

Local Government Association Briefing

Future of supported housing

House of Commons

Thursday 18 January 2018

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, as well as in the report of the joint select committee inquiry, and decided not to apply the Local Housing Allowance Rate to supported housing or wider social housing. The Government's revised proposals are an opportunity to strengthen local commissioning and deliver a sustainable funding solution that maintains and increases supply in accordance with local need.
- Government must ensure sufficient funding is provided through the proposed ring-fence grant for short-term supported housing now and in the long-term. Multi-year grant settlements will give providers the certainty they need to continue investing in supported housing for vulnerable people. Given the funding pressures facing councils, there must be no expectation that councils can plug any funding gap.
- Councils must be funded as soon as possible through the New Burdens process to evaluate need and set up the ongoing systems needed to implement the proposed changes to short-term accommodation.
- In relation to the proposals for sheltered and extra care accommodation, we encourage the Government to work with providers and commissioners in setting sheltered rent levels that secure better cost control but adequately fund all of the housing costs, including the higher costs for extra care housing. We support exploring the principle of a banded approach to ensure that the higher costs for extra care housing are funded.
- The LGA welcomes the Government's decision to delay the implementation of any changes to funding supported housing until April 2020. We are calling on Government to consider transitional arrangements that will allow sufficient time to properly involve councils in developing the detail, test the new approaches in different places, and get ready for implementation.
- Any reform of funding for supported housing has to take into account how the support element is funded, particularly within adult social care, and not just the housing element. Between 2010 and 2020, councils will have seen reductions of £16 billion to core Government funding.ⁱ Local services face a funding gap of at least £5.8 billion by 2019/20 and a £1.3 billion pressure to stabilise the adult social care provider market today.
- Councils, as local public services accountable to their residents, are best placed to determine and deliver 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.

Background information

The role of supported housing

Local authorities have a 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.

We are calling for a vision for the role of supported housing in reducing reliance on high-cost state-funded institutions and increasing the personal independence of vulnerable people, growing their ability to be part of their local communities. The average estimated cost to the Department for Work and Pensions through housing benefit of a person spending a week living in supported housing is £122 compared with an average cost of £2,800 to the NHS for a week spent in hospital.ⁱⁱ

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. The 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, and the publication of the joint report of the Work and Pensions and Communities and Local Government Committees on this, the Government announced that it intended 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.

However, the LGA continued to raise significant concerns about this approach, because it placed an unacceptable financial risk on councils, and on 31 October 2017, the Government published a revised consultation on future funding of supported housing and confirmed that the LHA rate would no longer apply to supported housing or the wider social housing sector.

The LGA's response to the Government's consultation proposals

The Government proposes a new 'Sheltered Rent in 2020', a type of social rent, which keeps funding for sheltered and extra care housing in the welfare system.

Demand for this type of supported housing will increase as the numbers of older people increase. The Government's objective of securing better cost control and value for money must be balanced with the need to ensure the necessary supply of quality accommodation for older people with different levels of need. Sheltered rent must be set at a level that reflects the total housing costs, including service charges. This must

recognise the higher cost of extra care provision and we support exploring a banded approach in order to achieve this. The future funding of sheltered and extra care housing costs is inextricably bound up with the acute funding pressures facing adult social care. The total supported housing package must be adequately funded. This should include the rent, eligible housing related costs, support and care

The Government proposes introducing a long-term and retained ring-fenced grant to councils for them to commission short-term supported housing. The grant will cover all costs previously met through housing benefit (including rent and eligible service charges).

We support the Government's intention to strengthen the local commissioning and oversight of supported housing. The Government must ensure that the DCLG ring-fenced grant to councils (both individually and collectively) is sufficient to meet demand for short-term supported housing for vulnerable people now and in the future. A commitment to multi-year funding settlements, with provision for growth, is essential to give councils, providers and partners the certainty to invest in future provision and keep pace with demand. Given the funding pressures facing local government, there can be no expectation that councils will make up a shortfall in funding now or in the future. The proposals represent a new burden for councils and a full assessment must be carried out. The April 2020 implementation timeframe is very challenging. There will need to be transitional arrangements to test the new funding model and sufficient time to properly involve councils in developing the detail. The Government has recognised that arrangements for people fleeing domestic violence will need to reflect the review of refuge provision in England that is expected to report in November 2018. The total supported housing package must be adequately funded, including the housing costs, support and care. The provision of short-term housing for vulnerable people in crisis is particularly important for councils working to reduce homelessness.

The Government proposes a National Statement of Expectation that will set out the Government's expectations in relation to supported housing.

Councils have expressed an interest in practical non-statutory guidance to support commissioning and enable them to navigate the new approach to funding supported housing. It must not be overly prescriptive and should be sufficiently flexible to reflect local circumstances, such as devolution progress. The requirement for councils to develop a Supported Housing Plan, map existing provision, carry out a needs assessment and an audit of future provision are New Burdens which must be properly resourced. There is a clear role for health and wellbeing boards to have an oversight of the need for and provision of supported housing, if they do not do this already. Any guidance needs to reflect that supported housing should be a part of the Sustainability and Transformation Plans (STPs) being developed by NHS England and encourage local health and care system leaders to incorporate supported housing plans into their STP.

Although not part of the consultation, the Government has indicated its intention to carry out further work on how best to strengthen quality, value for money and cost control for working age adults in long-term supported housing.

It is essential that local government is fully involved in scoping and influencing this work and that there is a joined-up approach from DCLG, DWP and the Department of Health and Social Care.

ⁱ https://www.local.gov.uk/sites/default/files/documents/5.20%20budget%20submission_06.pdf

ⁱⁱ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927-supported-accommodation-review.pdf