

REPORT TO COMMUNITIES P.D.G.

REPORT OF: Business Manager Housing

REPORT NO: BMH 117

DATE: 27 January 2017

TITLE:	Government consultation on the approach to funding Supported Housing	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Direction	
EXECUTIVE MEMBER: NAME AND DESIGNATION:	Councillor Linda Wootten Executive Member for Housing	
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INITIAL IMPACT ANALYSIS: Equality and Diversity	Referred to in paragraph (7) below	Full impact assessment Required: To be determined following the results of the consultation
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	Funding for Supported Housing – Consultation, Department for Communities and Local Government and Department for Work and Pensions https://www.gov.uk/Government/consultations/funding-for-supported-housing	

1. RECOMMENDATIONS

That members note the content of this report and consider the issues that are raised in the consultation questions to assist in the preparation of a response to Government.

2. PURPOSE OF THE REPORT

To advise members of the current consultation with respect to proposals for future funding of Supported Housing and to receive direction in relation to our response.

3. DETAILS OF REPORT

3.1 Background

Government is currently consulting on a new funding framework for Supported Housing.

The term Supported Housing encompasses a wide range of accommodation forms, generally providing a specialist environment for people who, for example, are homeless or who have mental ill health or are fleeing domestic violence. Housing for older people including Sheltered Housing also falls within the definition of Supported Housing.

'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'.

Supported housing plays a crucial role in supporting hundreds of thousands of the most vulnerable people. Government have suggested that up to 716,000 people were using supported housing across Great Britain at any given point in time at the end of 2015.

Funding for supported housing is complex and comes from a variety of sources however, Housing Benefit plays a significant role. It meets eligible housing-related costs, including core rent and eligible service charges (which can include for example, the cost of repairs, renewing communal furnishing and fittings and some intensive housing management costs). The consultation document estimates that the annualised Housing Benefit expenditure for supported housing across Great Britain as at December 2015 is £4.12 billion which represents around 17 percent of the total expenditure on Housing Benefit. 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.

Recent Government legislation and announcements had cast doubt over the sustainability of Supported Housing. This included:

- Welfare Reform and Work Act: Provides for all social and affordable rents to be reduced by 1% per year between 2016 and 2019. Although Supported Housing was exempt from the rent decrease it nevertheless cast doubt over the long term sustainability of some schemes.

- The Government is proposing to cap Housing Benefit to the level of the Local Housing Allowance from 2018. If this was applied to Supported Housing schemes, where rents and service charges are notoriously high, it would remove the entitlement of residents to full housing benefit and render some schemes unviable.
- Universal Credit is based on the premise that housing benefit will cover only the core housing costs with additional funding being available for housing support. Announcements in respect of how this would be achieved had not been made. Furthermore, Universal credit is typically paid on a monthly basis which creates challenges for short term accommodation such as homeless hostels and refuges.

On 15th September 2015, Government made an important ministerial statement, committing to a review of the funding for supported housing. It is proposed that the new system will be implemented from 1 April 2019, and the Local Housing Allowance (LHA) cap will not apply to Supported Housing until then. From 2019, it is proposed to introduce the LHA cap to Supported Housing and Sheltered Housing although some accommodation forms such as some refuges will be exempt. The 1% rent reduction required will apply to Sheltered Housing between 2017 and 2019. The key elements of the statement were:

- Core housing costs (rent and service charges) will continue to be funded through housing benefit or universal credit up to the level of the applicable Local Housing Allowance rate with a top up from the local authority (top tier).
- To enable the top up to happen there will be a transfer of funds from DWP to DCLG who will then allocate funds to local authorities based on a mechanism yet to be determined. Government have committed to ensure that the devolved administrators receive a level of funding in 2019/20 equivalent to that which would otherwise have been available through the welfare system.
- The top up will be ring fenced and it will only be available to pay for Supported Housing costs.
- The shared accommodation rate will not apply to people under the age of 35 living in the supported housing sector, the one bedrooomed rate will apply instead.
- Government believes that a different system needs to be worked out for short term and transitional services and it will consult on this.

The consultation has said that this approach will give County Councils an 'enhanced role' in commissioning Supported Housing in their area and allow them a more 'coherent' approach to commissioning for needs across housing, health, and social care. It is said that 'better local knowledge will help drive transparency, quality ad value for money from providers in their area.

In addition to the consultation Government intend to have a number of task groups to consider the key design components of the model and to consider options for short term accommodation. They are intending to work with local authorities and other partners to determine how funding should be distributed amongst local authorities.

3.2 The consultation

The consultation seeks views on the design of the Government's new housing costs funding model for supported housing, as well as views on how funding for emergency and short term placements should work. The consultation period closes on 13th February. It covers the following areas:

1. Devolved top-up funding to local authorities in England; and
2. Funding for emergency and short term supported

It considers people of working age and those on state pensions.

Government has stated that it sees the consultation as the start of a longer term process to consider wider strategic goals such as responding to growing future demand for support to maintain people's independence as well as looking for opportunities for service transformation, for example, to strengthen links across public service commissioning, including health, housing, social care and criminal justice. Government are also keen to explore with the private, social and public sector the potential for alternative finance and delivery models for increasing supported housing supply through the use of social investments. They have stated that they will set out any conclusions on these broader considerations in the Green Paper next spring.

Government assert that there are two clear reasons for seeking to reform the funding of supported housing. The roll out of Universal Credit for working age people is one but they state there is also a need to more fundamentally consider how supported housing across the whole sector should be planned for, commissioned and delivered and how to manage growing demand within a tighter public spending climate:

- **Universal Credit** – a new funding mechanism is required to work in conjunction with Universal Credit. Universal Credit will meet core housing costs, up to the level of the relevant LHA rate, and therefore the question arises about the most effective way to deal with additional costs in excess of this. Universal Credit is paid monthly directly to claimants. Universal Credit is currently available in every Jobcentre in Great Britain for single jobseekers. Full rollout of Universal Credit will be complete in 2022. Housing costs for those of pension age will also continue to be met through the welfare system. For those in supported housing, welfare payments up to the level of the LHA rate will be supplemented where necessary by the local top-up fund from April 2019.

- **A local focus on outcomes, oversight and cost control** – Government state that the current system for funding the housing costs of supported housing is not well designed to ensure effective oversight of quality or control of spending to ensure value for money.

Government are seeking views on how best to provide support for short term stays alongside the monthly assessment and payment in Universal Credit. Challenges include ensuring we remain responsive to housing needs at the start of someone's Universal Credit claim while entitlement is determined and first payments are made.

3.3 The implications for South Kesteven

There are three ways that Government proposals impacts on the council. These are: Sheltered housing; Temporary accommodation; and, partner provision of temporary accommodation and supported housing in the district including domestic abuse services which are county wide.

Sheltered Housing:

The Council has a supply of around 1,000 sheltered properties. The rent reduction will apply between 2017 and 2019. This means that the income potential from rents will reduce by £81K over the period.

Any future rent rises will be constrained by LHA levels if the accommodation is to be affordable to those reliant upon housing benefit to cover their housing costs.

We have assessed whether the Council's supply of Sheltered Housing will be affected by housing benefit being capped to LHA levels. This has confirmed that no sheltered housing properties will be affected as they are below the LHA rates.

Temporary accommodation:

The Council has a modest supply of temporary accommodation which it deploys in pursuit of its homeless duties.

There are often additional costs associated with short term temporary accommodation including additional repairs and relet costs. Furthermore, there are particular challenges with Universal Credit, which is typically paid monthly, for very short term accommodation, including hostels and refuges. The Government also recognises that different funding models for the short term accommodation types may also be applicable to Temporary Accommodation provided by local authorities in discharging their homelessness duties. No funding decisions have yet been made and therefore the current uncertainty remains.

As stated above, the rent reduction will apply between 2017 and 2019. This will have only a minor impact on future rent levels.

Partner agencies:

There is a considerable amount of partner stock in the district and across the county (RSL and VCS sector) which the proposals will affect. It will be important to ensure services are maintained to avoid closure and the responsibility of their clients, who would be rendered homeless, falling to the council.

Top tier authorities are well accustomed to commissioning however there does need to be some agreed and clear commissioning framework to enable the views and priorities of district councils to be properly considered. The current arrangements for working with the county on the commissioning and management of support housing could be more robust and better developed.

There remain ongoing risks for providers who move from housing benefit a 'guaranteed' funding mechanism to one which is reliant on the county as the enabler and funder of services.

Across all schemes, there are concerns regarding the future development of supported housing schemes given their reliance on revenue funding through the benefits system and county council commissioning processes.

3.4 Consultation questions

There are 12 questions posed in the document.

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?

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?

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

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)?

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?

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

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?

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?

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?

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?

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?

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?

Members might wish to consider a response that proposed the funding is devolved to local housing authorities to work collaboratively with top tier councils to commission and procure services. Local planning and commissioning arrangements could be strengthened through this type of arrangement. Members might consider that Health and Wellbeing boards are best placed to have oversight of the process and ensure that the matter remains a strategic imperative.

3. OTHER OPTIONS CONSIDERED

Consideration was made of not providing a response however the Council would lose the opportunity to make its voice heard to Government.

5. RESOURCE IMPLICATIONS

5.1 The potential resources implications are detailed within the body of the report.

6. RISK AND MITIGATION

Risk has been considered as part of this report and any specific high risks are included in the table below:

Category	Risk	Action / Controls

7. ISSUES ARISING FROM IMPACT ANALYSIS

A full equality impact analysis will not be undertaken at this stage however, Supported housing provides vital support to some of our country's most vulnerable people. It helps many people to lead independent lives or turn their lives around and is a vital service for a country that works for all. It is also an investment which brings savings to other parts of the public sector, such as health and social care and underpins a range of policy objectives across Government including:

- Supporting vulnerable people: such as frail, older people and disabled people, people with mental health problems, and vulnerable ex-service veterans;
- Tackling homelessness: preventing homelessness in the first place and helping people recover and move on from homelessness;

Providing refuge: through crisis and follow-on accommodation and support services for those fleeing domestic abuse;

- Tackling poverty and disadvantage: such as helping people with learning disabilities or vulnerable young people, including care leavers', transition to independent living;
- Recovery: such as support and treatment for those with drug and or alcohol problems or helping ex-offenders to integrate back into the community; and
- Improving public health and supporting the health and care system: by helping older people or people with disabilities to lead healthy and independent lives keeping them out of acute health settings and residential care or smoothing their discharge from hospital.

8. CRIME AND DISORDER IMPLICATIONS

N/A

9. COMMENTS OF FINANCIAL SERVICES

9.1 There are potential financial impacts of the outcomes of the consultation and these should be considered when considering the Councils response.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

10.1 If following the consultation process any actions are taken then equality analysis will need to be completed to determine how they will impact on our residents.

11. APPENDICES:

Appendix A - Consultation questions