

Discussion Paper **The Supported Housing Review**

Purpose of this paper

The findings of the recent UK government's 'Supported Housing Review' are significant for the future funding of supported housing in Wales. It is proposed that from April 2019 all tenants will only have a rent liability equating to the local housing allowance. Housing Benefit funding in supported housing currently far exceeds this. This additional 'top up' funding will be devolved to the Welsh Government from April 2019.

The type of provision which utilises this current funding includes;

- Hostels for the homeless
- Women's Refuges
- Supported Living for those with learning disabilities / long term mental health issues
- Young people's projects, (such as foyers)
- Sheltered housing for older people (including extra care)

The purpose of this short discussion paper is to explore the potential opportunities and threats posed by the review for the future of supported housing and consider possible ways forward from a local authority perspective. It does not aim to propose a particular course, simply to consider different options around a number of the key issues.

The Supported Housing Review offers an opportunity to reflect and consider the future of the existing model. Is it working? If so, who for? How can we change / evolve it so it works as best it possibly can? What do those people we house actually want and need? Let's take this chance to think hard about new and innovative ways forward, while ensuring that there is a sustainable future for housing-related support.

Background

The housing management costs, which can be significantly higher in supported accommodation, have traditionally been covered by Housing Benefit. The review looked to identify these costs in light of the introduction of Universal Credit and the phasing out of Housing Benefit.

In order to react to the change in how benefits will be administered, the UK government is proposing a model which will withdraw the supported housing 'management' funding from Housing Benefit and devolve it to local government in England and to the Welsh and Scottish Governments.

They have now consulted on the arrangements in England, but arrangements for Wales are yet to be determined. This paper will explore the options from the

perspective of local authorities. It is recognised that other stakeholders, including support providers, landlords and Welsh Government may well have differing perspectives on the issues.

The number of Supported Housing units

The review explored how many supported housing units, (benefiting from 'management' costs within HB), were in existence across the GB. The key findings are set out below;

- The review **estimates** that at the end of 2015, there were approximately 651,500 accommodation-based supported housing units in GB, 85% are in England, with 9% in Scotland and 6% in Wales
- It **estimates** that the number in Wales equated to 38,500

The Welsh Government records, (through its Supporting People 'Spend Plans') the number of fixed supported housing units per annum. In 2016-17 these recorded 31,868 units. (This falls below the estimates within the review, but some units receiving housing management through HB may not be receiving a Supporting People service)

The HB costs of supported housing units

The review also explored how much Housing Benefit was being spent to fund supported housing. The key findings are set out below;

- The review **estimates** the annualised cost of the supported housing sector that is covered by Housing Benefit (GB) at the end of 2015 at £4.12bn
- As part of this it **estimates** the costs in Wales to be £225m per annum
- Of these costs it estimates £150m is going to housing for older people and £75m to housing for those who are 'working age'

It should be noted that the figures indicated are an estimate of the entire amount of Housing Benefit currently funding supported housing. The figure which will be transferred over to the Welsh Government will be this figure minus the Local Housing Allowance rate, which will be passed on to the tenant as part of their Universal Credit entitlement.

When looking at how much of the £225m will be devolved to Wales it is difficult to determine. From 2019, tenants in supported accommodation will be awarded the one bedroom local housing allowance rate. The average one bed LHA rate across Wales is £83 per week. Therefore, a significant amount of the £225m will be retained by the UK government.

Who should hold the funding?

There are potentially 3 options;

- To mirror the arrangements proposed in England, the Welsh Government devolves the funding to local authorities

- The Welsh Government administers the fund centrally and directly funds housing providers
- The Welsh Government transfers the funding to an existing / new organisation to administer the fund for them

Option 1 (LAs) – Opportunities

- Local authorities already have responsibility for the Supporting People Programme Grant and Housing Benefit. By devolving the management element to Councils they will be able to ensure commissioning decisions are well informed and joined up in relation to the whole of supported housing and its objectives around Housing, Social Care & Well-Being, etc.
- Local authorities will already have contracts in place with all those who will receive funding
- In relation to new developments, local authorities are leading new housing developments and overseeing the use of Social Housing Grant. It will be important to foster these links
- Would form part of a wider population of need and ensure a holistic commissioning strategy which includes accommodation needs
- LAs have experienced Housing Benefit staff that could operate the new funding regime either within their existing sections/departments or in SP Teams.

Option 1 – (LAs) Threats

- Will the funding will be moved to meet other local priorities?
- Will it create instability in the sector?
- Do local authorities have the resources to administer the budget?

Option 2 (WG) – Opportunities

- By retaining the grant at Welsh Government level it would be protected and allow future stability for the sector
- Welsh Government would have more accurate information of the total costing of accommodation projects and what enhanced housing management costs are and where they might overlap with housing-related support.

Option 2 (WG) – Threats

- Does Welsh Government have the resources to administer the budget or willingness to administer this 'pot'?
- Does it have the required knowledge of local need?
- Will it lead to 'silo' commissioning?
- Danger that this activity would not be led by local population need assessment being undertaken as part of the broader well-being agenda
- It has recently stopped funding organisations directly in relation to supported housing. Should it be focussing on leading strategy, rather than administering grants?

Option 3 (New / existing national body) – Opportunities

- By it being placed into a body outside LA control, it is less likely to be at threat from other funding priorities

Option 3 (New / existing national body) – Threats

- Is there an existing organisation with the skills and capacity to take on this role?
- Do we really want to create a new body for something which is effectively already being funded through the local authority route?
- A whole new organisation, and all that goes with it, would need to be created
- Any alternative funding body would have the same issues re. medium to long term security of funding of existing schemes, re-modelled schemes and new developments.

If the funding is devolved to local authorities, should the funding be ring-fenced?

Once again, there are potentially three options;

- The funding is placed within each local authority's Revenue Support Grant (with a budget line to indicate its existence)
- The funding is placed within the authority's Supporting People Planning Programme Grant, which is already ring-fenced, and the criteria changed to allow it to be spent on housing management within supported housing; as well as housing-related support
- Welsh Government creates a new grant which is ring-fenced and with criteria to only allow it to be spent on housing management within supported housing

Option 1 (RSG) – Opportunities

- This option would allow the funding to be really questioned and an analysis undertaken of whether it was actually meeting its objectives. If there was a better way, rather than the management of supported housing, to spend £59m with the aim of preventing homelessness and supporting people in our communities, in line with need identified in the population needs assessments, the funding could be realigned accordingly
- Again this could save some housing benefit officer posts that may go with the introduction of Universal Credit
- Raise profile of Supporting People programme and schemes with members and senior officers and allied strategic priorities e.g. the PSB's Service Improvement Plan

Option 1 – (RSG) Threats

- Likely to be perceived by some stakeholders as threatening and potentially destabilising for the sector
- The funding could be realigned to meet other strategic objectives in such as in social services. Although the new Social Services & Well-Being Act has a focus on prevention the fear would be moving the funding to ‘crisis’
- With no guarantee of any additional funding year on year, what now for future supported housing development? – This is a general threat, and doesn’t relate to the RSG This is a problem, possible savings of decommissioned projects or where too high rent/ service charges are identified, could be reinvested towards other priorities

Option 2 (Within SPPG) – Opportunities

- The funding would remain protected and be brought together with an existing grant which is funding the same services
- This option would allow local authorities and RCCs to fully cost and rebalance provision to best meet need.
- Authorities may wish to move away from fixed site support towards more floating support and Housing First models. (This shift is currently being promoted by Welsh Government). By having all the grant in one pot, this would make this easier and free up resources currently spent on housing management towards funding support
- It would also allow commissioning to be far more joined up. If the RCCs are utilised correctly it would ensure all stakeholders could influence developments

Option 2 (Within SPPG) – Threats

- Likely to be perceived by some stakeholders as threatening and potentially destabilising for the sector
- The funding could be realigned towards floating support / Housing First and not retain the level of fixed supported / temporary accommodation that is required. (Debatable though, do we actually need any apart from some emergency temporary accommodation? See Finland https://www.theguardian.com/housing-network/2016/sep/14/lessons-from-finland-helping-homeless-housing-model-homes?CMP=Share_iOSApp_Other)
- With no guarantee of any additional funding year on year, what now for future supported housing development?
- RSLs could pull out of the supported housing market altogether if fewer accommodation-based schemes required

Option 3 (New Grant / Funding Stream) – Opportunities

- With the grant criteria only allowing it to be spent on housing management within supported housing the status quo will be retained and the sector will feel unthreatened and stable

- If some schemes are closed it would allow the funding used for housing management to remain as such and could fund further new developments of static supported housing

Option 3 (New / existing national body) – Threats

- The Welsh Government are moving away from individual grant streams and are looking to reduce their number, rather than increase them
- It creates waste, with yet more separate grant arrangements and administration/bureaucracy for local authorities and providers
- It remains disparate and doesn't encourage a more holistic commissioning approach

If the funding is devolved to local authorities, should it be allocated to reflect existing local provision or on a formula basis?

A similar exercise has recently been undertaken with temporary accommodation. Up until April 2017 the management of the accommodation was paid through a subsidy within Housing Benefit. From April this funding will be devolved as part of the Welsh settlement and included within the WG budget.

The Welsh Government will be distributing £6m to cover these costs. They have decided to do this through the Revenue Support Grant and have used an element of the RSG formula, rather than distributed it to reflect current provision.

By utilising this formula the distribution led to some areas having more than enough to cover management charges; whereas others are facing shortfalls, a couple of which are quite significant. There is a danger that a formula approach could lead to similar difficulties

Distributing funding to reflect existing provision

Taking this option has its own complications. The study was undertaken a couple of years ago, which may mean that provision has changed in the meantime. This in turn may mean that funding devolved may not actually match existing provision.

However, it would probably ensure greater stability in the sector, especially for RSLs with committed mortgage arrangements, and for tenants; if this option was pursued (at least in the first instance and, perhaps, exploring the option of funding moving to a formula basis over a number of years).

The WG is due to send out a questionnaire to all local authorities to collect information on current provision. Once this information is collected we will be in a better position to determine how the details could work. The only indicator we currently have is the allocation of Supporting People funding, but this doesn't tell us how much of the support is floating, (and unlikely to attract management charges), the proportion that is fixed, (SPPG Spend Plans do split between fixed and floating support but that is misleading as many fixed schemes, including sheltered schemes, have floating support SP contracts yet still charge for enhanced housing

management in the rent) or the amount of HB being collected as management charges across the different areas and in different projects.

Local Authority	Supporting People Budget 2016-17
Ynys Mon	£2,643,866
Gwynedd	£5,043,813
Conwy	£6,452,534
Denbighshire	£5,489,693
Flintshire	£5,809,817
Wrexham	£4,980,684
Powys	£5,138,245
Ceredigion	£2,942,423
Pembrokeshire	£2,719,623
Carmarthenshire	£6,495,309
Swansea	£13,817,121
Neath Port Talbot	£4,795,330
Bridgend	£5,816,385
The Vale	£3,466,829
Rhondda Cynon Taff	£9,056,240
Merthyr	£2,123,163
Caerphilly	£6,232,790
Blaenau Gwent	£2,552,176
Torfaen	£3,437,833
Monmouthshire	£2,039,174
Newport	£6,367,255
Cardiff	£16,267,470

We could get more an idea; (and only an idea), if we look at the proportion of this budget which is paying for fixed support compared to floating. (In fixed support projects there will be HB management charges, but not in floating).

Local Authority	% of Supporting People Programme Grant which covers 'fixed support'
Ynys Mon	48.41%
Gwynedd	64.39%
Conwy	67.78%
Denbighshire	39.36%
Flintshire	71.43%
Wrexham	75.02%
Powys	57.26%
Ceredigion	63.52%
Pembrokeshire	49.31%
Carmarthenshire	68.18%
Swansea	66.44%
Neath Port Talbot	56.33%
Bridgend	76.06%
The Vale	57.27%

Rhondda Cynon Taff	71.45%
Merthyr	58.28%
Caerphilly	60.60%
Blaenau Gwent	31.64%
Torfaen	21.27%
Monmouthshire	12.64%
Newport	50.92%
Cardiff	72.92%

This table indicates the % of existing Supporting People Grant which is funding static support. We could assume that Wrexham, with 75% of funding attached to fixed support, is receiving higher levels of HB, than Monmouthshire which only has 12%. (However, what we haven't currently got information on are the levels of management being covered by HB in these fixed support units)

However it also worth considering that while much of the supported accommodation provision is related to Supporting People commissioning and funding there will be some types of accommodation that currently receive additional housing management funding via Housing Benefit that are outside the Supporting People provision.

How should the funding model be designed?

Some stakeholders have discussed the idea that the funding 'should follow the individual'.

In this scenario, would there be a grant which was paid by the authority / WG / new body which was tied to each individual? Therefore, Dai Jones would move into a sheltered housing project and a grant would be paid to the provider to reflect the housing management costs accrued by Dai Jones? This would appear to be extremely complicated.

If anyone sees this operating differently, it would be interesting to hear how.

The more likely scenario would be a block grant paid to each provider. So that the 30 unit sheltered housing complex had annual housing management costs, these would be agreed between the provider and the funding body and then paid accordingly. There may be some adjustments for voids at the end of each quarter, but would be administratively far simpler than the funding following each individual.

Funding for those in short term services (2 years and less)

There remains confusion / lack of clarity in relation to how the new system will operate for those in short term services. Universal Credit will only be received in arrears, i.e. after one month, and in very short term services people may move on before they are entitled to their first payment.

Should we take all rent liability out of short term housing? The tenancy agreement signed by tenants would only cover service charges? All rent and housing management, (formerly covered by Housing Benefit), could be paid by grant directly

to the provider from the local authority? Would this be the simplest and most cost effective way of retaining short term services?

Obviously the above would only work if all 'short term' rent and management funding is devolved from UK government, which is still uncertain.

Transition arrangements

In England the transition arrangements may be more pressing as since the ring fence from Supporting People was removed they may no longer have formal arrangements in place to commission supported housing services.

Here in Wales we retain the mechanisms. Each authority still has a local Supporting People planning group and overseeing decisions are the 6 Regional Collaborative Committees, as well as social care commissioning arrangements with which we need to align.

In order to help with the transition to the new funding it could be an opportunity for planning groups and RCCs to start looking at supported housing as 'a whole'. They could start considering the following;

- How much support and management funding are being delivered to each project, client group? Are these levels of funding appropriate?
- Once the funding is devolved, (and we're allowed to), are there opportunities to rebalance provision?
- Could existing static projects be remodelled?
- Could the existing management funding be re-directed towards support / Housing First or homelessness prevention, or indeed towards support in communities, (through social services), including models such as local area coordination?

Conclusions

The purpose of this paper is not to propose any particular way forward. It is written at a time when arrangements in Wales have yet to be determined. Its purpose is to consider various options and scenarios in relation to a number of the likely key issues.

Some assumptions have been made, some calculations are merely estimates, some suggestions have so many conditions they may prove to be impossible. However, they are only questions and raise things to explore and consider.

In summary we need to consider the following;

- Are the numbers of supported housing units recorded in the review correct?
- Are the costs of housing management recorded in the review correct?
- Once DWP retains LHA for UC, what amount of funding will be devolved to Wales?
- Once it is devolved how will be administered?
- If it is devolved to local authorities how will WG operate this?

- Do local authorities want the funding devolved to them?
- Will it be ring fenced? Will it be ring fenced within the existing Supporting People Grant? Will it be in the RSG? What do local authorities want?
- How will the funding be distributed? What do local authorities see as the best option?
- How should the funding be administered? Should this be left to the discretion of each authority?
- How will the funding of short term supported housing operate? What do local authorities think would be the most effective way to operate it?
- How can authorities prepare? Are there transition arrangements which need to be in place?
- If monies are given to local authorities to administer, should New Burdens monies be available in Wales? If so, should we ensure the WG **do not** 'top-slice' it from the total handed over by the Treasury?

Recommendation

- Local authorities need to start working together to ascertain the amount of HB currently funding supported housing. We will be working with Welsh Government to collect this information soon.