



# THE YOU TRUST'S RESPONSE TO THE DCLG AND DWP CONSULTATION FUNDING FOR SUPPORTED HOUSING

[www.theyoutrust.org.uk](http://www.theyoutrust.org.uk)

The YOU Trust Ltd (A Company Limited by Guarantee)

**Patrons:** The Lord Judd of Portsea, The Anglican Bishop of Portsmouth, The Lord Knight of Weymouth

**Registered address:** South Wing, Admiral House, 43 High Street, Fareham, Hants, PO16 7BQ

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## **1. INTRODUCTION**

- 1.1 The YOU Trust operate and run services in several fields of the care, support and health sector across Hampshire and Dorset. Our main streams of support are: Learning Disabilities; Mental Health; Homelessness; Domestic Violence & Abuse; Young People; Older Persons and Advice Services. Care and Support is delivered in a variety of types of homes/settings by working in partnership with a number of Registered Providers under a Service Level or Management Agreement.
- 1.2 YOU along with all other support and housing providers, are a vital piece of the social care provision that delivers savings and outcomes that outweigh the level of investment. Collectively, we make a positive difference to thousands of individuals' lives on a daily basis.
- 1.3 YOU is making this submission because we are concerned that the current Local Housing Allowance (LHA) cap and 'top-up' proposal has been created in the absence of any impact assessment and is not credible.
- 1.4 We are clear that the status quo is not acceptable to Government. However, this approach is a backwards step that will stifle development and will put existing accommodation and services at unnecessary risk.
- 1.5 Fellow providers and trade bodies share our concerns. We believe it will undermine years of positive delivery, and will make the current situation worse.
- 1.6 For the purposes of this formal consultation, YOU have discussed the questions posed together with their implications and impact in order to produce a comprehensive response. This document is a direct result from that process.

## **2. EXECUTIVE SUMMARY**

- 2.1 Before responding to the specific questions posed in the consultation paper, YOU would like to make the following comments to summarise the key points in our response, which are as follows:
  - YOU are pleased that the Government recognises the importance of the funding of supported housing. The current LHA Cap proposal is the most serious threat to the supported housing sector in its history. This could potentially result in the demise of supported housing, and should not be underestimated.
  - YOU recognises the need for a national framework and would support a workable, simple system that delivers certainty, fair outcomes and value

for money alongside statutory duties to provide for existing and future demand at a local level.

- There is already a shortage of supported housing. YOU has seen a stall in the development of support housing stock and organisations are completely exiting the market. With rising homelessness, an increase in client vulnerabilities and an aging population there is growing demand and increasing need.
- If we are to continue to sustain and develop much needed supported housing we require greater security that essential housing costs will be covered, not least to satisfy lenders wishing to invest in development. The devolved top-up arrangement erodes this surety and whilst we understand the principle behind the localised arrangement YOU believes that the proposed funding system should be based around a new national framework - Supported Housing Allowance (SHA) and cap that reflects the true cost of developing and maintaining supported housing. Reasonable full cost recovery for housing costs associated with supported housing is not an unreasonable expectation for individuals, who are the most vulnerable in society.
- Supported housing costs are broadly similar across the country. Linking rents to the LHA would create variable funding gaps for similar cost schemes (with a particular North v South divide), and would result in discriminatory outcomes for existing vulnerable tenants/clients due to a postcode lottery approach to top-up funding and would act as a deterrent to the planning of new schemes other than in high-value areas.

For an organisation like YOU, who is not asset holding and is dependant on the positive partnership working with Registered Providers, this would be catastrophic.

- We therefore call on the Government to abandon the LHA link and replace it with a national Supported Housing Allowance (SHA) that would level the geographical differences and better reflect the true costs of provision. Providing the SHA was set at an appropriate level, this would require only limited top-up for approved higher cost schemes. If supported housing is to be protected a guarantee of a ring-fence around this budget is a minimum requirement.
- The national framework/SHA Rate described in The YOU Trust's submission outlines a credible approach to the Government as a way forward.

The alternative option would be for the Government to accept that supported housing rents are by their nature higher than those for general needs tenancies and to agree that funding via the benefits system is paid

at source at a higher level than the LHA rate, without the need for top-up applications.

- The current LHA cap and 'top-up' proposal has been created in the absence of a government equality impact assessment. Groups that are already disadvantaged could be even more so. It will undermine years of positive delivery, impacting on the current situation, making it worse.
- At present supported housing providers can clearly demonstrate the added value they give to Government, statutory services and tax payers<sup>1</sup>.
- We work within a highly regulated sector, both from a housing and support perspective, that already gives individuals various protections. Partnership working with stakeholders has always been at the heart of this.
- The 1% rent cut will represent a loss of income of £194m for supported housing.<sup>2</sup> This cannot be achieved without putting tenants' accommodation and organisations at risk and should be permanently reversed.
- Local authorities (LAs) tell us that they do not have capacity to distribute the proposed top-up funding. YOU are concerned that unnecessary administrative costs will occur and therefore not represent value for money. Any reliance on LAs to make a new system work must be accompanied by resources to cover transactional and implementation costs. The Government has promised to retain the current level of investment in supported housing and any additional costs should therefore be met outside the current spend. There are synergies here with other policy areas where Government has accepted the need for additional resources, for example, to enable LAs to implement duties in the Homelessness Reduction Bill when enacted. Additionally, there is a strong case for legislation to protect any agreed local funding pot given the trend for ring-fenced budgets to disappear. Without that, funds could be redirected by LAs to ease pressures on their ability to deliver other statutory services.

### 3. FURTHER INFORMATION

- 3.1 Before YOU formally respond we would like to add some information that may be considered outside of the scope of the consultation but does have direct consequences on the issues that are being reviewed.

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/572454/rr927-supported-accommodation-review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927-supported-accommodation-review.pdf) pg. 32

<sup>2</sup> [http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/NHF\\_response\\_to\\_the\\_DWP-CLG\\_select\\_committee\\_inquiry\\_-\\_18.1.17\\_FINAL.pdf](http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/NHF_response_to_the_DWP-CLG_select_committee_inquiry_-_18.1.17_FINAL.pdf)

## ● LHA Cap

The biggest issue is the basis of the original decision to use Local Housing Allowance (LHA) as a methodology to apply to the rents in supported housing.

YOU believes that this methodology is inappropriate and will not achieve the desired outcomes. There is no evidence of an Equality Impact Assessment (EIA) to support the thinking behind this decision, throwing into question its credibility.

David Orr, the Chief Executive of the National Housing Federation, has stated the following<sup>3</sup>:

***“The fundamental flaw at the centre of all this is the use of the LHA as the basis for determining eligibility for universal credit payments for rent.***

***The LHA is a reflection of the cost of renting a home in the private rented sector. It bears no relationship to the cost of providing specialist supported housing. It is not a competent starting point. It will create a bureaucratic nightmare with no benefit to users, providers, or, crucially, to the taxpayer who will be funding all this”.***

YOU agrees with this statement and urges the Government to listen to the providers and reconsider these proposals in light of the risk to the sector and not move forward with the LHA Cap and 1% rent reduction to the supported housing sector.

## ● Protection and Ring-fence

YOU welcomes the Government’s commitment to protecting supported housing, however, LAs have made no such commitment once the rent has been devolved. A clear national framework and statutory duties for LAs around prevention will become critical to prevent long term damage to the sector and the detrimental impact this will have on the lives of the most vulnerable individuals in society.

In recent years, we have experienced LAs making financial decisions (rather than strategic) around the provision of care and support services that are commissioned into supported housing. In many cases this has resulted in cuts to services, despite evidence demonstrating the savings gained by delivering a preventative approach.

This is as a direct result of the removal of the ring-fence of the Supporting People Grant. To repeat this with rental income, removing security for thousands of vulnerable individuals, would be entirely counterproductive.

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<sup>3</sup> <http://www.housing.org.uk/blog/it-is-vital-we-find-a-sustainable-funding-mechanism-for-supported-housing/>

If supported housing is to be genuinely protected a guarantee of a ring-fence around this budget in perpetuity is a minimum requirement.

## ● Language and Definitions

Supported housing is frequently perceived as being complicated because the language and definitions used are not consistent.

The term '**supported housing**' is a wide definition that includes Sheltered, Extra Care (of which there are different types) and supported housing (again there are sub-headings here too e.g. short-term accommodation, refuges, alms houses etc.).

This is not a single market and the belief that one decision can produce a total solution for supported housing is unrealistic.

'**Commissioning**' generally refers to the commissioning of care or support services and does not generally include the development of properties to provide commissioned services into. These services are funded from Adult/Children's Social Care budgets and oversight on performance is gained via LAs/Care Quality Commission.

'**Funding**' is synonymous with rent. Care and support costs should not be included in *rent*. Some registered providers have taken the decision to maximise their rental income by working with consultants, who will also appeal to the LA in the event that charges are challenged. Care and Support costs should be funded via LA Adult Social Care budgets and other sources such as Health.

The term '**top-up**' dilutes the meaning of what this actually is e.g. it is *housing costs or rent* and that is what it should be spent on. There is a real risk that rent will leak into other areas that are not housing costs, which puts accommodation at risk.

We need to get the language right and agree the definitions to ensure that we are talking about the same thing during the decision-making process.

Other issues to consider include:

- Will the top-up increase annually?
- How will the top-up deal with new provision?
- If LHA rates change, will the top-up change?

## ● Universal Credit as the key driver

YOU would argue that the Universal Credit (UC) system in its current form is incompatible with the supported housing sector. We have particular

concerns around the use of the LHA Cap as a basis for the system. The LHA rate was designed for the private rental sector and bears no relation to costs in the supported housing sector. It also introduces levels of variation in funding through the benefits system across the country which are greater than the variation in costs in delivering supported housing. This leaves parts of the country particularly exposed. The inflexible design of the UC system, such as monthly payment schedules, can also be challenging in a sector that works flexibly with people.

The Government should explore how changes to UC, such as reviewing LHA rates for supported housing or increasing use of alternative payment arrangements, could help ensure the system is more compatible with the complexity of the supported housing sector.

### ● Overall Levels of Funding

YOU has significant concerns about how the level of funding will be calculated and allocated to local areas. The current estimate of £4.12 billion from the Government's evidence review has been questioned given the response rate to the review, and there are calls for a more robust assessment of the funding required.

The supported housing sector is diverse and complex and it is critical that any funding system is flexible enough to reflect this.

The Government's current proposals only relate to the housing costs, however, funding for supported housing needs to be considered in its totality to ensure that appropriate levels of both housing and support funding is in place for the sector in the future. Funding for support costs in supported housing continue to be squeezed and the National Audit Office found that after the removal of the Supporting People ring-fence in 2009, planned expenditure on the programme reduced by 45.3% between 2010/11 to 2015/16. To create a sustainable sector, there has to be assurances about levels of support funding to meet current and future need.

Further work must be undertaken to accurately size the pot for housing costs and clear plans should be in place to outline how funding will grow over time to meet future need. Consideration should also be given to how support costs could be put on a surer footing so that pressure in those funding streams do not undermine the Government's objectives for supported housing.

#### 4. RESPONSE TO THE CONSULTATION QUESTIONS

##### KEY ISSUE ONE:

Fair access to funding, the detailed design of the ring-fence and whether other protections are needed for particular client 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. Who should hold the funding; and, in two tier areas, should the upper tier authority hold the funding?*

##### Response

District Authorities currently have responsibility for housing strategy and housing delivery and usually lead in relation to homelessness provision. In addition, they have a good understanding of housing need within their localities, and already established and good relationships with providers, landlords and local agencies facilitate working arrangements for referral into supported accommodation. Administering the top-up at this level would help to ensure effective links between the strategic planning for new provision and the ongoing funding of supported housing provision.

YOU believes that District Authorities are without doubt best placed to hold the funding for supported accommodation in their area and should hold decision making powers over its allocation to supported accommodation. This should be the housing department, whether at upper or lower tier, to ensure a firewall between housing costs and care & support costs.

It is not clear how transactional costs of applying the new top-up arrangement will be met. Anecdotally our LA colleagues tell us that these are likely to be high as administering the new system does not fit easily with existing processes and will require new infrastructure.

It is critical that, whichever LA tier funding sits at, the system supports joined-up commissioning and draws on expertise across local areas. There should also be a clear indication of the level of funding that will be available to LAs to meet costs of administering the new system, and that this must be separate to the top-up funding.

**Question 2:**

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

**Response**

Our preference is that the ‘funding pot’ is correctly described as housing costs to be clear what it is for. This funding should only be used for housing costs. ‘Supported Housing’ is not definitive enough.

There would clearly need to be accountability around how this money is spent and the impact on accommodation and services to be tracked and reported.

Any new funding system must be focussed on sustaining existing provision and enabling future demand to be met. It should be tested to ensure fairness of access for all in need wherever they live and fairness to existing providers who have invested in schemes to meet LA needs. The funding structure must ensure existing provision that provide for identified needs are not at risk of closure. The drive for integration of service commissioning and delivery, whilst hugely important, is a separate matter.

The most important issue will be to ensure that the ring-fence is in place in perpetuity. Without this, developers and the sector will not have the confidence to invest.

**Question 3:**

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

**Response**

Government has committed to fund the sector at the same level it would have otherwise been in 2019/20, taking into account the effect of the Government policy on social sector rents<sup>4</sup>.

This is a critical issue. At present the figure of £4.12bn is unreliable and was based on a survey of LA Housing Benefit departments and Commissioners with an overall response rate of 48%<sup>5</sup>.

Mapping of supply needs to happen to ensure that the size of the national housing pot matches current provision to secure existing accommodation and

<sup>4</sup> <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-11-21/HCWS273/>

<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/572454/rr927-supported-accommodation-review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927-supported-accommodation-review.pdf) see p. 32

services.

LAs, Clinical Commissioning Groups, Health & Wellbeing Boards, and Criminal Justice etc., need to work in a more efficient way, utilising existing structures to ensure future supply meets need.

There is a range of information available such as the Joint Strategic Needs Assessment (JSNA)<sup>6</sup>. An evidence based, strategic decision-making process will be needed rather than being financially driven.

A new national framework/Supported Housing Allowance is needed, coupled with long term funding certainty for existing and future provision. Need should be assessed on the basis of a national framework and the wider preventative benefits of housing-based support. “Long-term” should mean the length of standard loans accessed to build schemes.

A legal obligation to produce local supported housing strategies in consultation with providers should be considered. These would comprehensively map current provision and future need. Funding should be guaranteed to deliver approved strategies with existing tenants protected from any changes to their entitlements.

#### 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)?*

#### Response

The concept of a “ring-fence” for any type of government funding does not inspire confidence given that the trend has been for the removal of the ring-fence. Not surprisingly therefore, in the light of our experience with the previously ring-fenced “Supporting People” budget, we are concerned that the proposed ring-fence funding may not last. In that event, LAs are very likely to redirect existing funding to services that support their statutory duties at the expense of other service, particularly given the extreme pressures they are under in respect of adult social care responsibilities. Adding further statutory duties for specific groups on a piecemeal basis and without adequate funding will not protect the needs of vulnerable groups. As a result there is a case for legislation to ensure the funding pot does not disappear.

This is of particular concern for groups that may be considered politically

<sup>6</sup> <http://content.digital.nhs.uk/jsna>

unpopular, such as people who are homeless, people leaving prison or people receiving treatment for drug and alcohol use. It is important that protections are in place in the new system to safeguard against this so that the right services are available locally.

Our response to Q3 suggests a statutory obligation to produce comprehensive local supported housing strategies linked to guaranteed funding and the importance of preventative services. Clearly, there will be a need for national strategies and/or central government guidance to provide appropriate frameworks within which local strategies would be prepared. For example, the “Transforming Care for People with Learning Disabilities” strategy clearly lays out the Government’s commitment to improve services for people with learning disabilities and/or autism.

There should also be a mechanism for ensuring LAs deliver against this plan. It was felt this would guard against the introduction of thresholds if statutory duties were introduced for particular groups and might also better recognise the preventative role of supported housing.

There needs to be guarantees around the long-term security of a ring-fenced pot. LAs should be required to develop a local supported housing strategy, in partnership with other key agencies, to inform the commissioning of services and be held accountable in implementing it. New duties should be reviewed alongside existing duties to vulnerable groups, such as those in the Care Act and those proposed in the Homelessness Reduction Bill, to reduce duplication and identify any gaps.

**KEY ISSUE TWO:**

**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 partnership and monitoring arrangements** might be necessary, both **nationally and locally**?*

**Response**

YOU propose a new national framework is needed to determine the setting of a new national framework/Supported Housing Allowance based on actual and predicted need and actual costs. We have also suggested that current and future need would be best determined via comprehensive supported housing strategies produced at the local level. Funding levels linked to these strategies could have

an agreed cap to control future increases.

This would be a credible alternative to the postcode lottery that will result from a cap linked to the completely inappropriate Housing Benefit LHA and would provide a model for use consistently nationwide.

Organisational roles and responsibilities would require further detailed consideration. Logically this could involve a national joint committee with representation from key interest groups (CLG, DWP, DoH, MoJ, LGA, etc.) to oversee the setting of the new national assessment and funding framework (including an annual resetting of investment levels) together with local Supported Housing Boards comprising of commissioners and providers responsible for agreeing local strategies and overseeing the distribution of funding. National guidance should make clear Government's understanding of the important role supported housing has in providing preventative services, thus reducing demand on other public services such as hospitals.

**Question 6:** For local authority respondents:

*What **administrative impact and specific tasks** might this new role involve for your local authority?*

**Response**

Whilst this question is directed at LA respondents only we feel the need to make some comment as a result of discussions with our LA partners. They tell us that implementing the new system will require the creation of new architecture (systems, processes, staffing etc.), as they do not have capacity to distribute the proposed top-up funding.

Any reliance on LAs to distribute supported housing funding fairly must be accompanied by reassurance on how the costs of implementing, delivering and maintaining the new system will be met. The Government has promised to retain the current level of investment in supported housing and we believe that any costs will need to be covered from outside of current spend. As already mentioned, there are synergies with other policy areas where Government has accepted the need for additional resources, for example to enable LAs to implement duties in the Homelessness Reduction Bill when enacted.

There is also a wider point we wish to stress, and that is to reinforce our concerns about the postcode-lottery implications of a proposed system linked to the LHA cap. The reality of this flawed approach will be that LAs in more affluent parts of the country where market rents are higher and supported housing costs fall within the LHA cap will not need to concern themselves with the new system and will not have the resourcing issues that will arise for LAs affected. The perverse and potentially discriminatory outcome for supported housing residents will be that - for example - a client living in a scheme in one part of the county

where the gap between their rent and the LHA cap is £83.78 will depend on discretionary LA top-up funding to cover this whereas a client living in similar housing with similar costs will not.

Groups that are already disadvantaged could be even more so. It will undermine years of positive delivery and will impact the current situation by making it worse.

### KEY ISSUE THREE:

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?*

#### Response

At present supported housing providers can clearly demonstrate the added value they give to Government, statutory services and tax payers<sup>7</sup>.

We work within a highly regulated sector, both from a housing and support perspective, that already gives individuals various protections. Partnership working with stakeholders has always been at the heart of this.

The consultation includes a focus on improving quality and strengthening local oversight and monitoring of supported housing. YOU are in agreement that some kind of national framework might be useful to ensure consistency. However, as far as this links to outcomes, we argue that these proposals deal solely with the housing costs whereas improved outcomes are linked to the provision of support. If housing funding becomes linked to outcomes without adequate support funding in place, there are concerns this could seriously undermine the sector. We would therefore urge that supported housing funding must be considered in its totality in order to inform proposals for the sustainability of the sector.

If any national framework for commissioning and outcomes is introduced, it must be acknowledged that the provision of support is key to improving these outcomes and cannot be detached from these discussions.

<sup>7</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/572454/rr927-supported-accommodation-review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927-supported-accommodation-review.pdf) pg. 32

#### KEY ISSUE FOUR:

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?*

#### Response

There is currently a shortage of over 15,000 units of supported housing. This is set to double by 2019-20. Uncertainty around rental income will have a negative effect on development. Development has already stalled and pipeline developments have in many cases been scrapped.

A Registered Provider in Hampshire has handed back its allocation of £2,184,000 for a 52 unit care home in Gosport under round 2 of the Care & Support Specialised Housing Fund (CSSHF). It was returned due to the uncertainty of rental income and the LHA proposal for supported housing.

The new funding model increases risks around development as reliable rental income (LHA level) is in many cases lower than current gross rent levels. This means that at a minimum, capacity to borrow to develop will be reduced.

Uncertainty around rental income will potentially increase the risk of existing properties. This may raise viability issues for some providers with current borrowing based on existing levels of income. In addition, this could also cause concern around the existing supported housing provision, with Registered Providers making the decision to no longer offer up their stock as supported housing and purely revert this back to general needs accommodation.

Taking the above into consideration, we reiterate our key messages regarding the need for long-term security of funding for existing services and the non-viability of future services without guaranteed long-term revenue finance.

The LHA cap link proposed new funding regime will not provide this certainty. To give greater certainty to providers we need:

- Government to accept that the link with the LHA cap for supported housing rents is not appropriate and should be replaced by a new national supported & sheltered housing cap.
- Agreement that a replacement funding system should be rolled out within the context of a new national framework that protects current provision and ensures funding is available for future needs according to jointly agreed local strategies.

- Long-term guarantees of protected funding for services and additional implementation resources for LAs to ensure that transactional costs are met separately from those required for essential housing costs.
- No duplication of assessment.
- Exemption of “specified” supported housing schemes together with a revised approach for sheltered housing and non-permanent housing schemes.
- A growing funding pot to account for inflation and future demand as well as protection of existing supply.

Without this surety, providers and their funders will not be able to take the risk of developing new schemes and may consequently lead to the decommissioning of existing provision.

#### 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?*

#### Response

We have expressed our support already for a new national framework to oversee the planning and distribution of supported and sheltered housing funding according to locally produced strategies. Please see answers to previous questions.

There are two key drivers that underpin this:

- Essential housing costs attached to service provision are based on a new a Supported & Sheltered Housing Allowance applied nationally instead of being linked to the LHA as currently envisaged; and
- Essential housing costs that are protected and guaranteed through this new supported & Sheltered Housing Allowance rather than being added to other Care and Support budgets. At present the figure of £4.12bn is unreliable and was based on a survey of LA Housing Benefit departments and Commissioners with an overall response rate of 48%. Mapping of supply needs to happen to ensure that the size of the national housing pot matches current provision to secure existing accommodation and services.

LAs, Clinical Commissioning Groups, Health & Wellbeing Boards, and Criminal Justice etc. need to work in a more efficient way using existing structures to ensure future supply meets need.

There is a range of information available such as the Joint Strategic Needs Assessment (JSNA). An evidence based, strategic decision-making process

will be needed rather than being financially driven.

Further work must be undertaken to accurately size the pot for housing costs and clear plans should be in place to outline how funding will grow over time to meet future need. Consideration should also be given to how support costs could be put on a surer footing so that pressure in those funding streams do not undermine the Government's objectives for supported housing.

**Question 10:**

*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?*

**Response**

The impact of failure to individuals and the wider society on this issue is huge. There is no government Equality Impact Assessment available. The YOU Trust recommends that the new system be piloted to ensure there is enough scope to test the new models.

The Government is currently proposing a shadow year from April 2018 ahead of full implementation from April 2019. This causes YOU concern as there are significant differences between a shadow system and running a system live. Given the significance of the changes proposed in this consultation, we would suggest the adoption of a 'test and learn approach'. The proposal as it stands is fraught with risk and getting everyone travelling in the same direction, in the current climate, will be a challenge.

The new system needs to be designed to work in parallel with Universal Credit for working age claimants, it would be prudent to remove pensioners from this proposal to minimise the number of claimants and simplify the pilot.

The pilot would be best focused in areas where housing costs are significantly higher than LHA rates along with a range of high and low LHA rates across the country.

We call on the Government to review the timeframe for implementing these proposals to allow for a robust 'test and learn' approach in line with wider Universal Credit implementation. Stronger transitional protections, including exemptions for existing tenants, should be considered.

**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?*

**Response**

The most sensible alternative is to continue paying full (reasonable and eligible) housing costs via the mainstream benefit system e.g. Housing Benefit (HB)/Universal Credit (UC). Existing Housing Benefit regulations already outline what is eligible/ineligible and could be better enforced to ensure gross rents and service charges are reasonable. This would give Government better control on costs.

All existing properties that are defined as 'exempt/specified' or 'sheltered/extra care' could become an 'Accredited Supported Property' into the existing UC framework. This would reduce the perceived complexity of supported housing by defining properties only and would enable substantial savings by utilising an established framework. This offer would include an ongoing review to further hone the eligible properties.

Government has recognised that there are additional costs associated with the running of supported housing. Therefore, rather than implementing a broad brush LHA Cap (that ranges from £69.73 to £260.64), a new 'Supported Housing LHA rate' could be created, which would also include sheltered housing schemes. Relatively minor increases in low LHA areas could make a very big difference to reducing the gap between gross rents.

This would mean that 'Accredited Supported Properties' would receive the 'Supported/Sheltered Housing LHA rate' at the point of a claim for housing costs via UC. This would ensure that legitimate housing costs are paid directly and are automatically protected along with tenants'/clients' accommodation. This would remove administrative burdens for LAs.

Therefore, when a UC application is made the 'Accredited Supported Property' address would show up on the computer screen of a UC administrator anywhere in the country. It would be apparent that this application is for supported housing therefore the 'Supported & Sheltered Housing LHA rate' box is ticked on the screen triggering the enhanced payment. This would utilise an existing system at very little cost, requiring no additional specialised knowledge.

This would have the same effect as the cap whilst funding eligible housing costs, giving Government the control of the HB/UC budget with minimal setup costs and ongoing input. In addition, it would give the supported sector the confidence and appetite to invest and develop additional supported properties with rental income once again being predictable and stable. This would give Government, tenants/clients, landlords/providers the necessary safeguards into the future.

**KEY ISSUE FIVE:**

**Developing options for workable funding model(s) for short-term accommodation, including hostels and refuges.**

**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?*

**Response**

Universal Credit does not look like a suitable way to fund housing costs for short-term services due to its payment cycle. Providers of these services should be funded directly, returning any underutilisation periodically. This would give security for the accommodation provision and for the commissioned services.

The length of time that individuals live in short-term accommodation can vary hugely, for a number of reasons, including their own support needs and the availability of appropriate move-on accommodation. The definition, therefore, should focus on the intended use rather than a maximum period of stay. As a result we ask the Government to explore further how to remove housing costs from UC for non-permanent housing. Without this, revenue funding will be insecure and subject to short-term decision making on a case-by-case basis. Cash shortfalls will lead to service closures and there will be no appetite for developing new schemes.

In the case of emergency/crisis accommodation for those often in danger or at serious risk, the last thing that service users should have to worry about is covering the costs. Funding for this and for other forms of non-permanent accommodation should go direct to providers on a scheme-by-scheme rather than individual basis to ensure the service is available immediately and to acknowledge the transitional nature of such provision.

Any funding system for short-term accommodation services must be fit for purpose, minimise any financial risk and should reflect the needs and diversity of the sector. Further work should be done to explore alternative models and how well these might work for different types of short-term provision.

For further information, please contact Nicola Youern, Chief Executive at [nicola.youern@theyoutrust.org.uk](mailto:nicola.youern@theyoutrust.org.uk) or Michelle Lock, Head of Health & Homelessness at [michelle.lock@theyoutrust.org.uk](mailto:michelle.lock@theyoutrust.org.uk) or 01329 825930