

**Funding Supported Housing:**

**Consultation on housing costs for sheltered and extra care accommodation**

1. **About Us**
   1. The Northern Housing Consortium (NHC) is a membership organisation based in the North of England that works with local authorities and housing associations to advance the cause of housing. Our membership covers around 90% of all housing providers in the North. The NHC brings its members together to share ideas, and to promote their interests and to ensure their voice is heard at a regional and national government level.
2. **Introductory Comments**
   1. The NHC broadly welcomes the proposals which will hopefully address the ongoing concerns about the long-term stability of funding for supported housing.
   2. The NHC was pleased at the announcement that the government had listened to the concerns of all interested parties and that as part of the wider funding review the cap for supported housing would not be applied. The LHA cap would have caused particular problems in the North for people living in supported housing, and would have put homes for some of the most vulnerable people in our society at risk. The reversal of this proposal was welcome news for our members who were anticipating significant difficulties and financial losses based on worst case scenarios. It now means that registered providers will be able to plan to support under 35s; plan for the development of new sheltered and supported schemes and to focus resources on other pressing issues.
   3. Overall the proposals present a welcome recognition of the need for a funding system that protects future supply of new sheltered and extra care housing to meet the growing support needs of an ageing population.
   4. The approach in the consultation papers goes a long way to recognising the diversity of the sector and the people it supports. However, there remain significant challenges in the details of the proposals and we have responded to this in our response to the consultation questions. There are areas where there is a real risk of de-commissioning of services if the full complexity and variety of services is not fully represented. A major challenge for local authorities will be how to balance the needs of people across the whole age spectrum in a way that is fair, effective and sustainable and the proposals must support them in that role.
   5. The NHC, as cross sector membership body, supports registered providers and local authorities in their commissioning and oversight role. The detailed responses to the consultation questions set out below are based on dialogue with members from housing associations and local authorities at a series of roundtable events.

**Question 1: We would welcome your views on the following:**

1. **Sheltered Housing definition: what are the features and characteristics of sheltered housing and what would be the practical implications of defining it in those terms?**
2. **Extra Care definition: what are the features and characteristics of extra care housing and what would be the practical implications of defining it in those terms?**

Our members made the following comments on definition:

* Firstly, our members were concerned that a narrow definition will fail to reflect the variety of service types and accommodation, and ultimately could potentially restrict innovation and growth in this sector with, as a worst case scenario, a risk of de-commissioning of services if not defined broadly enough.
* It was felt by our members that future proofing the fitness for purpose of services requires a definition that can be flexible. For example, technological innovation which could make sheltered schemes better could be stifled by overly prescriptive definitions. The definition therefore needs to be future-proofed to allow for advances and innovation.
* The status of sheltered schemes not regulated by HCA is unclear, for example private sector and charity schemes and where these will sit in terms of rent levels, funding through the welfare system and regulation.
* It was proposed by our members that a range of indicators be used reflecting the variety of provision, rather than a prescriptive definition and such indicators be used by providers to designate schemes appropriately and support the regulatory regime. Such indicators could sit within a primary, broad national definition with secondary local input to provide flexibility at local level.
* The investment in extra care should be recognised in the value it has as a preventative measure having a positive effect on health outcomes and NHS spend, for example, this year’s winter health crisis partly fuelled by lack of move-on accommodation for older people in hospital.

1. **Is there an alternative approach to defining this stock, for instance, housing that is usually designated for older people? What would be the practical implications of defining sheltered and extra care supported housing in those terms?**

* Our members felt the label ‘sheltered’ perhaps needs review as it is no longer a term that is widely used and there are many examples of providers re-branding stock to ‘retirement living’ or ‘older persons’ housing. ‘Independent living’ as an overarching definition was considered the most important aspect so as to avoid being too restrictive.
* The most important aspect is need, and not age. Long term funding proposals will not be sustainable unless they address the needs of the whole of the population, and not just older people.

**Funding Model**

**Question 2: Housing costs for sheltered and extra care housing will continue to be funded through the welfare system. To meet the Government’s objectives of ensuring greater oversight and value for money, we are introducing a ‘Sheltered Rent’ to cover rent inclusive of eligible service charges.**

**How should the detailed elements of this approach be designed to maximise your ability to commit to future supply?**

Our members have been clear – they need a funding model that is secure, sustainable and understandable for tenants and providers in the long term, and one that supports vulnerable people.

We welcome this social rent model which keeps funding for sheltered and extra care in the welfare system and that the proposed sheltered rent for extra care and sheltered housing “*acknowledges the higher costs of these types of housing compared to general needs housing*”. However, in terms of the detailed design of the approach, our members are seeking reassurance on a number of points:

* If the sheltered rent is not set at the “right level” this could be a step backwards. The level of the regulated rent is obviously a key factor in determining whether providers are confident to invest in developing new supply. The sector must have early indication of the financial proposals, including how funding is to be split between sheltered housing, short-term supported housing and long term housing. Early indication of funding is needed if the sector is to contribute to the design of the system and to have confidence to commit to new development and provide new investment in older people’s homes.
* The funding model should be sufficiently flexible to provide for the wide spectrum of needs residents have, many of which may be interlinked and to respond to demand increases in both the volume and complexity of people’s needs.
* The need to provide value for money is acknowledged but our members have concerns about how to ensure both value for money and future viability of services. Evidence is required on the true cost of providing sheltered and extra care housing and this should be used to set the regulated sheltered housing rent.
* There should be clear guidance on what is treated as new supply to ensure the viability of schemes currently in development.
* It is imperative that there is a consideration of regional variations in the regulated rent so that Northern regions are not disadvantaged (as would have occurred with the local housing cap).
* All existing schemes should transfer into the new regulated regime at their current charges.
* The rent element of the gross rent is already regulated through the formula rent which should stay the same. The new role for HCA in regulating service charges needs to be applied fairly and consistently which may require an outcomes framework and be separated from the rent element.
* There is no reference to the treatment of ‘exempt accommodation’ dwellings or if there will be changes to Housing Benefit regulations or changes to the guidance to local authorities in how they interpret the regulations on this element. We are concerned that this could be a method to cut allowances outside this consultation process.
* Our members 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.

**Question 3: We are keen to make appropriate allowance for eligible service charges within Sheltered Rent that fairly reflects the costs of this provision, whilst protecting the taxpayer. What are the key principles and factors that drive the setting of service charges (both eligible and ineligible)? What drives variations?**

* Housing costs, including service charges, vary by scheme based on numerous factors including the property age, number of units, communal areas and facilities.
* Setting a sheltered rent must also work equally well across different regions and for that, the service charge element must support the actual cost and should be permitted to increase in line with the true cost of providing services.
* Our members have concerns that value for money may be achieved by limiting the eligibility of service charges. For this reason, the regulator should review the cap on service charges through analysing a basket of the appropriate costs.
* It is also essential that this element is future-proofed and allows for annual fluctuations, for example, there can be elements of the service charge that can lead to legitimate variations such as major repairs to lifts or costs outside of the control of the provider such as energy costs.
* As new homes are built, they will take advantage of new technological innovations and eligibility of service charges must take account of the longer term benefits of investment.

**Question 4: The Select Committee and a number of other sector representatives have suggested that we use a banded approach to reflect variety of provision across the sector. We are interested in understanding more about this. How do you think this might work for sheltered and extra care housing?**

* In consultation with our members, the general consensus was that a single financial model across sheltered and extra care would not allow for the variation and we therefore support a banded approach, but one which takes into account regional variations thereby ensuring that the south east does not overly benefit. There must be investment in all regions equally, not only in the highest-value areas.
* However, bandings in themselves do not necessarily ensure that schemes are funded appropriately (e.g. the problem with the LHA cap). A system with small regional variations, with relatively small top-ups, could provide a much greater degree of certainty for supported housing providers.
* Regional variations could be assessed through a data collection exercise to understand the true cost of service charges and whether there should be regional bandings or bandings for the size of a scheme.
* We support the conclusions of the modelling carried out by Lord Best following his work with five housing associations resulting in a considered piece of work that shows that a discreet and particular allowance for supported housing can be developed at no extra cost. Such an allowance should take into account the fact that the regional variations in the costs of providing supported housing throughout the country are actually very small. The model shows how rents can fit within a simple banding system, with modest regional weightings that are more related to the actual costs of supported housing.

**Question 5: For providers, on what basis do you review eligible service charges? What drives changes?**

**- More than once a year**

**- Annually**

**- Every two years**

**- Every 3-5 years**

**- Every 5 years or more**

**- When a new tenant moves out of the property - Other (please state).**

**Question 6: Of your service charges, what percentage is paid by: - Welfare payments - through eligible service charge - Local authorities - for example, through supporting people - The tenant - Any other reflections**

Our member organisations will respond individually to questions 5 and 6.

**Question 7: Attached to the policy statement is a draft National Statement of Expectation (see Section 4). We would welcome your views on the Statement and suggestions for detailed guidance.**

* Our members are keen to build relationships and work together to ensure they provide a range of housing needs whilst helping to relieve the pressures on health and social care. In that context, the National Statement of Expectation is welcome as it aims to bring all supportive services together as no agency can do this on their own but we feel that the Statement has ‘no teeth’ as it is not directly tied into the funding model.
* One of the ‘expectations’ must be to ensure the government takes proper account of the crucial role played by older people’s housing in reducing the requirement for higher-cost social care and health services as well as the urgent need for the development of additional sheltered housing.
* There are high levels of concern about the impact on supported housing arising from the pressures in the local NHS. People who are waiting longer for treatment will need social care support longer than anticipated. Pressure in primary care and community health services makes it more likely that people will end up needing local authority funded long term residential care, thereby putting further pressure on local authority budgets for nursing home care.
* The statement could be more explicit on transitional needs – the journey to and from needing support. This is the distinction between supported accommodation and support generally.
* The statement is silent on the involvement of procurement professionals in the commissioning of services and how they are involved and aware of proposals and the extent to which procurement strategies account for growth and innovation.
* Guidance on providing access where ‘the most vulnerable people …… in an area to which they have no local connection’ clearly needs to be aligned with new requirements arising from the Homelessness Reductions Act.

**Question 8: The National Statement of Expectation encourages greater partnership working at local level regarding supported housing, including sheltered and extra care housing. What partnership arrangements do you have for sheltered and extra care housing at the local level?**

* It is essential that future funding settlements for the NHS and social care take account of the inter-dependency of these services and encourage collaboration rather than cost shunting.
* It should be recognised that partners at local level have experienced considerable shrinkage in capacity, not just in the public sector but in the voluntary and community sector. Access to funding therefore is the key driver for successful partnership working and tying the ‘expectations’ into the funding model will support partnership working.
* Obligations under the new Homelessness Reduction Act will increase demand on short term accommodation and local authorities will necessarily be aiming to widen the range of short term accommodation to meet that new duty and retain a decent standard without relying on bed and breakfast or other unsuitable accommodation.

**Implementation**

**Question 9: Government has moved the implementation of the reform on sheltered and extra care accommodation to April 2020. How will you prepare for implementation in 2020, and what can the Government do to facilitate this?**

* The additional implementation time up to April 2020 is welcome however, some of our members felt this still does not provide sufficient time to prepare, particularly when not all of the detail is currently available. We would propose aligning the change with the roll out of Universal Credit, so aiming for implementation by 2022. This would allow for piloting the new approach in at least three scenarios, for example:

1. A region where cross-authority commissioning is well progressed
2. A unitary authority commissioning independently
3. Two-tier authorities: perhaps two pilots, one where the grant sits with the upper tier, one where it sits with the lower

* Another time factor to consider is that our members will need to work closely with residents to build their understanding of the balance between cost and quality alongside the impact of the funding changes. This will be a significant undertaking for providers but will allow residents to further contribute to the decisions made on individual schemes.

**Question 10: Deferred implementation will allow for additional preparatory measures. What suggestions do you have for testing Sheltered Rent?**

* Evidence is required on the actual cost of providing sheltered and extra care housing and this should be used to set the regulated sheltered housing rent.
* Consideration of regional variations in the regulated rent is required so that Northern regions are not disadvantaged and the flaws of the LHA cap are not repeated. This should be carried out on a wider scale based on the modelling carried out through Lord Best’s review.

**Commissioning**

**Question 11: How do support services predominantly in sheltered and extra care accommodation get commissioned in your organisation or local area? - By local authority (upper tier) - By local authority (lower tier) - Through the local NHS - Other (e.g. nationally). Please name.**

No further comment to add

**Question 12: We believe the sector can play an important role in driving forward improvements in outcomes and value for money, for instance through joint commissioning and sharing of best practice. What role can the sector play in driving these improvements forward?**

Registered providers already have a focus on value for money and use approaches which use varying methods of service delivery to achieve capacity and affordability. Our members made the following observations:

* Intended outcomes should be built in at the commissioning stage and linked to wider priorities including health outcomes and preventative measures.
* Outcomes could focus on how housing for older people contributes to outcomes for health and social care using measures such as falls prevention, avoiding hospital admissions and supporting early hospital discharges.
* It would be beneficial if there was national guidance on the key outcomes, allowing for some consistency of monitoring and reporting, and accounting for health related outcomes showing improvement over the longer term with some quality of life improvements being intangible.
* Our members hold a large amount of satisfaction customer ratings which could be included in outcome measures, but guidance and recognition of this is required.

**Overall**

**Question 13: If you have any further comments on any aspect of our proposals for sheltered and extra care accommodation, please state them here.**

* Our members felt that at this stage, and without a very detailed view of the financial proposals, the impact on residents and providers cannot be fully known. As the proposals stand, there is a preference from our members for a transitional or phased approach to implementation.
* The proposals are light on how residents will be placed at the centre of any decision making and the needs and choice of the vulnerable person or people, their family and carers, enabling providers to include them fully in realising positive outcomes.

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