



CHC's Response

About Us

Community Housing Cymru (CHC) is the representative body for housing associations and community mutuals in Wales, which are all not-for profit organisations. Our members provide over 158,000 homes and related housing services across Wales. In 2015/16, our members directly employed 9,109 people and spent nearly £2bn (directly and indirectly) in the economy, with 89% of this spend retained in Wales. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

Our objectives are to:

- Be the leading voice of the social housing sector.
- Promote the social housing sector in Wales.
- Promote the relief of financial hardship through the sector's provision of low cost social housing.
- Provide services, education, training, information, advice and support to members.
- Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.

Funding for Supported Housing: Consultation



In addition to our responses to the questions asked, we have the following comments on the overall policy of localising supported accommodation funding.

The Policy

The proposal to fund supported accommodation through the benefits system up to Local Housing Allowance (LHA), topped up with a devolved funding pot, has particular risks for Wales as LHA rates are low in comparison to England. In high LHA areas including London and the South-East of England, many supported accommodation schemes are viable within LHA rates. In Wales this is rarely the case. The cost of providing supported accommodation is principally determined by the costs of development, maintenance and the salaries of housing management and support staff. These costs differ little from one area to the next but the April 2016 LHA rates can differ by as much as £200 (Blaenau Gwent 1 bed (£60) vs Central London 1 bed (£260.64)). Particularly for existing schemes and those where the developer owns the land, the higher LHA rates in London & South-East of England would allow delivery of supported accommodation without top up.

A further risk could be created through the devolution of the top up fund. In order for existing and near future supported accommodation provision to be maintained, it is vital that this fund is based on a comprehensive understanding of the cost of supported accommodation in Wales, minus the eligible rents at the applicable LHA rates for each area. Supported accommodation schemes under development should also be taken into account when determining the size of the fund to be devolved, particularly if these schemes are to be operational before or during 2019/20. This could be achieved by sizing the fund to take into account supported housing schemes in development and those in receipt of Social Housing Grant (SHG).

It is equally as important for any devolved fund to adequately grow with demand. Wales has a proportionately older and more disabled population compared to England. Those aged 65 and over make up 18.4% of the Welsh population, compared to 16.3% of the English population.¹ 19.6% of Welsh children & adults are disabled (using the DDA definition), compared to 18.9% in England.²

By 2037 it is projected that the proportion of the Welsh population aged 65 and over will grow to 26.9%.³ A proportionately ageing population will most likely place an additional demand on older persons housing. Therefore, it is vital that any devolved fund grows with demand for

¹<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/table124oldagestructurevariantenglandpopulationinagegroups>

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321594/disability-prevalence.pdf

³<https://stats.wales.gov.wales/Catalogue/Population-and-Migration/Population/Projections/National/2014-Based/populationprojections-by-year-gender>



supported and sheltered accommodation. The advantage of the current benefit system of funding the individual through Housing Benefit payments to cover the cost of rent and eligible service charge is that the funding regime flexes with demand. Any change in system needs to ensure that any increase in demand is met by an increase in funding. If this cannot be guaranteed, then the proposed top up shouldn't be implemented through devolution but through the welfare system.

We strongly agree with the ring fencing of the fund in England and urge the DWP, HM Treasury and Welsh Government to work together to agree a similar arrangement in Wales before implementation.

CHC welcomes the current DWP definition of supported accommodation, particularly its inclusion of sheltered accommodation. We strongly urge Welsh Government to adopt a similar approach. Where we refer to 'supported accommodation' in this response, we include sheltered accommodation.

LHA Rate Disparity

In April 2016, 59.1% of 1 bed LHA rates in Wales were below the 30th percentile.⁴ If a policy of LHA + top up funding is to be delivered, LHA rates should be thawed in 2019, rather than 2020 as planned. This would provide assurances to landlords and support providers of the proportion of their funding which will be provided through the benefit system in the near-to-mid-future. Flintshire currently awards a 1 bed LHA rate of £81.36, compared to the 30th percentile of £88.60. Matching the 30th percentile for 1 bed in this BRMA would boost the LHA by 8.2%, a significant increase. Additionally, an early thawing of LHA rates would also benefit the bodies expected to assess need and deliver the 'top-up' funding by indicating which schemes may not require a top-up post-2019.

Consideration should also be given to the accuracy of the 30th percentile calculations at which the LHA rates are pegged. The data on actual lettings collected should be a transparent and accurate reflection of the local rental market.

⁴<http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Mind%20the%20gap.pdf>



Rent Policy Divergence

In Wales, 55% of older persons' housing, 63% of refuges, 64% of learning difficulty accommodation and 69% of supported housing for young people is provided by housing associations.⁵

The diverging social rent policies within Great British nations have the potential to impact on the number of supported accommodation units which can be funded by a finite fund. Consideration should be given to the effect of inflation on the core rent of supported accommodation across Great Britain and the need to ensure that the devolved top-up funds grow adequately with inflation as well as increase in demand.

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?

In Wales, all local authorities are unitary authorities and so there is only one tier of local government with responsibility for housing, the administrative tier above being Welsh Government. A mid-tier of partnership bodies exists between the two tiers to encourage collaborative working across local authority boundaries. Regional Partnership Boards (RPBs) exist at a level between local authorities and Welsh Government as does the work of the Regional Collaborative Committees (RCC) and Public Service Boards. The purpose of RPBs is to encourage co-ordination between local authorities in delivering social care and support. If appropriately resourced, and with adequate representation from the housing sector on the board, these Boards could contribute to the delivery of the top-up funding for supported accommodation. At this time, we have no preference over who should hold the funding, providing the funding is ring fenced for the purpose of funding supported accommodation. We believe that the most effective distribution model would be where funding allocations to local authorities and monitoring of commissioning and spending is undertaken by a regional type body, and where commissioning and contract management of supported housing is undertaken with Local Authority input.

Currently, in Wales, funding for supported housing costs is distributed on an individual basis to tenants, landlords and providers through the twenty-two local authorities, with funds from UK Government through the Housing Benefit system. This is still our members preferred model of delivery, primarily as the funding is flexible and has the ability to grow with demand.

Housing related support costs for working age tenants are mainly covered through the Welsh Government Supporting People Programme Grant (SPPG). This fund is distributed to support providers by local authorities, but governed by a system of Regional Collaborative Committees (RCCs) and the Supporting People National Advisory Board (SPNAB). There exists

⁵ Supported Accommodation Review p112-113



a clear definition between the SPPG funding of support and HB funding housing costs, namely rent and eligible service charge.

Regardless of whether the funding is delivered by Welsh Government, local authorities or a third party, it is vital that any new system instils confidence in landlords that housing costs will be met long term in order to encourage development. For this reason, funding for rent and eligible service charge should remain separate from any existing or future support funding, so that in the case of support funding being withdrawn, the scheme/units are still viable financially for the landlord and tenants.

Any devolved funding should be ring fenced through legislation for the purposes of funding supported and sheltered accommodation and there should be consideration towards legislating in order to place duties on local authorities to provide adequate supported housing in their areas. Such legislation could also work to amend the Social Services and Wellbeing (Wales) Act 2014 or other relevant legislation to provide for the additional duties on the relevant funding bodies.

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?

Wales has seven statutory Regional Partnership Boards (RPBs) which exist to co-ordinate planning and commissioning across local authority boundaries and in conjunction with health boards. Six Regional Collaborative Committees (RCCs) monitor the commissioning of Supporting People services across local authorities in their area.

If RPBs are to influence the distribution of the supported accommodation top-up fund alongside social care priorities, they would require housing professionals to be included in their statutory membership. The Boards will have a key role in encouraging and monitoring collaboration and fair access to funding. The RPBs could also have the capability to monitor the interaction of the funding of supported housing with other funding such as the Intermediate Care Fund.

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

The primary concern is the continuation of funding for existing supported accommodation schemes, to prevent existing tenants entering arrears or becoming homeless/inadequately housed. Initially, funding should be allocated on the basis of existing provision and cost (for 2019).



Section 14 of the Social Services & Well-being (Wales) Act 2014 places a duty on local authorities and health boards within their boundaries to jointly assess the extent to which there are people in the local authority's area who need care and support, and to assess the extent to which there are people in the local authority's area whose needs for care and support are not being met. The first of these assessments must be published by April 2017. These assessments should be capable of being able to indicate demand and unmet needs for supported and sheltered accommodation in each local authority area. Existing accommodation can be ascertained through Landlords and Providers of supported and sheltered accommodation.

Additionally, section 50 of the Housing (Wales) Act 2014 places a duty on local authorities to develop and review homelessness strategies from 2018 onwards. Homelessness strategies must ensure that suitable accommodation is and will be available for people who are or may become homeless, and that satisfactory support is available for people who are or may become homeless. Through these strategies, each local authority should assess current and future need for homelessness supported accommodation.

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)?

The Supported Accommodation Review estimates 29,000 of the total 38,500 supported accommodation units in Wales to be sheltered housing and extra care schemes for the elderly.⁶ Our primary concern is that the holders of the funding will prioritise supported accommodation for the most vulnerable to the point where lower-level supported accommodation such as Category 1 sheltered housing is defunded. Cat 1 sheltered housing must be eligible for top-up funding through any definition of supported housing including sheltered housing, even where a warden service has been withdrawn and/or hard wired alarm systems replaced with portable alarms. Although the top-up cost of sheltered housing is low in comparison to other forms of supported housing the numbers affected are considerable. These potential additional costs cannot be borne by pension age tenants on fixed incomes and sheltered housing schemes do not have much scope to lower their costs due to most service charge descriptors being non-negotiables such as fire alarm maintenance and legionella inspections. Welsh housing associations have in the past absorbed some of these eligible service charge costs to remove strain from tenants. This practice has become unviable however, and associations who were absorbing costs are moving the costs back into eligible service charges. The cost to health & social care of making sheltered housing unaffordable for 29,000 vulnerable older people will put significant strain on other statutory services.

⁶ Supported Accommodation Review p106



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?

In Wales, a new top up fund should be considered alongside the Intermediate Care Fund (ICF) and the Supporting People Programme Grant (SPPG). These funding streams come with existing monitoring arrangements to ensure efficiency. Regional Planning Boards and the Supporting People Regional Collaborative Committees could play a key role in ensuring services are integrated and making best use of funding.

The collaborative structure in Wales that has been built around the successful SPPG has created a robust checks and balances system, alongside the existing legislation mentioned previously and a required ring fence we do not believe further monitoring arrangements are required for supported accommodation.

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

We are not responding as a local authority.

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?

Supported and sheltered accommodation in Wales in receipt of Supporting People funding is monitored through the Supporting People framework. The majority of Supported and Sheltered Accommodation not in receipt of Supporting People funding is sheltered accommodation, where there cannot, in nearly all cases, be an expectation for tenants to increase in independence or decrease in support needs. Supporting People funded schemes such as homeless hostels have strict criteria attached to their funding including move on time frames and an expectation that outcomes such as improving health and moving towards independence will be achieved.

Through Supporting People, research is undertaken to ascertain the value for money of supported housing and a major data linkage project, SAIL, is underway to link Supporting People schemes with health outcomes such as a reduction in the need to use healthcare services.

We do not believe there is a need for additional regulation of supported housing beyond the existing Welsh frameworks.



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?

We understand that local flexibility is necessary to allow for innovative new models of service delivery and allow for changes in the needs of the local population. The current model of funding housing costs of Supported and Sheltered Accommodation through the benefit system provides a good deal of flexibility while also providing certainty to developers. If a top up funding model is implemented, the only element of funding that developers and providers will be able to rely on will be LHA. This has the potential to discourage development and improvements, damaging the ability for a local authority to provide housing options to its citizens. We are aware of housing associations in Wales which have postponed improvement works to supported accommodation due to the uncertainty of funding post-2019. For associations where the land is owned and there is no outstanding finance on a supported accommodation scheme, there need to be incentives to continue providing the supported accommodation units, rather than decommissioning and building general needs housing.

To encourage provider/developer certainty and simplicity for both provider and funder, top up funding should be provided on a contractual basis to provide a certain number of units for a period of time. This could be contractually linked to other Welsh Government funding such as ICF for new supported housing developments in order to guarantee future funding.

Certain groups could be protected through legislating for duties for local authorities or other bodies to supply/fund adequate housing for those groups, while maintaining flexibility elsewhere.

It is essential that protection is made to those who have entered tenancies following robust affordability and needs assessments. The top up must ensure these tenancy commitments are met. Legislation and ring fenced funds for the current 38,500 units should be made. The flexibility to adapt future funding for new schemes would be acceptable and a local input into that decision would allow the current LA reporting as outlined above to influence the level of future funding. This would give developers more certainty about the sustainability of any new scheme.

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?

In Wales, the Supporting People framework forms the basis of the commissioning of supported housing by local authorities. The top up fund should work along the lines of this framework but without combining the two funding streams. Each fund should receive adequate safeguards to protect their intended purpose. It is important that funding and



monitoring of support remains separate from housing costs to mitigate the impact on developers/providers of the loss of support funding.

Regional Partnership Boards should play a key role in ensuring that Supported and Sheltered Accommodation commissioning works in partnership with health & care commissioning where appropriate but only once housing professionals are included in the boards governance structure.

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?

In Wales, it is unlikely that there will be the opportunity to undertake a year of shadow arrangements. To reduce the risk inherent in implementing a new funding regime, those claiming pension credit should be exempted from the policy for at least one year or until the review of future housing benefit and pension credit is complete. This will reduce the number of tenants affected by the policy in 2019 by up to 29,000⁷ and provide the opportunity to explore further the potential for a separate funding model for those in sheltered housing or other lifetime Supported Accommodation. Sheltered housing rents & service charges are regularly very close to LHA, an example scheme in south Wales would require a top up of £7.17 per week per tenant despite the LHA rate in the area being only £80.55. In higher LHA areas this potential top up could be even lower.

Administering a large number of low payments to tenants on an individual basis will create additional administration costs and complex the process for vulnerable tenants. A separate funding model may take the form of an enhanced LHA cap for those of pensionable age to allow them to pay for Supported and Sheltered Accommodation without the need for use of the new top up fund. This approach would also protect tenants who have taken up tenancies in sheltered housing which they viewed as being funded for life at the time of entrance. The model would not complicate the current system, it would be delivered as a periodically reviewed higher than 30th percentile LHA rate.

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?

Supported housing tenants, providers and developers require certainty of funding and simplicity. The splitting of Supported and Sheltered Accommodation funding between the benefit system and a locally allocated top-up fund introduces complexity that may be difficult for tenants to understand. A fully commissioned funding model for Supported and Sheltered

⁷ Supported Accommodation Review p106



Accommodation would reduce Housing Benefit error and fraud expenditure, which stood at £1.46bn for 2015/16, 6% of the total expenditure on Housing Benefit.⁸

Above all else it is vital that tenants and providers/developers are as confident of funding under the new model as they currently are receiving all housing costs through the benefit system.

We believe a commissioned model should take the form of the funders commissioning units and agreeing as long a contract as possible with a provider/landlord to deliver a certain number of units of emergency or short term Supported and Sheltered Accommodation. The funding should be delivered to the provider/landlord on a monthly basis for cash flow and risk reduction purposes. We believe that if funding is guaranteed for a long enough period, landlords/providers will be in a position to make savings resulting in a better value for money service compared to recovering costs from individual tenants.

If funding is to be split between the benefit system and a top-up, there should be consideration to ensuring that the process for applying for an Alternative Payment Arrangement is a streamlined as possible for vulnerable tenants and can include a managed payment for arrears.

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?

The funding of short term accommodation has become complicated by the introduction of Universal Credit (UC), we believe that emergency and short term accommodation could be funded separately to other Supported and Sheltered Accommodation and outside the UC system. Emergency and short term Supported and Sheltered Accommodation should be commissioned in its entirety, via a ring fenced fund administered by Welsh Government or the DWP to mitigate the monthly assessment of UC and the initial wait for new claims. Many tenures/licenses run for less time than the UC assessment period and therefore do not receive comparable housing costs with the current housing benefit system. The back dating of housing costs is now also limited. 73 residents of homelessness services in Glasgow who have either existing UC claims or have been transferred in error have generated a total of £144,000 in arrears. This has a significant impact on the cashflow of homelessness supported accommodation in the city and is indicative of the issues which could be faced with higher numbers of UC claimants entering homelessness services.⁹ Similarly, the inability to backdate

⁸https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/575407/fraud-and-error-stats-release-2015-16-final-estimates.pdf

⁹http://www.heraldscotland.com/news/15014431.Homeless_people_on_new_benefit_owe_city_144_000/



UC, and the restrictions in backdating Housing Benefit system to 4 weeks, have the potential to increase arrears owed to short term supported accommodation. Emergency and short term accommodation residents are regularly highly vulnerable and it is not always in the resident's best interests for one of the earliest conversations they have to be around claiming housing welfare support.

A significant proportion of Welsh emergency and short term Supported and Sheltered Accommodation has its support provision funded through the Supporting People Programme Grant (SPPG). Normally, a 6-month restriction is placed on the length of stay, which is occasionally extended with good reason, for SPPG funding purposes. The support outcomes should be monitored by relevant commissioners to ensure schemes remain short term, accommodation and availability of units should be commissioned on-block by central or devolved government.