

Local Government Association briefing

Future funding of supported housing

House of Commons debate

10 October 2017



Key messages

- Councils have a responsibility to support, safeguard, care for and house vulnerable members of their community. The provision of supported housing is vital to ensuring vulnerable people live in suitable homes that meet their personal and all-round housing, health and care needs.
- We are pleased that the Government has listened to the concerns raised by the LGA regarding the long-term sustainability of supported housing by committing to provide top-up funding above the level of the Local Housing Allowance cap to local authorities to meet the costs of supported housing in their areas. We are calling on the Government to ensure that this covers the full cost of supported housing in each locality and that councils are not left with a shortfall.
- Adequate funding and distribution is vital to the future availability and sustainability of supported housing for some of our most vulnerable residents. The LGA responded to the supported housing consultation published on 22 November 2016.
- In our response to this consultation, we called for an examination of the legal ramifications of applying this policy to existing tenancies. We also outlined the importance of only new tenancies coming under the policy from 2019/20, with a phased introduction of existing tenancies.
- There needs to be a separate LHA rate for supported housing that is designed based on rents and charges in this sector. The top-up fund has to be sufficient and flexible; and future-proofed to meet a range of local circumstances.
- Any reform of funding for supported housing to take into account how the support element is funded, particularly within adult social care, and not just the housing element. There should be no expectation that the gap in funding created by applying the LHA costs will be met by other council budgets.
- Councils, as local public services accountable to local people, are best placed to determine and deliver based on the housing, health and social care needs of their communities. As such, it makes sense for councils to use their commissioning role to gain an oversight of the quality, provision and long-term planning of supported housing.

Briefing

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Background information

The role of supported housing

Local authorities have the ultimate responsibility to support, safeguard, care for and house vulnerable members of their community. Housing is a key component of health and care, and is the foundation upon which vulnerable people can achieve a positive quality of life.

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 accommodation for vulnerable groups is generally more costly because of the need for extra rooms or space, special design, assistive technology, and other equipment features. There are also additional adaptation costs, maintenance costs, development costs and management costs.

The Government's funding review

The Department for Work and Pensions and the Department for 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.

After representation from a number of organisations, including the LGA, on the impact of lowering the level of funding available for this sector to the level of the LHA the Government has announced that it intends to supplement the amount of funding above the LHA cap via a 'local top up fund' to councils. The Government published a consultation on the implementation of the local top up fund and future funding for supported housing on 22 November 2016.

We are pleased that the Government has listened to the concerns raised by the LGA regarding the long-term sustainability of supported by committing to provide top-up funding above the level of the Local Housing Allowance cap to local authorities to meet the costs of supported housing in their areas. We are calling on the Government to ensure that this covers the full cost of supported housing in each locality and that councils are not left with a shortfall.

We have yet to see detailed proposals from the Government regarding the volume of top-up funding going to local authorities and how this will be allocated. Adequate funding and distribution is vital to the future availability and sustainability of supported housing for some of our most vulnerable residents. The LGA has responded to the supported housing consultation, launched in November 2016.

The Government's announcement in further detail

The Government has announced that:

- 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.
 - **LGA view:** Since 2010, councils have dealt with a 40 per cent real terms reduction to their core government grant. In adult social care alone, funding reductions and demographic pressures have meant dealing with a £5 billion funding gap. The new system should not put council budgets under additional financial pressure, in particular social care budgets.
- In England, the 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.
 - **LGA view:** It makes sense for councils to use their commissioning role to gain an oversight of the quality, provision and long-term planning of supported housing. Councils, as local public services accountable to local people, are best placed to determine and deliver based on the housing, health and social care needs of their communities. Commissioning allows councils to use local knowledge to drive transparency, quality and value for money from providers in their area.
- The top-up fund will be ring-fenced. The amount of top-up funding will be set on the basis of current projections of future need.
 - **LGA view:** 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. While the LGA would normally argue against ring-fencing funding, we understand the Government's reasoning in this exceptional case.
- The Government will consider what level of new burdens funding would be appropriate to enable local authorities to fulfil their new role. The sector will continue to be funded at current levels, taking into account the effect of Government policy on social sector rents.
 - **LGA view:** Any new system should not put council budgets under additional financial pressure and needs to include funding for the setting up of the new system.
- 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.
 - **LGA view:** Short-term crisis accommodation, with a transitional and fluctuating resident population, need consistent funding to ensure their

viability and availability. A separate grant to councils for the commissioning of short-term crisis accommodation could remove the need to rely on individual tenant's housing benefit.

The LGA will continue to work with the Government to ensure these changes are implemented in a way that gives providers the certainty they need to invest in supported housing to allow local government to carry on meeting the needs of vulnerable people, and that they can live in homes that are fit for purpose. The continued development of more supported housing and similar accommodation, as fundamental to sustainably meeting the future needs of an ageing population.

We are clear that the new system should interact with the reformed benefits system in a way that is fair, accessible and transparent for tenants (and where relevant carers), councils and providers. It should also be flexible enough to provide for the wide spectrum of needs residents of supported have, many of which may be interlinked, and to respond to demand increases in both the volume and complexity of people's needs.

LGA's future funding model - principles

The LGA has set out the following principles upon which we think future funding models should be based. Government should:

- Place at the centre of any decision the needs and choice of the vulnerable person or people, their family and carers, enabling them to realise positive outcomes.
- Recognise that councils have the ultimate responsibility, backed by democratic mandate, to support, safeguard, care for and house vulnerable members of their community.
- Recognise that local councils, as local public services accountable to local people, are best placed to determine, commission and deliver based on local needs.
- Enable the continued development of more supported housing and similar accommodation, as fundamental to sustainably meeting the future needs of an ageing population, to supporting people with disabilities or mental health issues to live independently and to enabling people experiencing homelessness or domestic abuse to have a safe home as they transition to permanent accommodation.
- Enable councils to continue to work in partnership with their supported housing providers and recognise the need for certainty within the market to enable development to continue.
- Not put council budgets under additional financial pressure, in particular, social care budgets.
- Interact with the reformed benefits system in a way that is fair, accessible and transparent for tenants (and, where relevant, carers), councils and providers.
- Ensure that the total supported housing package is adequately funded, including the rent, eligible housing related costs, support and care.

- Be based on the recognition, as set out in the Care Act, that housing is a key component of health and care, and is the foundation upon which vulnerable people can achieve a positive quality of life.
- Be flexible enough to provide for the wide spectrum of needs residents of supported housing have, many of which may be interlinked, and to respond to demand increases in both the volume and complexity of people's needs.
- Minimise bureaucracy and administrative costs.
- Be explicit about any new burdens or duties on councils being proposed, on the understanding that these will be fully funded.
- Base any measurement of quality and value for money on the achievement of outcomes for the vulnerable person in receipt of the housing, and not just the level of rent charged.
- Recognise that the quality and functionality of the property underpins the ability to give and receive good care.