



**Written Evidence by BCHA  
to the Department for Work and Pensions  
and the Department for Communities and  
Local Government for the Funding for  
Supported Housing Consultation**

**February 2017**

## **1.0 Summary of Key Messages**

- 1.1 The new funding model is set up to pay core rents, service charges and intensive housing management, which are the costs of providing buildings, security and landlord services in supported housing services. It does not pay for support and should not be treated in the same way.
- 1.2 Universal Credit in its current form is not a suitable payment system for rents of supported housing.
- 1.3 The Local Housing Allowance is not an appropriate measure for rent levels in supported housing. The data on which it is set does not reflect actual house prices and a cap does not allow for the higher service charges essential to providing safe and good quality buildings for supported housing.
- 1.4 Local Authorities should undertake strategic needs assessments in close partnership with health and criminal justice services to commission an effective support element of supported housing, not housing costs.
- 1.5 Due to chaotic lifestyles, people living in supported housing often move out within weeks or months of their support start date. Services need assurance that rental costs will be met. We do not consider the current proposal suitable for this.
- 1.6 The new funding model needs to work for a range of services and providers. The Government need to take more time to pilot different models so that when the new model is implemented, no vulnerable people will be disadvantaged and no needs unmet.
- 1.7 Rents for supported housing are higher than other forms of housing. The proposal to reduce rents by 1% are not appropriate and could endanger the quality and safety of current services. It should be abolished with immediate effect.

## **2.0 About BCHA**

- 2.1 BCHA is a specialist housing provider, helping homeless and vulnerable people access the right housing, living, support, and learning and work opportunities. Founded in 1968, BCHA supports over 10,000 people every year to take control of their lives and equips them to find a way forward.
- 2.2 BCHA has a diverse range of approximately 2,000 homes across the South and South West. Over 600 of these are supported homes for people who find themselves homeless after facing relationship breakdowns, addictions, unemployment, domestic violence and deteriorating mental and physical health.
- 2.3 Our vision is to 'create lasting solutions to homelessness, unemployment, and social exclusion in our local communities'.

## **3.0 Introduction**

- 3.1 The new funding model is set up to pay core rents, service charges and intensive housing management, which are the costs of providing buildings, security and landlord services in supported housing services. It does not fund care and support, and should therefore not be treated like an optional fund or an opportunity to integrate

commissioning. The provisions made in buildings of supported housing are essential to peoples' safety, income and ability to manage tenancies.

- 3.2 People accessing supported housing do so because of their additional needs, whether that is mental health, abuse, ageing, homelessness, substance misuse or learning disabilities. These needs mean that those people can often find it hard to live independently and maintain a tenancy. Without additional housing management offered by providers and landlords a significant group would otherwise find themselves homeless or living in unsuitable accommodation, often accompanied by costly health, care and criminal justice needs. Supported housing is known for its economic benefits to these sectors, and considerable value for money over the lifetime of individuals supported.
- 3.3 A range of people access supported housing, some for a short-time while they are facing an emergency, like a family or relationship crisis, or the loss of a private-rented sector tenancy, or dealing with traumatic experiences which mean they currently find it difficult to maintain a tenancy, others have long-term needs which mean they will not be able to live independently in the foreseeable future or may need continuing support for many years.
- 3.4 People present with a range of abilities and needs, which often means buildings need to be specifically adapted to meet those needs. Most supported accommodation offer communal areas, security staff and devices, as well as furnishing, and on-site staff who work alongside tenants to enable them to maintain their own tenancy, whether that is for a short time while people get back on track, or for a long time as peoples' needs increase or do not improve. These housing management-related activities (they are not support activities) are currently funded through eligible service charges and intensive housing management and will need to be clearly and better funded in the future under new proposals.

#### **4.0 Key Messages**

Before answering the consultation questions, we would like to highlight some underlying issues that we feel are not covered sufficiently in the consultation.

- 4.1 BCHA do not agree that Universal Credit in its current form is an appropriate method of paying for the housing costs of supported housing. We propose that all housing cost (including core rent, service charges and intensive housing management costs) are paid directly to the landlord. We also call for weekly or fortnightly payments in addition to monthly payments to account for tenants leaving the services within days or weeks of the start of their tenancy. In our support services, we see an average resident turnover of 170% per year, and 64% of people accessing our homeless services leave within the first three months. We are concerned that providers of transitional services like these will not receive enough income via UC to sustain existing services, or want to develop future services. The assessment time for people accessing supported housing should be shortened and payments made in advance, instead of arrears. We know from our own experience, and that of other (social, private and council) landlords that people claiming UC end up in significant arrears (pilots show up to 86% of tenants), putting them at severe risk of homelessness and debt. Another significant issue with UC is that tenants need to have access to mainstream financial services and digitally included and literate. We know that, due to these elements of UC, a number of our supported housing tenants will not be able to access this benefit. We do not agree that people who access supported housing, often already very vulnerable, should face these increased risks.

- 4.2 The Local Housing Allowance cap is not an appropriate measure for the housing costs of supported accommodation and should therefore not be used in the new funding model. There are a number of issues with the LHA, firstly, that the levels are known not to represent house prices or rent levels in the area, even of lower value homes. Secondly, that house costs of supported accommodation are higher due to reasons mentioned in 3.4 and others like capital arrangements and lending requirements. Thirdly, the LHA varies so much across the country that especially services in low value parts of the country cannot operate on these levels. A discretionary top-up fund does not make up for the uncertainty this brings to both providers and funders.
- 4.3 We strongly urge the DCLG and DWP to abandon the rent reduction for supported housing due to the effects it will have on the quality and safety of buildings. Supported services already run on low margins, so this rent reduction will further reduce the opportunity for landlords to maintain their current properties and reinvest in new developments.
- 4.4 We believe that a new funding model should offer certainty not only for providers and landlords, but mainly for residents of supported housing. In the future, we expect the demand for supported housing to grow, especially among those who are ageing, facing mental health issues and learning disabilities. A new funding model needs to offer significantly more certainty of income of housing costs for all types of supported housing. We also expect the demand for transitional services to increase. Due to the short time people access these services, a new funding model needs to be able to manage the high turnaround and re-letting impact in the form of enhanced, direct and frequent payments.

## 5.0 The Consultation

- 5.1 Fair access to funding, the detailed design of the ring-fence and whether other protections are needed for particular groups to ensure appropriate access to funding, including for those without existing statutory duties.

**Question 1:** *The local top-up will be devolved to local authorities (LAs). Who should hold the funding; and, in two tier areas, should the upper tier hold the funding?*

We are concerned about the plans to devolve top-up funding of housing costs to LAs. Firstly, because LAs are already indicating significant pressures on staffing and finances in running the current provisions. We are concerned that LAs would not be able to absorb the proposed top-up responsibilities, unless additional funding for staffing would be provided.

Secondly, as the proposed top-up funding becomes discretionary, we are concerned that local politics determine whether particular client groups receive funding for their housing costs or not. LAs will be able to decide on whether essential additional services for supported housing provisions will be funded. We envisage that due to the funding uncertainty a number of landlords will stop developing these types of buildings, and others will stop running the existing services, leaving needs of vulnerable groups unmet. Past experience of devolved funding showed us that due to local budget pressures, LAs moved funding for Supporting People contracts to fund Adult Social care and other statutory services.

Whoever distributes funding for housing costs, they need to establish long-term funding agreements with providers to ensure continuity and quality of service delivery.

We do see an essential part for LAs in commissioning support services in the future in partnership with health, care and criminal justice partners. Joint funding and integration of services should increase the quality and availability of services in the future.

**Question 2:** *How should the funding model be designed to maximise the opportunities for local agencies to collaborate, encourage planning and commission across service boundaries, and ensure that different local commissioning bodies can have fair access to funding.*

The proposed model is set up to distribute existing money that is used to fund the provision of buildings, housing management and the delivery of essential landlord services, it is not used to fund care and support.

As evidenced in the DCLG and DWP's Supported Housing Evidence Review, provisions of communal areas, security staff, CCTV, and other safety devices, as well as increased levels of support for tenants around claiming benefits and maintaining tenancies, high turnovers, voids, regular maintenance, and capital funding arrangements mean that the costs of providing supported housing are considerably more than for other forms of housing.

We agree that different sectors, like local authorities, health, social care and criminal justice, should work together to commission and fund supported housing. However, this consultation is on a funding model of costs that are directly related to the actual housing costs for people living in supported housing, and therefore, this particular pot of funding is not the right means to drive integration among these sectors. It is essential that housing costs, covering additional costs like higher turnovers, voids, maintenance and more intensive housing management, continue to be funded adequately without the risk of diluting this funding to other services.

**Question 3:** *How can we ensure that local allocation of funding by local authorities matches local need for supported housing across all client groups?*

Local authorities should have a legal obligation to assess their areas' needs and produce strategies in partnership with health, social care, criminal justice and providers. This would encourage integration of sectors and ensures local concerns are heard. Existing strategies like the Joint Strategic Needs Assessment and the Joint Health and Wellbeing Strategy are good places to include these needs to ensure they are strategic priorities for a range of sectors and organisations.

Local authorities should be held accountable by the National Government on how needs are established, how funding is allocated and whether their approach is meeting the area's needs. A clear guide of standards and additional resources will be required for local authorities to undertake these duties effectively.

Essential to this national accountability framework should be an appeal process where providers and other sector organisations can highlight issues and appeal to funding decisions.

**Question 4:** *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)?*

Past experiences of ring-fences do not give great assurance that they offer sufficient protection and certainty for long-term funding. We are concerned that the proposed ring-fence will not last, and that the funding, that is used to provide essential housing costs, will be absorbed in a larger pot used by LAs to support their statutory duties, especially given the severe pressures LAs are under in respect their adult social care responsibilities. We have seen this happening to Supported People where after the removal of the ring-fence, funds were redirected to provide services not directly related to the original intention of this fund. Therefore, we see a clear case for additional statutory duties or legislation to ensure this does not happen again.

We urge the Government to ensure that services with a support contract automatically receive funding to cover additional housing costs. They cannot fulfil their contractual agreements without certainty on this funding. There should also be consideration for buildings that received public grants in the past which means they cannot be easily used for other purposes than supported housing.

The Government should also recognise the automatic additional costs transitional supported services bring, where positive move-on to independent living mean a high turnover of residents bring increased housing management costs.

The legal obligations as mentioned in Q3 should offer some additional protection to ensure all client groups have fair access to support funding, however people with additional needs who live in supported housing should automatically be entitled to increased housing costs where, due to the landlords' additional costs of providing this service, this is appropriate.

- 5.2 Clarifying expectations for local roles and responsibilities, including what planning, commissioning and partnership arrangements might be necessary locally.

**Question 5:** *What expectations should there be for local roles and responsibilities? What planning, commissioning and monitoring arrangements might be necessary, both nationally and locally?*

As mentioned in Q3, local authorities along with partners in health, social care and criminal justice should be responsible for assessing local needs and producing strategies. They should also be held accountable for joint-commissioning appropriate support services (not housing costs) to address those needs. These functions require good partnership working across a range of sectors.

Due to the high costs of procuring for both commissioners and providers, support contracts need to be commissioned to cover a long-term. This, in conjunction with joint-commissioning, will reduce waste of resources.

The proposed measure of LHA means that similar services across the country receive very different allocations of funding. Older people in one part of the country can see all of their housing costs funded by the benefit system, whereas in other areas someone with the same needs will see their funding distributed by a local authorities' discretion.

We do not think this is fair for either tenants, providers and affected sectors like health, criminal justice and adult social care in those areas, as they will experience the additional costs this funding system will bring.

BCHA calls for either a new, separate appropriate national supported housing rent level, or for a localised supported housing LHA set separately to general housing LHA rates, so that vulnerable people across varying parts of the country have access to the same type of support, wherever they live.

- 5.3 Confirming what further arrangements there should be to provide oversight and assurance for Government and taxpayers around ensuring value for money and quality outcomes focussed services.

**Question 7:** *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.*

Providers of supported housing should all be regulated in some form to ensure they provide good quality, safe and affordable housing. The majority of providers are already regulated by the CQC or HCA, who ensure registered providers are well-run, offer value for money, benchmark their services and keep costs to a minimum, as well as having ongoing contract and fee negotiations with commissioning partners for the support element.

BCHA calls for those providers who are already regulated to be automatically pass ported to a new funding model. However, appropriate measures should be in place for private providers, who are often in the market with a profit motive, and are currently not regulated. Their services should be assessed for quality and value for money to ensure housing costs are appropriate and people receive the right support.

- 5.4 Exploring the appropriate balance between local flexibility and provider certainty, including what other assurance can be provided beyond the ring-fence, for developers and investors to ensure a pipeline of new supply.

**Question 8:** *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?*

Without a long-term guarantee of revenue funding, or appropriate levels of capital grant, providers cannot develop future services or maintain existing services. The 1% rent reduction, which the Government imposed on supported housing provided by registered providers, for the next three years is an example of a measure that creates severe uncertainty in the supported sector. It will result in services closing and properties not being available for supported housing anymore in the near future.

The proposed LHA cap will not provide this certainty either. Providers will need a new, appropriate supported rent level that takes into account the additional costs of supported housing. We need funding that meets the needs of local areas as identified by a range of sectors, opportunities to appeal to funding decisions and a national accountability framework to ensure the needs of vulnerable people are met sufficiently.

Any funding pot should have capacity to grow to account for inflation, capital arrangements and future demands, as well as protecting existing services.

Without these certainties, providers and their funders will not be able to take the risk of developing new services and will need to consider decommissioning existing provisions.

**Question 9:** *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?*

BCHA supports the development of a new national framework that oversees the planning and distribution of funding according to locally produced strategies, that provides LAs with standards and guidance, and that offers providers and stakeholders a form of appealing to funding decisions.

We also support the development of a new national outcomes framework, both for local authorities and for tenants. Indicators should be developed in partnership with health, social care and criminal justice. Incentives for these sectors to jointly-commission services with housing should be incentivised.

Any new commissioning framework should be tested, phased in and rolled out to ensure it achieves the desired outcomes.

**Question 10:** *The Government wants a smooth transition to the new funding arrangements on 1 April 2019. What transitional arrangements might be helpful in supporting the transition to the new regime?*

BCHA is concerned about the short-timescale adopted for the implementation of a new funding model. As has been recognised by the Government, supported housing services and their providers are diverse. The model has to be piloted for different groups to ensure current tenants are protected and receive the best quality support possible.

We would urge the Government to take phased approach, where new tenants move to the new model first, before rolling it out to all types of supported housing and all areas. Otherwise, we are concerned that the sudden start of the funding model will compromise the safety and support of vulnerable people.

The LHA cap must be removed from supported housing services while this funding model is introduced so that property owners have more certainty of income, and so that there is no confusion over the housing and service charge elements compared to support costs.

**Question 11:** *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?*

Firstly, dismiss the LHA as an appropriate rent measure for supported housing and remove the planned cap. It will not only create a postcode lottery of support available across the country, but also create severe risks to existing services and the development of future services. Secondly, assurance needs to be given that all additional housing-related costs of supported housing are met in any new system.

Measures like the 1% rent reduction do not work towards this and should be abolished with immediate effect. Thirdly, local authorities and their partners need to be held to account on a national level. any new model needs to be piloted before general implementation.

However, as set out in Question 1, we do not agree that a local top-up model is an appropriate model for funding essential housing costs of supported housing.

**Question 12:** *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?*

BCHA agrees that Universal Credit is not an appropriate system for paying rents in transitional supported housing services. As described in paragraph 4.1, transitional services like those serving homeless people have a high turnover, some of our services up to 400%, as some people leave within weeks of starting their support tenancy.

There are both advantages and disadvantages in separating so-called 'short-term' services from the funding model as proposed. On the one hand, assurance in the form of separate block-funding would benefit tenants, providers and funders of services greatly. Providers and tenants will have certainty that the service can operate, and funders know that they will receive a return on their investment. On the other hand, separating these services could cause unwanted effects in that a growing number of providers would be more interested in providing these services than older people or learning disability services which are an ongoing and growing need.

The length of time that people live in 'short-term' transitional accommodation can vary greatly among services and individual customers, due to a number of reasons including their own support needs and the availability of appropriate move-on accommodation. The definition of 'short-term' accommodation should therefore focus on the needs and intended use of services rather than the maximum stay.

It is clear that the current proposal does not work for transitional services. The proposal of UC and top-up funding brings too much uncertainty and is likely to cause providers to pull out of services which are essential for vulnerable people who face homelessness, abuse, mental health issues and addictions.

In any separate system, funding should go directly to the providers on a scheme basis, not allocated per individual. It should also allow for more flexibility than monthly payments to account for people leaving midway through the month.

## **6.0 Conclusion**

6.1 In summary we urge the Government to:

- Assure landlords of enhanced, direct and frequent payments of Universal Credit with additional support for tenants that are not financially and digitally included.
- Dismiss LHA as an appropriate cap level for supported housing costs.
- Ensure Local Authorities have enough resources to assess needs effectively, allocate funding appropriately and work in partnership with health and criminal justice.

- Develop a national outcomes framework on supported services which holds Local Authorities spending and decision-making to account.
- Take more time to develop alternative funding systems and pilot these.
- Dismiss the 1% rent reduction for supported housing.