

# LGA Submission to consultation on the Future Funding of Supported Housing 13 February 2017



*The LGA is a politically-led, cross-party organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.*

## 1. Introduction

- 1.1. Supported housing provides a vital bridge between housing, support, health and care. It can bring together the positive elements of good quality build in the right locations with support for the needs of the vulnerable individual, alongside help and care for that individual so they can live a fulfilling life with positive outcomes.
- 1.2. Providing a safe and nurturing place to live with the right support enables those with disabilities to lead independent lives; it enables those recovering from mental illness to leave hospitals and begin their journey to recovery; it allows those fighting substance misuse to concentrate on rebuilding their lives; it provides some personal security for those finding themselves homeless; it provides an escape route for those fleeing domestic abuse; and it allows older people to continue to live independent and healthier lives for longer.
- 1.3. Evidence from a range of sources demonstrates the importance of the physical properties of the building in which you live and its location on your mental and physical health, and by association, your ability to learn, work, interact socially, access essential services, and thrive. These factors are especially important for preventing those already facing a disadvantage or a vulnerability from getting worse and needing more support.
- 1.4. The reform of funding for supported housing is an opportunity to set out the country's vision for how housing can support very vulnerable people to lead secure, healthy and fulfilling lives. It has to acknowledge the interdependencies between housing, health, personal wealth and care.
- 1.5. This consultation must be set in the overall financial environment councils are operating in. The need for financial stability across local government is urgent. Despite receiving a 'flat cash' settlement over the remaining years of the decade, councils remain under intense financial strain.
- 1.6. The LGA calls 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,

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growing their ability be part of their local community. We need to increase the supply of supported housing, which means sustainably funding both the housing and the support.

## **2. Our understanding of the proposal**

2.1. Government has stated that their objectives for reforming the supported housing sector 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 – getting access at the right time as well as, where possible, help to move on at the right time – 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.
- 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.

2.2. Government's main proposal for achieving these objectives is to introduce a local 'top-up fund'. Our understanding is that the purpose of the 'top-up fund' is to:

- Enable the full cost of the rent for all existing and future tenants in a supported housing property to be met. Government has determined to apply the LHA cap to the supported housing sector, which due to the specialist nature of the sector, does not cover the true costs.
- Give councils greater leverage and incentive to have an overview and responsibility for the purpose, supply, value for money and quality of the supported housing sector.

2.3. Our understanding of how the proposed 'top-up fund' will operate is that it will be a ring-fenced grant. The fund should allow local authorities to meet the shortfall between the amount a tenant can claim under Universal Credit or Housing Benefit (up to the local general housing needs LHA cap) and the actual rents and charges. This doesn't take into account the existing investment councils make in paying for what is termed 'eligible support', 'support' and 'care', or where some councils are already paying an element of the rent.

2.4. We understand, from representation made to us from the supported housing provider sector, that providers harmonise their rent and

charges across their building portfolios; which means that a vulnerable person's housing cost is based on their need rather than their geographical location and average local general needs housing rent levels.

2.5. This means that a person with the same level of need in London would be charged a similar rent if they were alternatively to reside in, for example, Liverpool. As the LHA rate is based on average local general needs housing rents and not average local supported housing rents, the volume of funding a local authority will need to meet a shortfall in rent with the associated administrative costs will be determined by their geographical location and will vary considerably. As such, degree to which this policy proposal will impact on councils will not be proportionate across the country.

2.6. The Government response to this consultation should consider whether the proposed solution – the application of the general-housing needs-based LHA rate and the subsequent local 'top-up fund' – meets the stated objectives for reforming the supported housing sector. If the conclusion is that the proposed solution does not meet the objectives, there is a strong case for looking at alternative solutions.

### **3. Summary**

3.1. 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.

3.2. Any new funding model is likely to involve transition and change within councils' housing and social care departments, and arrangements should be flexible enough to work within a range of local contexts.

3.3. We need a system whereby the various services can complement each other and the costs, risks, savings and benefits are better spread and understood across organisational boundaries. The danger is that policies that seek to further mark out funding 'territories' create a disjointed system, whereby cuts in one part of the system increase risks and costs in another part of the system. As such, we support taking a **whole-systems and person-centred approach** to the supply and quality of supported housing that considers the person, property, location, support needs, and care needs, and outcomes collectively as a single 'package'.

3.4. Housing a vulnerable person should start with the needs of that person. For a working-aged person, determining their need includes evaluating what is necessary to enable them to recover (where appropriate), to be independent, to gain employment or volunteer and to be well, and as a result reducing their dependency on the state, at both a national and local level. This is very much in keeping with the Section 1 'wellbeing principle' of the Care Act.

## 4. Key messages

4.1. The LGA is calling for:

- 4.1.1. Evidence and assurance that applying the LHA rate and creating a local top-up fund meets the stated objectives for reforming the funding of supported housing.

- 4.1.2. Councils to be funded as soon as possible to properly evaluate the gap in funding that this policy creates and to set up the systems needed.
- 4.1.3. An examination of the legal ramifications of applying this policy to existing tenancies.
- 4.1.4. Only new tenancies to come under the policy from 2019/20, with a phased introduction of existing tenancies.
- 4.1.5. A separate LHA rate for supported housing that is designed based on rents and charges in this sector.
- 4.1.6. The top-up fund to be sufficient and flexible; and that it is future-proofed and can meet a range of local circumstances.
- 4.1.7. 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.

## 5. Overarching Issues

- 5.1. **A growing and stable market for supported housing is dependent on sufficient funding to provide the support as well as the housing.** As such, this consultation must be set in the overall financial environment councils are operating in. The need for financial stability across local government is urgent. Despite receiving a 'flat cash' settlement over the remaining years of the decade, councils remain under intense financial strain. As set out in the [LGA Spring Budget submission](#) 2017, if councils do not receive any increase in funding over the remaining years of the decade, they will remain under enormous financial strain. Any cost pressures arising up to the end of the decade will have to be offset by further savings; conservatively we estimate that the overall funding gap will amount to £5.842 billion by 2019/20. Within this total funding gap the costs associated with homelessness and temporary accommodation, and children's and adult social care, are particularly acute.
- 5.2. In adult social care, inflation, demography and the National Living Wage creates a **funding gap that accounts for £1.259 billion of the overall £5.842 billion shortfall** by the end of the decade, even with the additional funding from the council tax social care precept and additional funding through the improved Better Care Fund announced in the 2015 Spending Review. Further to this, LGA analysis of providers' own 'fair price of care' calculations suggests that at least £1.3 billion could be needed immediately to stabilise the provider market and put it on a sustainable footing. This is separate and in addition to the estimated funding gap of £1.259 billion facing adult social care by the end of the decade. It is also a recurring cost meaning the total gap by 2019/20 is likely to be in the order of at least £2.6 billion.
- 5.3. It is essential that the true cost of **meeting the gap** between the

LHA cap and the rent, including eligible support costs, is comprehensively evaluated. As an absolute minimum, if councils are expected to fund this gap from 1<sup>st</sup> April 2019 for all existing tenants, who have *existing* tenancy agreements in place, there *cannot* be a shortfall. It creates a huge **reputational and administrative risk to councils, and the Government**, if councils are unable to provide the difference in the costs. It could put the most vulnerable members of our community at risk of losing their homes.

- 5.4. Failure in the system will in turn place **additional burden and costs on the health and justice sector**. For example, without supported housing, those with learning disabilities and/or autism and behaviours that challenge will have to remain in hospital settings, meaning Government will not meet its commitments after Winterbourne View. For the justice sector, without supported housing for ex-offenders, there is less scope to provide an environment that aids rehabilitation and supports reduced re-offending.
- 5.5. We urge Government to **provide councils with the time and administrative funding to evaluate the gap locally**. This involves processing and comparison of different data sets across housing and social care departments, and should not be underestimated. It will also involve working with a range of local housing providers and other agencies to review costs, tenants, properties, etc. As a minimum, the proposed '**pilot year**' of 2018/19 should be used in this way. Previous requests for authorities to provide data to inform new policies (for example, on DCLG's high value housing assets policy in 2015/16) resulted in a payment to authorities in recognition of the burden of this additional work.
- 5.6. The DWP and DCLG **supported accommodation review** into the scale, scope and cost of the supported housing sector was designed to generate an indicative snap-shot quantum of overall spend to allow the Government to gain a broad sense of the issue. It was designed and commissioned before any announcements on the application of the LHA cap to supported housing and it was not designed to determine local allocations; and should not be interpreted in this way. Given the risks of under-allocation, there is a need for maximum rigour.
- 5.7. We urge the Government to clarify the **legal ramifications** for local government in placing any responsibility or expectation to meet a rental shortfall where there are existing tenancy agreements. We see this as posing a **high risk to existing council budgets**, should the top-up funding envelope and new burdens funding fall short. We believe that all existing tenants should have an expectation that they can remain in their homes, that their existing rent and support levels will be met and that the top-up fund allocation will cover the shortfall. There should be no expectation by Government that councils can use their existing budget to cover any shortfall in the top-up fund. In the longer term, councils may have the opportunity to review quality, rent levels, outcomes, need, supply, and so forth; with an underlying principle of choice for the resident that meets their aspirations.

- 5.8. To this end, to reduce the risk to local and national government, we recommend a **'phased' approach**, with tenants with longer tenancies being added over time. This would allow councils the time to work with tenants and providers to review rent levels, quality, and the aspirations. This would also allow councils time to put in place the administration required.
- 5.9. DCLG and DWP are running on a very tight timetable for making the relevant decisions, announcements, legal frameworks and funding allocations. The expectation is that a Green Paper is published in the spring of 2017, and a White Paper is published in the Autumn of 2017, so we are unlikely to have clarity until the beginning of 2018 - only giving councils (possibly) a single financial year to establish how many tenants are affected and what the shortfall is. If the policy was only applied to new tenants from 2019, as originally announced, this will reduce the risk of exposing vulnerable tenants and councils to unforeseen and costs that cannot be met. It would also allow the market time to readjust.
- 5.10. The DWP and DCLG review into supported housing recognised that councils in England currently contribute an indicative **£1.3 billion towards the cost of supported housing, over a quarter of the total estimated cost of £5.1 billion**, £3.49 billion of which is from housing benefit. Around 33 per cent of this contribution is from adult social care, 28 per cent from housing departments and 20 per cent mainly from other council sources. Only 5 per cent is from the NHS, including social care partnerships. The average estimated cost to DWP 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.
- 5.11. The ability for councils to continue to contribute a quarter of the cost in light of on-going and significant cost pressures is questionable; and any future localisation of funding must be sufficient to maintain and grow the sector, meeting, as set out in the Government's consultation, its "obligation" to "protect the most vulnerable" and support "hundreds of thousands of the most vulnerable people across the country". The building of new supported housing this past and future financial year has stalled, putting this obligation at risk as well as the Government's commitments under the Transforming Care programme. To kick-start the building of supported housing, **additional investment is needed now** to prevent the industry collapsing under the uncertainty as we wait for what the future funding landscape could look like in 2019/20.
- 5.12. The LGA is particularly concerned about the regional and local difference in burden resulting from the **disparity in the gap between the LHA cap and rents geographically across the country and also within local authority areas**. We understand from the funding models supported housing providers have shared with us that this ranges from, for example, 93 per cent of units with rents above the LHA cap in the Midlands, to 16 per cent of units with rents above the LHA cap in the South East. We also understand from a number of councils and providers that within a single local authority area, there may be different LHA rates

applicable. This is because the LHA rate is set based on what is termed 'Broad Rental Market Areas' (BRMAs) and not local authority boundaries. This disparity, and the associated risk in the allocation process, gives further weight for the need for a comprehensive review into the size of the funding gap, and how it is experienced across the country, so as to inform the volume of funding that is required.

5.13. Building on this, the LGA would like to make the case for a **separate LHA rate that is just applied to the supported housing sector**. This rate could be better based on the level of rent and charges in this sector, as opposed to general needs housing, and could explore how a person-centred approach to the delivery of housing and support could be more effectively administered. The system should be seamless around the person, meeting their needs, not the administrative boundaries of the public sector and publically-funded sector.

5.14. The LGA has supported the announcement that the top-up funding will be ring-fenced, with our Chairman, Lord Porter, stating that "*while the LGA would normally argue against ring-fencing funding, we understand the Government's reasoning in this exceptional case, and feel that the prize here is very much worth that price.*" To this end, the LGA would like to see the **on-going security of the ring fence** so that the true cost of the implementation of this policy can be demonstrated. Government can then positively respond to improved information and deliver on their statement in the consultation to 'grow the sector'. We would be very strongly opposed to any proposals to subsume this new responsibility into business rates retention, and we are sure that the Government's position that Attendance Allowance will not be devolved to councils; sets a precedent that it is not appropriate to incorporate such demand-linked pressures.

5.15. **The setting of the LHA rate**, and its associated freeze, is fundamental to the supply of supported housing and general needs housing, and is increasing the risk of homelessness and the pressure on local authority spending on temporary accommodation. **Government should lift the freeze in LHA rates** while working with local government to increase the supply of affordable housing for low income households. Tackling the demand for Housing Benefit will be the most effective and sustainable way of reducing spending on Housing Benefit long term. Reforms that have reduced household incomes while rents continue to rise has led to landlords reducing housing options for low-income households. The ending of an assured shorthold tenancy is now the greatest cause of homelessness, rising 92 per cent since 2011/12<sup>1</sup>. As a result more councils are having to house more families in temporary accommodation and research suggests temporary accommodation has cost councils £3.5 billion since 2011/12, rising by 43 per cent in that time to £850 million in 2015/16<sup>2</sup>.

5.16. Government should also ensure that the **1 per cent annual reduction to the LHA cap is reflected in an increased**

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<sup>1</sup> DCLG homelessness statistics live table 774

<sup>2</sup> Crisis, November 2016

**settlement to councils** in the top-up fund so that councils are not exposed to the risk of having to make up this shortfall from its own budgets.

- 5.17. It is important to recognise the **interrelationship between the availability of general needs housing and supported housing**. The lack of available and appropriate general needs housing is putting pressure on supported housing provision.
- 5.18. **The fundamental interrelationship between housing, support, health and care provides local opportunities as well as risks**. It is imperative that the top-up fund is sufficient to meet existing and future demand because there can be no expectation that other council budgets in housing departments, adult social care or public health can meet any shortfall. Whilst **adult social care** has a clear role in the integration of housing, health and care, as set out in Care Act Guidance 4.90<sup>3</sup>, and there are opportunities for improving personal outcomes by ensuring the property itself is contributing to determinants of wellbeing and health, the LGA is particularly concerned about the pressure from this proposed policy on these services.
- 5.19. The fund needs to be flexible enough to encourage **innovation** and respond to how housing, support and care models may change in the future. Councils (upper tier, lower tier and unitary) are all providing and building supported housing themselves and are actors in the market. The Association of Greater Manchester Authorities (AGMA) are pooling their budgets with local Clinical Commissioning Groups (CCGs), and how this fund and any associated responsibilities operate in a pooled budget environment needs to be taken into account.
- 5.20. The LGA would like to see Government articulate the **importance of the supported housing sector to the health sector**, and in particular the NHS. Supported housing provides a service that enables people to move out of hospitals, and also prevents them needing hospitalisation in the first place. It also provides vital public health support for those fighting and recovering from substance misuse. Supported housing has been cited in Public Health England, NICE and NHS England guidance to local areas as a preventative intervention that should be considered as part of local plans for improving health and wellbeing and reducing demand on health and social care.
- 5.21. The provision of supported housing reduces the demand an individual has for other services, including health services, as well as improving their quality of life.<sup>4</sup> For older people, the annual saving to the taxpayer through reduced reliance on health and

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<sup>3</sup> "Integrated services built around an individual's needs are often best delivered through the home. The suitability of living accommodation is a core component of an individual's wellbeing and when developing integrated services, local authorities should consider the central role of housing within

integration, with associated formal arrangements with housing and other partner organisations." Care Act Guidance 4.90

<sup>4</sup> National Housing Federation, Providing an Alternative Pathway, 2014; Berrington J, The Value of Sheltered Housing, January 2017

social care services is estimated at around £3,000 per person. For people with learning disabilities and mental health issues, the annual saving per person rises to between £12,500 and £15,500<sup>5</sup>. There is a general need for increased focus on health as a key outcome from supported housing. It is a preventative service and investing in it is vital for meeting the aspirations of the NHS Five Year Forward View.

5.22. Despite assurances that the **Department of Health (DH)** are involved in this work, it is very surprising that their logo is not on the front page of the consultation document alongside that of DWP and DCLG. Given the significant stake that health has in this issue, and the risk to the NHS if we are unable to house and support people with health needs in the community, they should be co-producing the Spring Green Paper.

5.23. Of particular concern to LGA members has been the impact of the uncertainty over the future of supported housing on those with learning disabilities and/or autism and behaviours that challenge, who are part of the cross-sector **Transforming Care** programme designed to enable their move from NHS settings into the community. Addressing this issue after the Winterbourne View Panorama programme was considered a priority for the Department of Health, as well as NHS England and the LGA. The adverse effect on our joint ability to deliver this programme as a result of the supported housing announcements should be taken seriously DH.

5.24. At the root of any **decisions should be the person**. We urge DCLG, DWP and DH to take the opportunity in the development of the Green Paper to engage with '**experts by experience**' – the people who live and work in supported housing. We collectively need to ensure that changes to this policy do not have an adverse impact on vulnerable people. The provision of supported housing is likely to be the first interaction that support services have with a vulnerable person and, if we get it right, we can create an environment whereby the person continues to engage with services, putting them on a positive trajectory to actually reduce their dependence on state support.

## 6. Older People and an ageing population

6.1. **An ageing population is one of the greatest challenges facing our public services.** The number of people aged 75 and over is projected to rise by 89 per cent to 9.9 million by mid-2039; and the number of people aged 85 and over is projected to more than double, to reach 3.6 million by mid-2039.<sup>6</sup>

6.2. The [LGA Housing Commission](#) was established to help councils deliver their ambition for places. It has been supported by a panel of advisers and has engaged with over 100 partners, hearing from councils, developers, charities, health partners, and many others. All partners agree that there is no silver bullet, and all emphasise

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<sup>5</sup> Frontier Economics, *Financial benefits of investment in specialist housing for vulnerable and older people*, 2010

<sup>6</sup> Office for National Statistics (2015) *National Population Projections:2014-bases Statistical Bulletin*

the pivotal role of councils in helping provide strong leadership, collaborative working, and longer-term certainty for places and the people that live there. A key line of enquiry for the Commission was housing at the heart of integrated health and care, with a particular focus on an ageing population.

6.3. The LGA Housing Commission's final report, [Building our homes, communities and futures](#), published in January of this year, has recommended that local and national government work together to:

- Develop a renewed national and local focus to create homes and neighbourhoods integrated with health and care services to support positive ageing.
- Encourage health and wellbeing boards to work across local areas in bringing together planning, health and care partners to develop a collective strategic ambition for delivering housing that enables healthy ageing alongside health and care services.
- Support local health, care and housing sector partners to start an early collective conversation with people about both their current and future housing aspirations and needs as they age.
- Plan and deliver housing as part of emerging integrated health and social care services, activities and facilities designed to support older people to age well in their homes and communities for longer.

6.4. The issue of the **administrative burden** of managing the expected high volume, low additional unit cost of older people's housing has been raised by Government and partners, with proposals for including additional funding in **Pension Credit** to meet older people's housing needs, and as a way to reduce the administrative burden locally. Whilst the LGA believes this could have some merit, it is concerned that this would reduce the overall funding envelope for councils, giving them less scope to ensure the funding was being directed in a way that meets those with the most needs, and also being preventative.

6.5. Councils have expressed to the LGA a preference for having oversight and leverage on older people's housing to enable them to look at **innovative future housing supply that best meets the need of their local population**, and that provides the full envelope of funding that can be available. There are concerns that 'sub-groups' that chip away at the total pot will reduce council's ability to administer the fund strategically. In addition, there was concern that the state might end up 'overfunding' some without the desired quality oversight, and that providers might be incentivised to charge more than they would have done otherwise.

6.6. However, we are concerned that the proposals bring older people prematurely into the remit of the current welfare reforms linked to the introduction of Universal Credit even though they were explicitly excluded from other welfare reform provisions.

6.7. There is an appetite in local authorities to shape our future homes for older people and to address issues of social isolation and

loneliness. An outcomes-based approach can be used for this group – increased independence is a positive outcome, good health is a positive outcome, *not* needing to access other services is a positive outcome, reducing or eliminating falls is a positive outcome. There is no reason why housing that is ‘preventative’ in terms of prolonging good health and independence for older people cannot be included in an outcomes-based model

6.8. The focus of any reform should not be on perpetuating the legacy of existing stock. Fundamentally, we should be **asking local people** the question about what sort of homes they are aspiring to in older age.

## 7. The Care Act and housing

7.1. The LGA’s 2015 publication on integrated approaches for the housing, health and care needs of vulnerable adults, “[A home is much more than a house](#)” explains that the Care Act 2014 is a landmark piece of legislation bringing together, into a single coherent statute, the provision and funding of care and support, the effect of which is intended to last a generation or more. Additionally, for the first time, the contribution of housing to the care and support system has been recognised throughout the Act and accompanying statutory guidance. The legislation emphasises better information, strengthened prevention, a more personalised approach, joining up support around the needs of the individual and has a core underpinning of promoting health and wellbeing. Housing is defined as a ‘health-related service’, placing housing firmly on the care and support map.<sup>7</sup>

7.2. Councils also have the responsibility under the Care Act to develop ‘[Local Market Position Statements](#)’ that have to set out:

- What support and care services people need and how they need them to be provided
- The support and services available at the moment, and what is not available but needs to be
- What support and care services the council thinks people will need in the future
- What the future of care and support will be like locally, and how it will be funded and purchased
- How commissioners want to shape the opportunities that will be available.

7.3. Given that the current provision of supported housing provision does not meet existing need and that we are looking to grow the provision within a ring-fenced grant, we understand that Government is minded to place an expectation on councils to determine who is most in need, determine the most suitable interventions for a range of needs, and determine how housing, support and care can best support those needs. We think that any such expectation should be based on the model of the ‘Local Market Position Statement’.

7.4. The Care Act provides a new national minimum eligibility threshold for adult social care and support, whilst also placing a responsibility

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<sup>7</sup> A home is much more than a house, LGA

on councils to support wellbeing. It is imperative that any additional eligibility criteria for supported housing does not undermine the eligibility and assessment criteria set out in the Care Act, and also does not confuse members of the public seeking support.

7.5. The experience of ‘supporting people’ has not been positive for many councils. The envelope of funding for supporting people was insufficient and there was excessive bureaucracy. The ring-fence on the funding was removed and subsequently the funding went into the baseline and was effectively cut as part of the overall cuts to local government finances. The National Audit Office in 2014<sup>8</sup> reported that local authorities had reduced Supporting People spending by 45.3 per cent since 2008/09. During this period councils experienced an overall 40 per cent cut in funding. We believe this is one of the reasons for the **nervousness of councils and providers on the prospect of a ring-fence** – the prospect that it will be removed and cut similar to the Supporting People programme, and that it will be subject to in-year and overall cuts similar to those which we have seen to the public health ring-fenced grant – cuts by government to councils’ public health grants of nearly 10 per cent – approximately £530 million over five years.

7.6. The LGA has been [warning](#) that unless Government announces new money for social care, the Care Act, which is a landmark piece of legislation that sets out how elderly and vulnerable people receive care and support, will fail. Responding to this, Government has announced a **Cabinet Office minor review into adult social care**. We urge Government to use this to consider new long-term solutions to secure the sustainability of care and support, including supported housing, that includes genuinely new money rather than piecemeal measures that will not alleviate the social care crisis, with councils at the heart of that discussion. This provides an opportunity further link up departments across Whitehall, all of whom have a stake in the future of adult social care.

## 8. The multiple and complex needs of those in supported housing

8.1. The consultation sets out questions relating to which council tier should receive funding, how to ensure councils fund based on need, and whether there is a case for a separate short-term supported housing funding model.

8.2. Underpinning any decision on these issues has to be an understanding that the **needs and experiences of those in need of supported housing are multiple and complex**. They can begin in short-term supported housing as a result of being homeless, but may actually be diagnosed with a mental health illness and in need of long-term supported housing. Equally, a person who has experienced mental ill health may be discharged from hospital into supported housing to enable their fuller recovery, or as part of an ongoing package of support. Many of those with a high level of need can move in and out of supported housing.

8.3. As such, any future model of funding has to be **flexible** enough to allow councils to respond to the needs of the person. It has to allow

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<sup>8</sup> The impact of funding reductions on local authorities; National Audit Office, 2014.

them to work in partnership with other sectors, including the third sector. And as highlighted previously, it has to allow for a whole-system approach.

- 8.4. If supported housing is separated into short-term and long-term, we still need a framework that recognises that for many, their experience will be to interact with a series of services. There may be a point when 'statutory homelessness' duties have been discharged through the provision of short-term accommodation, but adult social care then has a duty under the Care Act because the individual has a longer-term care need.

## **9. LGA response to the consultation questions**

### **9.1. 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?***

- 9.1.1. The LGA believes that any top-up funding should go to councils as the only local agencies that bring together housing, health and care, have the statutory responsibilities or have financially invested in support for all the eligible groups, and can bring together local partners.
- 9.1.2. As set out in the LGA Housing Commission Final Report, all councils (upper tier, lower tier and unitary) have responsibilities for planning, housing, social care and public health, as well as playing a strategic role in partnership with clinical commissioning groups and others in the planning and provision of healthcare services. They are therefore well placed to proactively plan for meeting the housing, care and health needs of their (ageing) populations. In two tier areas, local housing authorities are increasingly engaged to help ensure that housing solutions are part of the broader health and wellbeing focus in local areas.
- 9.1.3. There are a variety of local models already in action and the funding should allow for maximum flexibility and innovation, with an assumption that it will facilitate partnership working. The funding also needs to be 'future-proofed', taking into account how, for example, greater devolution would impact on a ring-fenced supported housing budget.
- 9.1.4. It is also important to avoid perverse outcomes and excessive bureaucracy resulting from over-engineering of budgets and, for example, ring-fences within ring-fences.
- 9.1.5. If the funding for short-term funding is separated out, how that funding is determined and administered is fundamental to this question.
- 9.1.6. Across the board, we do not want to see a situation where local government is expected to deliver welfare benefits that should be administered centrally.

### **9.2. 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?***

- 9.2.1. Underpinning the design of the funding model should be a “whole-system approach” to wrapping support, which includes their home, around the person. In order to achieve this, and reflect the direction of travel on devolution and integration, there should be maximum flexibility. Otherwise, there is a risk of perverse outcomes as systems move towards integration or pooled budgets or new innovative funding mechanisms.
- 9.2.2. We are already seeing a step-change towards commissioning across service boundaries, particularly on health and social care. **The legislative groundwork is already there in the Care Act.**
- 9.2.3. Health and Wellbeing Boards are set up to bring together different commissioning bodies to take joint decisions on priorities based on evidence and local circumstances. They are an existing mechanism to bring together partners to explore how housing could be better incorporated and considered as the foundation of good health.
- 9.2.4. **Sustainability and Transformation Plans (STPs)** are setting out a local place-based perspective on the future financial resilience of the health service and the road towards integration. Proposals for the future of supported housing should be flexible enough to allow local agencies to incorporate future support and growth of the sector into their STPs. For example, supporting housing can provide step-down care from health services, particularly **mental health**, allowing those recovering from mental illness to move out of hospitals and allowing councils meet their statutory duties under section 117 of the Mental Health Act 1983.
- 9.2.5. The LGA has concerns regarding what is meant in the consultation by ‘fair access to funding’ and exactly which agencies are being referred to as “local commissioning bodies”. We must avoid ‘cost-shunting’ onto councils, who will only have a limited ring-fenced budget to respond, and anything that gives a disincentive to organisations that are currently investing in helping vulnerable people.
- 9.2.6. For example, Police Crime Commissioners (PCCs) have control over the police main grant, from which they can commission any community safety projects that they see fit. They are also responsible for commissioning many victims services locally. Many PCCs have commissioned local domestic abuse support services, and there are examples of PCC funding contributing to refuge support. In addition, current bids for specialist domestic abuse accommodation funding from DCLG are open to local authorities, but they may co-bid or partner with PCCs as part of this initiative.
- 9.2.7. Equally, the Ministry of Justice should be responsible for ensure the actual costs of the properties and support provided

for ex-offenders are met.

9.2.8. We need to avoid the expectation that a single non-local government agency or sector would have a 'claim' on the funding. We cannot afford for there to be a shortfall in this area, considering the impact on vulnerable people and council budgets', and by extension other vital council services. Any calls on the funding would need to be established up-front.

9.2.9. An outcomes ring-fence (similar to public health) would allow for a wider range of housing options to achieve the objectives of reforming the system, rather than a system whereby amount spent per person is evaluated.

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

9.3.1. Government can start by ensuring that any national funding allocation to councils is sufficient to enable local authorities to allocate funding to match local need.

9.3.2. Councils are then best-placed to allocate any available funding to local need across all the client groups. They have several tools to enable them to ascertain what local need is, such as the Joint Strategic Needs Assessment, and to establish whether current supply meets this need.

9.3.3. The inference behind this question is that there will be **inadequate** ring-fenced funding to enable councils to meet the needs of all client groups, and that they will be forced to make decisions on the allocation of funding between levels of need and client groups. If the ring-fenced funding is adequate, and takes into account that currently need is not being met and there needs to be future growth in the sector, then there is no reason why councils would not match local need for supported housing across all client groups.

9.3.4. The issue of complex and multiple needs as set out in section 8 of this submission should also be taken into account here.

**9.4. 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)?**

9.4.1. As set out our response to question 3, the primary issue is the size of the funding envelope – this will determine councils' ability within a ring-fence budget to support vulnerable groups.

9.4.2. Again, the LGA is concerned about what is meant by 'fair access to funding'? This implies that individual clients have a 'claim' on the funding, rather than councils being able to commission and strategically allocate funding based on local priorities and needs. We would strongly oppose any

assumption that a 'claims' or 'access' system to the funding would be appropriate or administratively practical.

9.4.3. Local decisions on who should receive funding are very complex and sensitive. We would want to avoid any national 'blunt instruments' that are likely to result in councils *not* being able to use the budget in a flexible way that meets the needs of their local people, or vulnerable people from other areas, such as women in refuges.

9.4.4. Within a constrained funding environment, which will arise if councils do not receive adequate funding within the ring-fence and cannot grow the sector to respond to demand, difficult decisions have to be made. It is extremely unlikely that a national statutory duty or legislative instrument will help councils in making these decisions. The likelihood is that it will hinder them.

9.4.5. There is existing English legislation that crosses over with this policy area, including the Care Act 2014, the Health and Care Act 2012, the Housing Act 1996, the 2002 Homelessness (Priority Need for Accommodation) order, the Housing and Planning Act 2016 and the Homelessness Bill.

9.4.6. There are a multitude of examples where councils are investing in a vulnerable group, not as a result of statute, but because they recognise their need and the importance of supporting them.

9.4.7. Councils are not under statute to provide drugs and alcohol abuse support and services, but councils are committed to ensuring drug users get the right support and treatment, and spend more on drug and alcohol treatment than in any other area of public health. This year alone, local authorities will spend over £800 million into tackling substance misuse. However, with public health grants for local authorities being reduced by £533 million by 2020, no service is immune from spending reductions, which could seriously undermine the progress already made.

9.4.8. Councils have also voluntarily agreed to implement the [Armed Forces Community Covenant](#), committing themselves to ensuring that those who are serving, have served, and their families, do not face disadvantage and are treated fairly.

9.4.9. Additional statute may actually undermine existing statute and create confusion.

**9.5. 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?**

9.5.1. It is our understanding that the proposed application of the LHA cap and associated 'top-up fund' is to incentivise councils, by making them partly responsible for paying an element of the rent and eligible costs; to plan for, commission, and work with

local partners to supply supported housing, and also to monitor quality, value for money and the delivery of positive outcomes for residents.

9.5.2. Given the objective of the reform “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”, there appears to be 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.

9.5.3. As stated in section 7 of this submission, under the Care Act, councils already have to produce a ‘local market position statement’ that sets out the current level of provision and gives clear signals to the market of the need for local provision. [Councils](#) are already publishing housing and supported living-related market position statements.

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

9.6.1. The LGA would like to see a full burdens assessment undertaken in consultation with councils to ascertain the administrative impact of any proposals that are taken forward and the specific tasks needed to turn them into reality; with the resulting funding needed being made available to councils in advance of the 1 April 2019 proposed start date.

9.6.2. We do not think there is sufficient information or clarity at this stage to respond to this question further.

**9.7. 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?**

9.7.1. As per our response to question 5: it is our understanding that the proposed application of the LHA cap and associated ‘top-up fund’ is to incentivise councils, by making them partly responsible for paying an element of the rent and eligible costs; to plan for, commission, and work with local partners to supply supported housing, and also to monitor quality, value for money and the delivery of positive outcomes for residents.

9.7.2. If, as is inferred by this question, the LHA cap and top-up fund does not achieve this oversight and assurance of value for money, quality and outcomes, it does bring into question whether the LHA cap and top-up fund will achieve the stated objectives.

9.7.3. Indeed, the LGA has already set out in this consultation response the regional and local disparity between the LHA rates and supported housing rents. This means that the ability of councils to utilise the top-up fund to drive oversight and

assurance is unequal across the country, regionally, and within individual local authorities. This does call into question whether the proposed cap and top-fund is 'fit for purpose', if it does not enable councils to have this oversight.

9.7.4. Councils already have to commission [a 'Local Healthwatch'](#) under the [Health and Social Care Act 2012](#), to hold the council to account for their ability to operate effectively and provide value for money on health and social care, as well as associated services.

9.7.5. Local Healthwatch gives local oversight of quality and supply of health and social care services, giving citizens and communities a stronger voice to influence and challenge how health and social care services are provided within their locality.

9.7.6. Local Healthwatch:

- has a seat on the statutory health and wellbeing boards, ensuring that the views and experiences of patients, carers and other service users are taken into account when local needs assessments and strategies are prepared, such as the Joint Strategic Needs Assessment (JSNA) and the re-authorisation of Clinical Commissioning Groups
- enables people to share their views and concerns about their local health and social care services and understands that their contribution will help build a picture of where services are doing well and where they can be improved
- alerts Healthwatch England, or CQC and/ or council scrutiny committees where appropriate, to concerns about specific care providers, health or social care matters
- provides people with information about their choices and what to do when things go wrong
- signposts people to information about local health and care services and how to access them
- gives authoritative, evidence-based feedback to organisations responsible for commissioning or delivering local health and social care services
- can help and support Clinical Commissioning Groups and council social care departments to make sure that services really are designed to meet citizens' needs
- should be inclusive and reflect the diversity of the community it serves.

9.7.7. It would not be efficient, practical or cost-effective to replicate these existing structures, but there could be the opportunity to build on them. The LGA suggests that, with the anticipated greater involvement of DH, such opportunities to build on existing statute and structures can be realised.

**9.8. 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?**

9.8.1. The consultation has set out that one of its core objectives for reform is “to encourage the development of new supply”. We recommend that councils are empowered to set out local demand and need, and are given the opportunity to articulate how they see the sector growing. This should be utilised as the basis for Government support to develop new supply. This could be through new capital investment models to help increase the availability and reduce the cost of new build in the sector.

9.8.2. Flexibility and innovation need not be to the detriment of development of new supply. It is important that the fund is ‘future-proofed’. We appreciate the need for investor confidence, but at the same time we don’t want to constrain the market with over-engineering and bureaucracy.

9.8.3. The basis of the uncertainty is whether there will be sufficient and long-term funding to meet enable councils to plug the gap between the LHA cap and rents in existing, pipeline and future provision. And that nervousness and uncertainty is felt by providers, investors and councils. Councils are also building and commissioning supported housing. It is a model many councils are supported and a sector they would like to see grow.

9.8.4. To give greater assurance to the market, there should be a clear commitment and methodology for retaining the ring-fenced funding in the future. This should include a mechanism to draw down or be allocated ‘growth’ funding.

9.8.5. As set out in section 7, the Care Act ‘market position statements’ provide a useful existing template and statutory implement for setting out local need and opportunity to supply, and signalling to the market what councils may be seeking to commission.

9.8.6. Councils have significant experience of working with multinational organisations on large infrastructure programmes. The provision of local flexibility does not rule out long term funding arrangements or other commissioning models.

9.8.7. We understand that the supported housing market also needs the provision of **low-cost capital**, and there has been representation from councils that capital funding also needs to be provided at a low rate that brings down the need to recoup from revenue. Government should also be looking at ways to bring forward low cost capital to this sector, and there could be opportunities to link with the HCA funding for new build.

**9.9. 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?***

- 9.9.1. Councils have expressed an interest in a practical non-statutory national commissioning framework to give them guidance and structure to enable them to navigate the policy. The LGA advocates co-designing any commissioning framework with councils, providers and experts by experience, as well as other stakeholders.
- 9.9.2. Such a framework could set out in greater detail suggested quality indicators and value for money indicators for housing providers to demonstrate they are meeting, and that councils could include in any commissioning of supported housing they undertake.
- 9.9.3. It is important that any such commissioning framework is voluntary and that the value of it is in its practical application. If such a framework were to be obligatory in any way it would stifle learning and innovation. An LGA example of such a framework is out "[Commissioning for Outcomes](#)" framework.
- 9.9.4. A national statement of expectations aimed at supported housing providers on the expected quality and value for money they are providing could give tenants greater assurance and give the sector an indication of the standards they should meet in accessing housing benefit. It may also give councils some indicators on which to judge quality and value for money.
- 9.9.5. Any new national statement will need to complement existing frameworks, such as the Home Office [National Statement of Expectations](#) on Supporting Local Commissioning on violence against women and girls published by the Home Office in December 2016.
- 9.9.6. Fundamentally, Government should focus on whether the objectives behind the reform of supported housing, as set out in the consultation, are being met.

***9.10. 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?***

- 9.10.1. The LGA thinks that the proposal to transition to this new funding model on 1 April 2019 is extremely ambitious, given the reputation and possible legal risk of under-funding existing tenancies, and the associated risks to other council services and other agency services.
- 9.10.2. Given the Government timetable as set out in the consultation, we are unlikely to have clarity until the White Paper of Autumn 2017. As a minimum, we would need to see burdens and research funding announced as part of the Local Government Finance Settlement in 2017 to allow councils to undertake the research necessary to provide evidence to

Government on the size of the funding envelope that is required; and to put in place the staffing, structural, oversight and administrative procedures required.

9.10.3. Assurances would be needed well in advance of the next Local Government Finance Settlement to allow councils to plan for this before 1 April 2018. This provides very little scope for piloting, which we think is very important in order to test good practice and to help develop the proposed commissioning framework. It also provides very little scope for any legislative changes and to engage with tenants and provide the communications and information necessary.

9.10.4. Based on the above, and the substantial financial, legal and reputational risk to local and central government if the systems and adequate funding are not in place on 1 April 2019; we propose that the policy should only apply to new tenancies from 1 April 2019. If the purpose of the LHA cap and top-up fund for supported housing is to allow council oversight of quality, provision and value for money of the market (and it can be demonstrated that the LHA cap and top-up fund is the mechanism to achieve this and there are no legal issues associated with existing tenancies) then existing tenants could be added in a phased approach. This could also help settle the market.

9.10.5. It is essential that Government avoids a 'cliff-edge' in funding that risks the housing security of our most vulnerable residents.

9.11. ***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?***

9.11.1. DCLG, DWP and DH need to engage with and provide the opportunity for tenants from all eligible funding groups to gain their perspective on these proposals.

9.11.2. This needs to reflect the different levels of need of the various eligible groups. For instance, those with a learning disability will need easy-read versions of any consultation, and events should work with advocates to ensure they are facilitated in a way that enables individual to express themselves.

9.11.3. Fundamentally, the local top-up model should be designed in a way that responds to need and demand, and in a way that is cognisant that the funding for the support element of supported housing is under extreme pressure as part of the £2.6bn funding shortfall in adult social care. **Supported housing can only operate if the support is also adequately funded – and that means adequately funding adult social care.**

9.12. ***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?***

- 9.12.1. We understand that the basis for this question, and the proposal to separate funding for short-term accommodation from Universal Credit, is because tenants in need of short-term accommodation may not be in residence for the 42 days standard application for Universal Credit turn-around time, and may be moving in and out of supported housing. It is definitely not an ideal situation for providers of short-term accommodation to have to chase tenants after they have left for rental contribution.
- 9.12.2. We understand the desire to allocate a time limit on eligibility for financial support in short-term housing. At the same time, this is very much linked to the availability of follow-on housing, which to a significant extent is dependent on the local housing market. It undermines the support given during a person's stay in supported housing if follow-on housing cannot be secured and the 'time limit' for supported housing is reached. Any associated policy or regulations would need to be very clear about the expectation for follow-on housing.
- 9.12.3. Equally, as mentioned previously, people's needs are complex and a person may move in and out of crisis housing. Would any time limit be a continuous time limit, reset when a person leaves and re-enters housing, or would it follow the person? (and consideration should be given to any perverse incentives from either model).
- 9.12.4. Crisis accommodation can still be based on achieving outcomes for the individual – the nature of these can be established at the outset.
- 9.12.5. Any policy or funding model will need to take into account that domestic abuse victims may need to move in and out of crisis accommodation, particularly if a partner manages to locate them. As such, the policy or funding arrangement will need to be respectful of existing reciprocal arrangements between councils over refuge provision. It is important that proposals do not destabilise these arrangements or create confusion, leading to a reduction in overall provision.
- 9.12.6. In addition, it is important to build on local experience about the need to provide a variety of supported housing solutions, and that refuges or hostels may not be the most appropriate form of housing for many. It is important to have choice for the individual and that it meets their needs. It would be a retrograde step to create a policy that pushes a single-option route.
- 9.12.7. There is quite a complex picture for funding domestic abuse support services. Flexibility and a longer-term funding solution would support more strategic commissioning of services, particularly where, for example, refuge provision is only one part of the commissioned service. Often grants are made to cover less than a two year period, creating uncertainty and, in some cases, putting services at risk, with local funders

having to step-in to prop up services in the short term. Strategic commissioning is a central message in the Government's National Statement of Expectations for violence against women and girls.

- 9.12.8. Fundamentally, different funding arrangements should not inhibit an individual being able to move between supported housing options. Ideally, an individual should be able to follow a pathway so, for example, if they enter the system because they have become homeless, all their needs can be assessed in order to determine what follow-on housing and support is needed, which may well be longer-term supported housing if they also have an underlying mental health issue, are diagnosed as having a learning disability that they need support with, or that they have a drugs and alcohol abuse issue, or they are a veteran in need of specialist support.

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For examples of council case studies please see:

**[A home is much more than a house](#)**

**[LGA Housing Commission Final Report](#)**