

**Meeting: Housing Rental Company Committee      Date: 22<sup>nd</sup> February 2018**

**Wards Affected: All**

**Report Title: Housing Policy and Funding Update**

**Is the decision a key decision? No**

**When does the decision need to be implemented?**

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## **1. Purpose and Introduction**

1.1 This report provides a further update on changes to Government policy and funding that may impact on the delivery of the Council's Housing Strategy.

## **2. Proposed Decision**

2.1 **That the Director of Adult Services and Housing ensure that actions to accommodate the proposed changes are incorporated into the refreshed 18-19 Housing Strategy Action Plan.**

## **3. Reason for Decision**

3.1 To ensure the Council makes best of use of resources to meet its ambition and objectives and is able to respond efficiently and effectively to newly identified opportunities and policy context.

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## **Supporting Information**

### **4. Position**

4.1 This paper provides a further update on matters reported in the Government Housing Policy of 4th Dec 2017 and some new changes following the recent Government reshuffle.

## **5. New names for housing bodies and the Ministry**

5.1 A number of housing-related government bodies or agencies have changed their names:

- The Ministry of Housing, Communities and Local Government (MHCLG) is the new name for the Department of Communities and Local Government
- Homes England is the name of the body carrying out the function of the Homes and Communities Agency's (HCA) investment arm
- The Regulator of Social Housing (RSH) is the name of the new English regulator which will carry out the work done by the HCA's regulation arm. Both RSH and Homes England will remain legally part of the HCA until legislation is enacted to establish them as standalone bodies.
- Jeremy Hunt MP, remains Secretary of State for Health, but his brief has been expanded to include Social Care
- Sajid Javid MP remains Secretary of State for Housing, Communities and Local Government
- Dominic Raab MP has been appointed as the new Minister for Housing

5.2 Homes England is looking to move away from the old model of grant distribution to a new way of working, whereby they sit down with ambitious housing associations and working out what Homes England can do to support them with their development plans. In addition to grant, Homes England will now be able to offer finance and technical expertise, and land through the utilisation of their own compulsory purchase powers if needed. They are also in charge of disposing of vast swathes of the public land portfolio and now has direct powers to buy land.

5.3 The Council has responded to the Government Consultation on Funding for Supported People, see Appendix One

5.4 Progress has been made on the DCLG funds rough sleepers, TESH Campaign and Housing First work, see Appendix Two.

5.5 In relation to planning, the 20% increase in fees came into effect from 17 January 2018.

## **Appendices**

Appendix One - Council response to the Government Consultation on Funding for Supported People

## Appendix 1. Policy Update Report

Housing Rental Company Committee

Date: 22.02.2018

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1. **This paper sets out the main points of the Government's proposals for funding for Supported Housing and the Council's response to the consultation. The new arrangements for funding supported housing are expected to come into force from 2020.**
  - 1.1 The demise of Supporting People and current situation

The Supporting People programme was introduced in 2003 and was ring-fenced within local authority funding to provide housing-related support services for vulnerable adults. In 2009 the ring-fence around the Supporting People funding stream was removed and authorities had discretion over where to direct their funding. From 2011-12, Supporting People funding was rolled into the Formula Grant and since then there has been no specific budget allocation for Supporting People services.
  - 1.2 In November 2015 the Chancellor George Osborne announced that Housing Benefit would be capped at Local Housing Allowance (LHA) rates from 2018. Following this announcement supported housing providers warned that they would be unable to fund services under the proposed policy.
  - 1.3 In September 2016 Government announced that it would provide top-up funding to cover the shortfall between supported housing rents and the new housing benefit rates. Providers continued to express concerns that this would not provide certainty regarding long term funding.
  - 1.4 In October 2017 The Prime Minister announced that the LHA cap plan would be dropped and the Government set out its new proposals and consultation on funding supported housing.
  2. The Government's Policy Statement and consultation
  - 2.1 The Government's policy statement and consultation comprise two distinct proposals and consultations, one on housing costs for sheltered and extra care accommodation and the other on housing costs for short-term supported accommodation. The policy statement also refers to long-term supported accommodation as distinct from

sheltered or extra care housing, defined as being 'for those with long-term needs such as people with learning or physical disabilities, or mental ill health'.

## 2.2 Funding for sheltered and extra care accommodation – proposals

This type of supported housing will continue to be funded through the welfare system, either Universal Credit or Housing Benefit. Government proposes to introduce a "Sheltered Rent" from April 2020. This will be a regulated level of social rent that takes into account the higher costs of providing sheltered and extra care housing as compared to general needs housing. The gross eligible rent inclusive of service charges will be capped and regulated by the regulator of social housing. The formula proposed is Formula rent +/- 10% flexibility, plus an amount for eligible service charge up to a total which will be capped. 'Formula rent' refers to the formula currently used to set social housing rents, which is based on local rent levels and earnings.

- 2.3 Government proposes to work with the sector to determine the exact definitions of sheltered and extra care housing and to develop details of the formula. It suggests a 'banded' approach to setting eligible service charges that reflects different levels of care provided for different client groups in different types of accommodation.

## 3. Funding for Short-term supported housing - proposals

- 3.1 Short-term supported housing is defined as "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"

- 3.2 The Government proposes that 100% of short term provision will be commissioned at a local level and will be funded by local authorities through a ring-fenced block grant. The amount of grant will be set on the basis of projections of future need.

## 3.3 Funding for Long-term Supported Housing

The Government proposes that this type of supported housing will be funded through welfare payments (Universal Credit/Housing Benefit), but suggests that this would not be based on the Sheltered Rent formula.

## 3.4 Needs Assessment

Local authorities will be asked to undertake an assessment of provision and need for supported housing and to work collaboratively with local partners, including tenants, to produce a local strategy for supported housing in their area. The needs assessment and strategy should be guided by the Government's 'National Statement of Expectation for supported housing funding' a draft of which is included in the consultation. It should also link into other relevant strategies such as Health and Wellbeing Strategies. The local strategic plan should set out how the Local Authority will meet the needs of all supported housing client groups over a five-year period. In the draft Statement of Expectation reference is made to the expectation that local authorities will consider provision of a spectrum of support services, including preventative services and support in people's own home, but the consultation does not provide any detail as to how these would be arranged or funded. The draft

Statement of Expectation lists the following client groups as falling into the definition of supported housing:

- Older people with support needs;
- People with learning and physical disabilities
- Individuals and families at risk of, or recovering from homelessness;
- People recovering from drug or alcohol dependency
- Offenders and ex-offenders;
- Vulnerable young people such as care leavers or teenage parents;
- People with mental ill health
- People at risk of domestic violence.

#### **4. The Council's Response to the consultation**

4.1 The Adult Commissioning team prepared a joint response to the consultation. The Council welcomes the fact that Government is attempting to provide more clarity and certainty for future funding of supported housing. However there are a number of serious concerns that were highlighted in our response as follows:

4.2 As a general principle the categorisation of forms of supported housing according to length of stay does not reflect the reality of services or the complexity of some people's needs.

#### 4.3 Sheltered and long term supported housing

4.3.1 The 'sheltered rent' for sheltered and extra care housing is welcome, providing that the rent levels allowed take into account the additional costs of development of specialist schemes, in the local market context, as well as the costs of providing services. It is proposed that piloting and modelling of the formula is undertaken to ensure that it will be adequate to support development of new provision.

4.3.2 Greater clarity is needed with regard to funding for long-term supported housing and how the rent arrangements will take into account the cost of development of specialist provision. There is a danger in the formula approach proposed that it will restrict rent levels so that development of new schemes for sheltered/extra care and specialist long term supported housing is not deemed viable by housing providers.

4.3.3 Further detail is needed as to how funding for preventative and floating support services will work in conjunction with this funding model, as such services would not be funded through the welfare system.

4.3.4 We are concerned that sheltered and extra care housing should not be seen as only for older people and the funding model should accommodate the development and use of this type of accommodation for a range of age groups and needs.

4.3.5 The approach proposed only appears to apply to funding for affordable housing and it is unclear how it would support provision of mixed-tenure sheltered and extra care housing.

#### 4.4 Short-term supported housing

- 4.4.1 The approach proposed is at variance with the Government's stated support for Housing First and with Torbay Council's pilot project and ambitions to implement this approach in tackling homelessness. Distinguishing funding and provision according to length of stay is predicated on the notion of a staged approach to settlement into permanent accommodation, conditional on behavioural change by the client. The Housing First paradigm rejects this model, which has been proved to be unsuccessful in many settings. The alternative approach would be to place people with support needs into more permanent accommodation with tailored floating support services and it is unclear how the funding model proposed could accommodate this.
- 4.4.2 The ring fence approach is not trusted by the sector given past experience with Supporting People and would not provide certainty for funders or support development of new provision.
- 4.4.3 The funding approach proposed appears to remove responsibility for rent payment from the client. This is at odds with programmes to develop tenancy sustainment skills and would not aid resettlement into longer term accommodation – especially in the private rented sector.
- 4.4.4 Care leavers are by definition the parental responsibility of the Authority. We should not expect already vulnerable young people, to move into insecure accommodation again before getting a settled home.
- 5. Needs Assessment and monitoring
- 5.1 The Council has concerns that the resources needed to undertake the needs assessment required would not be available. It is not clear how monitoring of services would be carried out or funded.
- 2.2 The Statement of Expectation does not reflect the diversity of client groups and housing needs fully.
- 2.3 Consideration needs to be given to how these funding proposals would fit with pooling health and care budgets. Funding arrangements should recognise the role of extra care housing in health treatment and prevention and hospital discharge as well as social care and support.

## **Background Documents**

<https://www.gov.uk/government/consultations/funding-for-supported-housing-two-consultations>