



In-depth Briefing

Future Funding for Housing Costs in Supported Accommodation CHC Update: August 2017

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Background

In November 2015, it was announced that tenants living in the social rented sector (including supported accommodation) would have their entitlement to Housing Benefit (HB) or Housing Element (HE) of Universal Credit (UC) capped at the Local Housing Allowance (LHA) rate, from April 2018, for tenancies signed from April 2016 onwards.

In September 2016, the policy was amended. The application of the LHA cap to supported accommodation was delayed until April 2019. For general needs the implementation date remained at April 2018. It was also announced that supported accommodation will be exempt from the Shared Accommodation Rate (SAR). Crucially, a further announcement was made that a top-up fund would be devolved to local authorities in England, and to the devolved administrations, to cover the shortfall between LHA and the actual rent and eligible service charge costs of the supported accommodation unit.

In November 2016, the policy received its latest update.¹ It was announced that the application of LHA to general needs would be delayed until April 2019, brought in line with its application to supported accommodation. It was announced that those living in general needs and claiming UC will be capped at LHA from April 2019 regardless of when they signed their tenancy. Those claiming HB will only be affected if they signed their tenancy after April 2016. For supported accommodation, **all tenants** will have their individual housing costs entitlement through the benefits system capped at LHA regardless of whether they are on UC or HB, or when they signed their tenancy. However, the proposal to devolve a top-up fund to Wales to cover the rent and eligible service charge shortfall remains.

The Policy

A podcast summary of the policy can be listened to here: <https://soundcloud.com/chcymru/local-housing-allowance-2-the-impact-on-supported-housing/s-wFfsw>

From April 2019, residents in supported accommodation will be individually entitled to up to the applicable LHA rate through the benefits system. This will be delivered either through Housing Benefit or through Universal Credit. The lowest applicable LHA rate will be the one bed rate, residents in supported accommodation will be exempt from the Shared Accommodation Rate (SAR). E.g if an individual is resident in a room in shared supported accommodation they will be entitled to the one bed rate.

¹ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-11-21/HCWS273/>



It is proposed that the shortfall between the LHA and the full rent and eligible service charge² will be made up by a top-up fund, which will be devolved to Wales. This will be devolved as part of the block grant and it will therefore be the decision of Welsh Government how this funding is allocated. CHC are calling on Welsh Government to ring fence this funding explicitly for rent and service charges in supported accommodation.

Currently, it is proposed that the size of the Welsh top-up fund for financial year 2019/20 will be calculated using the supported accommodation HB spend as of March 2019. It is proposed that this data is extracted from Housing Benefit data held by local authorities. This spend data will represent the full rent and eligible service charge, and the LHA element for each claimant will need to be removed to calculate the size of the top-up fund. CHC is calling on Welsh Government to survey all landlords and providers in the months leading up to March 2019 to accurately enumerate the LHA component of the total HB spend.

In England, it is proposed that the top-up funding will be devolved to local authorities. UK Government had planned to publish a Green Paper on their proposals for the top-up fund in late Spring. However, this has now been postponed due to the General Election. It will be the decision of the next Secretary of State for Work and Pensions, in partnership with the Secretary of State for Communities and Local Government, if and/or when the Green Paper is published and the direction of the policy as a whole.

Welsh Government are working on the assumption that the policy will progress as planned before the calling of the General Election. The planned timeline going forward is as follows:

- **May-October 2017:** Welsh Government steering group to work with the sector to develop advice on potential options for the Cabinet Secretary for Communities and Children.
- **November 2017:** Welsh Government, working with the steering group, to prepare a formal consultation on the Cabinet Secretary's preferred option(s).
- **December 2017-February 2018:** 12 week public consultation on preferred option(s).
- **April 2018:** Cabinet Secretary to announce new funding system.
- **April 2018-April 2019:** Steering group to support Welsh Government in implementation of new model.
- **April 2019:** New funding system to go live across Wales. Residents to receive up to LHA through UC or HB.

² At this time, it is not clear which service charges will be eligible for the purpose of the top-up fund. However, it is likely that this will follow either the current HB or UC eligible service charges.



Welsh Government Steering Group

Welsh Government (WG) are working closely with stakeholders to co-develop a funding model for supported accommodation from April 2019. Together with WG, CHC is working on the assumption that the policy will progress as planned by UK Government before the calling of the General Election on June 8th.

Steering group membership:

Paul Webb – Welsh Government
Will Atkinson – CHC
Janet Bochel – CHC
Richard Sheahan – Erosh
Katie Dalton – Cymorth Cymru
Rhian Stone – Cymorth Cymru
Jim McKirdle – WLGA
Elke Wilton – WLGA
Eleri Butler – Welsh Womens Aid
Welsh Government Analytical Services x 1
Welsh Government Transforming Learning Disabilities x 1

The terms of reference for the steering group are to identify groups, organisations and individuals who should be consulted on the design of the new funding system. It is not tasked with creating advice alone and any members not represented on the group can be assured that their voice will be heard directly and through CHC. Examples of opportunities to engage directly with Welsh Government on this issue will include the National Supported Housing & Provider Network, CHC conferences & events and the CHC task & finish groups.

Short Term & Emergency Supported Accommodation

As part of their November 2016 consultation, UK Government consulted on whether short term & emergency supported accommodation, such as hostels and refuges, should be funded through a separate model to longer term supported accommodation. The decision following this consultation was due to be made in the now delayed Green Paper.

CHC has represented Welsh housing associations on the UK level group looking at funding for short term and emergency supported accommodation. From the discussions held, the possible outcomes for funding short term supported accommodation, ranked in order of likelihood at this point are as follows:

1. Rent & service charge costs fully devolved to Welsh Government. No element delivered through the benefits system.
2. Funded as per longer term supported accommodation. LHA through benefits system and top-up devolved to Wales.
3. A Great Britain wide funding system. Either as a new benefit or as a retention of housing benefit.

The LHA plus top-up funding model has particular risks for short term & emergency supported accommodation. With increasing numbers of residents already claiming Universal Credit and the proposal



to end the administration of Housing Benefit 2022, the LHA element of funding will be increasingly delivered through Universal Credit.

Residents entering short term supported accommodation and claiming Universal Credit will undergo a one week waiting period, followed by a four-week assessment period, followed by a one-week administration period before receiving payment. If the resident moves on within the initial one-week period or the four-week assessment period, the resident will not be entitled to the housing costs for their stay in that accommodation. This presents a clear risk to income for landlords and providers of short term supported accommodation.

CHC Task & Finish Groups

Following the four consultation events held with members across Wales in December 2016, CHC convened four, member task & finish groups to create sector recommendations on specific aspects of the future of funding for supported accommodation in Wales. The four groups are as follows:

- Emergency & Short Term Accommodation
- Funding Distribution
- Funding Delivery
- Encouraging Development

The groups have met and produced initial recommendations, and will continue to meet as necessary up until April 2019 to guide our representations to Welsh Government.

The notes from the first meetings can be read here:

<https://www.yammer.com/chcmembers/#/groups/11911575/files>

Commons Select Committee Inquiry

On 1st May 2017, the joint Work & Pensions and Communities and Local Government Select Committee inquiry into the future funding for supported accommodation produced a report of its findings and recommendations.

The recommendations pertaining to funding were as follows:

- The Government should undertake an assessment of the final funding proposal to assess its impact on the future provision of supported housing
- The Government should introduce a Supported Housing Allowance, with a system of bandings for different types of provision and a cap within each band. The Supported Housing Allowance would be calculated according to a formula made up of two elements: a fixed amount that reflects the cost of provision, which is consistent between geographical areas; and a smaller, variable amount that reflects differences in land values in each area
- The Supported Housing Allowance should be sufficient to ensure supported housing tenants only require recourse to locally-administered top-up funding in exceptional circumstances
- To meet the Government's objective for greater oversight of quality and value for money in the sector, tenants should only be eligible for the Supported Housing Allowance if they live in accommodation registered for regular inspection by their local authority



- A capital grant scheme should be introduced for new supported housing developments. This would mean that, even when the cost of land varied between high and low value areas, core rent and service charges for new accommodation would remain largely consistent with existing supported housing stock
- The Government should ensure local authorities have sufficient guidance, time and resources to collect the necessary data for the review of current and future need in their areas, even if this requires retaining the current arrangements for a longer period of time.
- Central funding of the top-up should be guaranteed for at least the duration of the next Parliament, to provide greater certainty to local authorities' funding cycles and long-term commissioning plans.
- The Government should consult with local authorities to ensure they have the resources they need to administer the top-up funding. This should be separate from, and in addition to, the funding provided for disbursement to tenants in supported housing
- On short term supported accommodation, the Government should consider a system of grants paid to local authorities so they are able to commission emergency accommodation in their areas. Local authorities should pay providers directly, so services are available when they are needed.

The full report can be read here:

<https://www.publications.parliament.uk/pa/cm201617/cmselect/cmcomloc/867/867.pdf>

August 2017 Update

UK Government Responsibilities

CHC now believes that the Green Paper will be published some time in Autumn 2017. This may be September or October, to fit within the current timetable of providing an indicative budget in the UK budget, which is likely to be announced in November 2017. The Green Paper was originally planned for publication in May 2017.

We continue to work to highlight the recommendations of the joint committee inquiry (detailed above) to Welsh MPs and are meeting with the National Housing Federation in England to develop further joint working.

CHC has learned further detail on the proposed DWP methodology for calculating the size of the devolved top-up fund. We believe that local authority housing benefit (HB) departments will receive guidance around May 2018 on the arrangements for flagging HB claims for supported accommodation, using the definition of supported accommodation utilised when exempting accommodation from the first year of the 1% rent cut applied to social housing in England. The definition is proposed as follows³:

All supported housing (that is not specialised supported housing) provided by local authorities and private registered providers – these include though are not necessarily limited to:

- sheltered accommodation for older people
- extra care housing
- hostels and other supported accommodation for the homeless
- supported accommodation for people with drug or alcohol problems
- supported accommodation for people with mental health issues
- supported accommodation for ex-offenders and people at risk of offending
- supported accommodation for people with disabilities

³ <https://www.gov.uk/guidance/welfare-reform-and-work-act-2016-social-rent-reduction>



- supported accommodation for people with learning disabilities
- supported accommodation for young people
- supported accommodation for teenage parents

We welcome the use of a broad definition, particularly concerning the explicit inclusion of sheltered accommodation. However, we have been working closely with Erosh, who have identified a significant minority of units of sheltered accommodation which are currently classified as general needs for housing benefit purposes. We are working with Welsh Government and UK Government, to ensure that all sheltered units are flagged as supported accommodation when sizing the devolved fund.

We are working closely with WLGA to identify technical issues which require raising with DWP around the technical issues which will be faced during the flagging process. There are currently three separate software programmes in use for administering housing benefit across the twenty-two local authorities in Wales. We understand that there is currently no provision for flagging supported accommodation within these software programmes and that this will need to be created through the planned yearly updates to the respective software packages.

While we pursue assurances that all current units of supported accommodation are flagged as such, we strongly advise members to identify the classification for HB purposes of their supported housing units. Although we have received assurances that supported accommodation which is currently classified as general needs for HB purposes should be flagged as supported accommodation, the flagging of supported accommodation units will possibly begin with those classified as Specified Accommodation. Therefore we continue to urge members to seek to reclassify the units as Specified Accommodation where possible.

Further information on Specified Accommodation can be found here:

http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Specified_accommodation_briefing.pdf

Welsh Government Responsibilities

CHC facilitated two member consultation events during July, at which members discussed their preferred funding arrangements directly with Paul Webb, Welsh Government. Following on from these consultation events, and similar events held by Cymorth Cymru, WLGA and Erosh, Welsh Government are drafting their first advice to the Cabinet Secretary, which will take the form of a summary of the discussions held at the events. It will not advise the Cabinet Secretary on any preferred model for funding.

The Steering Group will meet again in September to plan a further series of consultation events, at which specific funding models will be discussed. CHC has been invited to submit a one page description of a potential funding model, which has been based on feedback from members sitting on the four CHC task & finish groups and from further consultation events we have held. The document describing the model accompanies this update.

A further update will follow the next round of consultation events.

Please do not hesitate to contact me with any queries, comments or thoughts around funding for supported accommodation.

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