



In-depth Briefing

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

The announcement

On the 25th October, the Prime Minister announced that the Local Housing Allowance (LHA) cap would not be applied to supported housing, or to general needs social housing. This policy change made the proposed funding model for supported accommodation from 2019 of LHA plus top-up impossible to implement, and so new funding models were required. The Prime Minister also announced the publication date of a white paper containing proposed future funding models for supported accommodation.

NB: the decision not to apply the LHA cap to general needs social housing includes the Shared Accommodation Rate (SAR) for under 35s. The SAR will not be applied to social housing.

The prime minister said:

"We will not apply the Local Housing Allowance cap to supported housing – indeed we will not be implementing it in the wider social housing sector, and the full details will be made available when we publish our response to the consultation.

This is something we have been looking at very closely over the past year... and I can confirm that we will be publishing our response to that on Tuesday 31 October.

It will look at a range of issues: we need to ensure the funding model is right so that all providers of supported housing can access funding effectively. We need to look at issues such as significant increases in service charges that have taken place recently, making sure that we are looking at cost control in the sector.

But I can also say that we will not apply the Local Housing Allowance cap to supported housing – indeed we will not be implementing it in the wider social housing sector, and the full details will be made available when we publish our response to the consultation."

New Funding Models

On the 31st October, DCLG & DWP published a white paper, *Funding Supported Housing*, which lays out proposed funding systems for supported accommodation **in England**. It also contains two consultations, one looking at the funding of sheltered/extra-care, the other looking at the funding of short term and emergency supported accommodation. The white paper is available here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655990/Funding_supported_housing_-_policy_statement_and_consultation.pdf



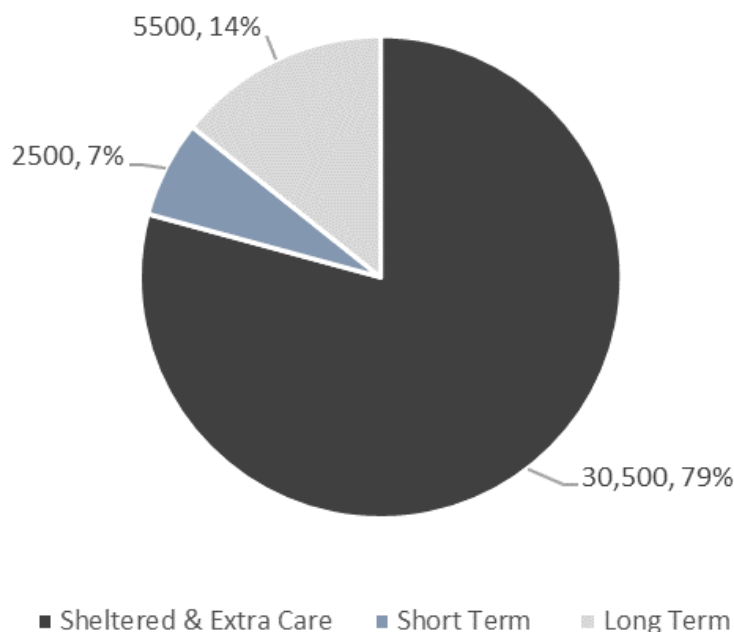
The proposed funding model is tripartite, separating supported accommodation into three groups and offering a different funding model for each:

- Sheltered housing and Extra Care
- Short term & emergency supported accommodation
- Long term supported accommodation

These funding models will come into effect in April 2020. Until this point, all supported accommodation will continue to be funded as per the status quo.

We will now explore each of these funding models, which areas of supported accommodation they may apply to, and how they may apply to Wales.

Firstly, using figures gathered in the Supported Accommodation Review¹, we can begin to estimate the number of units which will fall under each funding model.



The chart shows that the majority of supported accommodation in Wales is older persons' accommodation (defined as supported accommodation for people over 65 in the Supported Accommodation Review (SAR)). We can make a strong assumption that these units will fit within a future definition of either sheltered or extra care decided on for a future funding model for sheltered and extra care. It has been indicated that the definition of sheltered and extra care supported accommodation will be based on the units themselves, not on the age of the tenants.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927-supported-accommodation-review.pdf (Page 41)



The SAR estimates the numbers of units of different types of short term supported accommodation such as hostels and women's refuges. Combining these estimates, and assuming that these will fit within the future

definition of short term supported accommodation, we can assume that around 2500 units of accommodation will fit within the funding model for short term and emergency supported accommodation.

Finally, the remaining 5500 units (14% of the overall 38,500 units of supported accommodation in Wales) are likely to be classed as long term supported accommodation.

All the above estimates should be approached with caution. Some units of long term supported accommodation may be captured by the definition of short term and emergency supported accommodation.

Sheltered Housing and Extra Care Funding from April 2020

In England and Wales, it is proposed that sheltered housing and extra care will be defined through the elements of the building which make them so. The exact definition is being consulted on but will include elements such as communal spaces and alarm systems. It is very unlikely that there will be any age based criteria applied to the definition of sheltered housing or extra care.

In England and Wales, funding for rent and eligible service charge in sheltered housing and extra care will continue to be funded through Housing Benefit or Universal Credit.

In England, a cap on the rent and eligible service charge in sheltered housing and extra care is proposed. This has been called the 'Sheltered Rent', which will be calculated as follows:

$$\text{Sheltered Rent} = ((\text{Formula rent} \pm 10\% \text{ flexibility for supported housing}) + (\text{£X for eligible service charge}) \text{ up to a level of } \text{£Y}).$$

In Wales, following extensive discussions with officials within DWP, we are of the understanding that the 'Sheltered Rent' will not apply to Wales. This is due to rent policy being devolved to Wales. This would mean that sheltered and extra care housing in Wales would continue to be funded up to the full level of rent and eligible service charge through either Housing Benefit or Universal Credit. CHC continues to seek further assurances that this is the case.

Short Term & Emergency Supported Accommodation Funding from April 2020

In England and Wales, short term & emergency accommodation is likely to be defined as follows:

Accommodation with support, accessed following a point of crisis or as part of a transition to living independently, and provided for a period of up to two years or until transition to suitable long-term stable accommodation is found, whichever occurs first.

This will likely include hostels, refuges and other short term supported accommodation.



In England and Wales, it is proposed that all funding for rent & eligible service charge will be removed from the welfare benefits system.

In England, a grant will be devolved to local authorities as a ring fenced grant to commission short term supported accommodation. Initial allocations to LAs in 2020/21 will be calculated based on an assessment of that LAs need for that year. LAs will be instructed to produce a local strategic plans and needs assessments as a condition of receiving this grant (see page 25 of the policy document).

In Wales, the Welsh Government will receive funding through the block grant. The mechanism for how this funding will be calculated is under discussion but it is likely that this will be based on need, as per English LAs, rather than a simple Barnett consequential. It will then be Welsh Government's decision how this funding is used. A Welsh Government steering group has been created to look at how short term supported accommodation should be funded in Wales. Members include CHC, Cymorth Cymru, WLGA and Women's Aid.

The change to a 100% grant delivered outside the benefits system is a response to the issues posed by the abolition of Housing Benefit and eventual switch to funding rent & service charge through Universal Credit. In short term accommodation, residents may stay for shorter than the UC assessment period, leading to no entitlement for rent & service charge during their stay.

Funding through a 100% grant would also remove the issue of high rents in short term supported accommodation preventing move on or residents entering employment. Residents in short term supported accommodation would retain their entitlement to HB or the housing element of UC. This would allow a resident to simultaneously claim HB or UC housing costs for another property while living in short term supported accommodation. This has the potential to benefit women fleeing domestic abuse and could make the transition for residents moving out of short term supported accommodation much smoother.

Additionally, entering employment while in short term supported accommodation would not effect entitlement for support for housing costs for that accommodation, as is currently the case. This is due to the short term accommodation not being funded through HB or UC.

The 100% grant approach does present the risk that insufficient funding will be devolved to Wales each year to deliver sufficient units of short term supported accommodation. There is also a risk that Welsh Government will not deliver a funding model which delivers this devolved funding in full. CHC will be working closely with UK and Welsh Governments between now and April 2020 to mitigate these risks.



Long Term Supported Accommodation Funding from April 2020

Across Great Britain, rent & service charge for long term supported accommodation will continue to be funded 100% through Housing Benefit or Universal Credit, as per the status quo. There are no plans to restrict this funding.

Next Steps

CHC will respond to the DWP/DCLG consultation on funding for short term supported accommodation, which can be found at the end of the policy document². This consultation closes on 23rd January, and we will be consulting extensively with members before responding.

CHC are providing strong representations to Welsh Government through the steering group, to ensure that any Welsh model for funding rent and service charges in short term supported accommodation works well for our members. We will consult regularly with members between now and April 2020 to ensure we are representing your concerns.

Please do not hesitate to contact Will Atkinson, Policy Officer, if you have any queries, concerns or comments about the future funding of supported accommodation.

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²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655990/Funding_supported_housing_-_policy_statement_and_consultation.pdf