of offering supported accommodation, compared to general needs. This will give local authorities an enhanced role in commissioning supported housing in their area.
  - 7.3. This will also allow local authorities to ensure a more coherent approach to commissioning for needs across housing, health and social care, using local knowledge to drive transparency, quality and value for money from providers in their area.
  - 7.4. Government will ring-fence the top-up fund. The purpose of ring-fencing is to provide certainty for providers that reductions in funding via the benefits system can be met elsewhere, as well as to give greater assurance to developers of new supported housing supply. The amount of top-up funding will be set on the basis of current projections of future need.
  - 7.5. Government will consider what level of new burdens funding would be appropriate to enable local authorities to fulfil their new role.
  - 7.6. The sector will continue to be funded at current levels, taking into account the effect of Government policy on social sector rents.
  - 7.7. The Shared Accommodation Rate will not apply to people living in the supported housing sector, in recognition of the particular challenges this would have placed upon them.
  - 7.8. Some particular challenges may remain for very short term accommodation, including hostels and refuges. Government will work with the sector to develop further options to ensure that providers of shorter term accommodation continue to receive appropriate funding for their important work. Whilst the mechanism may be different, funding for this type of accommodation will benefit from the same protection as supported housing in general.
  - 7.9. Government will apply the rent reduction to supported housing, with rents in these properties decreasing by 1% a year for 3 years, up to and including 2019/20.
8. Government published its consultation on future funding for supported housing on 21<sup>st</sup> November 2016. The consultation will last for 12 weeks and the closing date for responses is 13 February 2017. There will then be a Green Paper on the detailed arrangements for the local top-up model and approach to short term accommodation in the spring. A final package will be announced in autumn 2017 and the new model will

commence on 1 April 2019. Government has proposed that shadow arrangements on the detail and allocation of funding should be put in place from April 2018 to allow full transition to a new model.

9. The supported accommodation evidence review published alongside the consultation estimates that the annualised Housing Benefit expenditure for supported housing across Great Britain as at December 2015 is **£4.12 billion**. The majority of supported housing expenditure from Housing Benefit is for older people, at an estimated **£2.4 billion**, with an estimated **£1.7 billion** spent on working-age provision. The review also 'conservatively' estimates that at the end of 2015, around **£2.05 billion** is spent in addition to Housing Benefit, on mainly support and care services for tenants in supported housing. The principal sources of separate care and support funding are local authority adult social care services, housing and homelessness funding.
10. The LGA will be responding to the consultation. In order to prepare the response it would be helpful to have a steer from the Board on the following issues identified in the consultation:
  - 10.1. Government is proposing to design the funding model to maximise the opportunities for other local agencies, such as Clinical Commissioning Groups, to collaborate and commission across service boundaries. **Does the Board have a view on the practicalities of sharing the top-up funding across service and organisational boundaries?**
  - 10.2. Government is concerned that some vulnerable groups eligible for supported housing may be left out as a result of local decision making, and are consulting on whether to introduce new statutory duties to ensure all those eligible have access to supported housing funding. The consultation does not specify which groups they do not think councils have responsibility for. **Is the Board aware of any eligible groups not covered by existing statute? Does the Board believe there is a risk that local allocation of funding by councils will not match local need for supported housing across all eligible groups?**
  - 10.3. One of the reasons for giving councils a greater role in the local commissioning of supported housing is 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. There is a proposal to develop a **national commissioning framework** to support councils in achieving this. The LGA has proposed that this is voluntary and based on good practice – a practical tool to help councils in the transition to this new commissioning arrangement.
  - 10.4. Government is particularly concerned about striking a balance between local flexibility and provider/developer certainty and simplicity. **Members are asked for any comments on this.**
  - 10.5. The Government has stated that it 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?**
  - 10.6. Government are proposing that emergency and short term accommodation funding is provided outside of Universal Credit. **Do members of the Board have**

**a view on how funding could be provided to enable to provision of short-term and emergency accommodation?**

11. The LGA will be hosting an event for member councils on 11<sup>th</sup> January to help develop the LGA's position on the issue, and to inform member councils about the policy development.

**Next steps**

12. Members are asked to:

- 12.1. Provide a steer on the key issues set out in this paper; and
- 12.2. Provide a future steer on the full LGA response to the consultation.

**Implications for Wales**

13. The LGA has been liaising with the WLGA on the development of supported housing policy and will be consulting with them in the development of the LGA's response. For Wales, Government is proposing devolving funding to the Welsh Assembly for them to take a decision on how to best allocate the funding.

**Financial Implications**

14. There are no financial implications for the LGA.