



## **SIGOMA Submission to the Funding For Supported Housing Consultation**

### **1.0 About SIGOMA**

SIGOMA is a special interest group of 46 English local authorities, made up of 33 metropolitan boroughs and 13 major unitary authorities. Our membership includes authorities in the North East, Yorkshire and the Humber, the North West, Midlands and the Southern Ports.

An unfortunate but common theme linking our authorities is the level of deprivation, and therefore the demand for services, they face. This also influences the low levels of income they are able to raise locally compared to other authorities. Of the 10 most deprived authorities in the country, 6 are SIGOMA members, including the country's most deprived, Blackpool.

At a time when Government is driving forward an agenda of self-sufficiency for local authorities and savings for the exchequer, our members face a disproportionate increase in demand for deprivation-related services such as sheltered housing. For example, while they represent around 25% of the national population, they represented over 30% of new requests for social services support in 2015-16.<sup>1</sup>

### **2.0 Opening comments**

Members share the Departments understanding of the importance of supported housing (SH) as a service specifically directed towards the most vulnerable people in our society, as set out in para 19-20 of the consultation document.

It is overwhelmingly the elderly (over 70% of SH units) who benefit, but it can also enhance the lives of vulnerable working age residents, helping them find work, become productive members of society and thus avoid expensive and overwhelmed institutional services such as hospitals, the courts and prisons. It is clearly an investment in people that yields identifiable efficiencies and benefits in addition to a positive social impact.

Therefore, while we appreciate that it is essential to ensure value for money, it is also vital that the quantum of funding available to local authorities is not reduced and that top-up funding is allocated fairly between authorities via a comprehensive, evidence based assessment of current and future needs. In particular, top-up

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<sup>1</sup> "2015-16 Community Care Statistics, Social Services Activity, England" NHS Digital October 2016

funding must compensate at least the full amount each authority stands to lose as a result of supported housing rents being capped at LHA rates.

Certainty and predictability in this area are essential not only for local authorities to be able to plan their budgets effectively but also for private providers that, as is currently the case in the social care sector,<sup>2</sup> may decide to cease provision if the market were suddenly to become financially unviable.

While we welcome the commitment of the Departments to SH, illustrated in section 21-24, we question whether the proposals made will in fact deliver that commitment. To put this in context, the IFS has estimated that planned policy changes for social housing would mean 800,000 households would lose an average of £1,300 per year, equating potentially to an additional cost to local authorities of up to £1bn.<sup>3</sup>

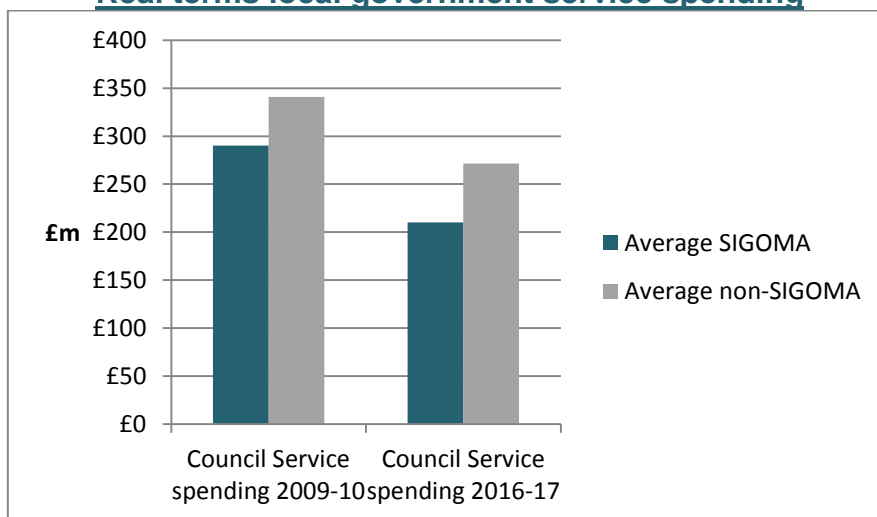
**SIGOMA Example**

One SIGOMA authority has also calculated that the overall policy of capping social housing rents at LHA rates could result in a local net deficit of up to £2.9m.

Another has received representations from three local housing providers that their estates will face a combined shortfall between the LHA ceiling in the area and the cost of providing the accommodation which equates to over £2.6 m per year.

Councils have, however, been subject to very different levels of austerity cuts. Some have already been forced to cut provision of services, such as, for example, homelessness prevention, entirely while others have been able to maintain adequate provision.<sup>4</sup>

### Real terms local government service spending



The chart shows that average cuts made by SIGOMA authorities (at 28%) are a third deeper than the national average (21%).

Prepared by SIGOMA from IFS., (Nov 2016) council-level figures on spending cuts and business rates income, Neil Amin-Smith, David Phillips and Polly Simpson (with councils equalised to single tier by districts being rolled into counties)

<sup>2</sup> <http://www.communitycare.co.uk/2016/09/15/biggest-profit-provider-pulls-home-care-market/>

<sup>3</sup> <http://researchbriefings.files.parliament.uk/documents/SN06080/SN06080.pdf>

The impact of capping will also vary widely from one area to the next. Research by the National Housing Federation, for example,<sup>5</sup> indicates that the proportion of rents requiring local authority top-up varies from 5.3% in London to 39% in the East Midlands, with the poorer regions bearing the highest proportions and having the highest proportion of properties affected by the cap (96% in the North East compared to 15% in London).

With this in mind, our members are keen to be provided with explicit reassurance that they will not lose funding as the result of this transition, or be forced to take on any new responsibilities that are not fully funded in line with the new burdens principle.

SIGOMA would welcome the opportunity to participate in future discussions concerning both the size of the top-up funding pot and its intended distribution.

**Q1. The local top-up will be devolved to local authorities. Who should hold the funding; and, in two tier areas, should the upper tier authority hold the funding?**

Local authorities have an established track record as a responsible accountable body and fund holder in the capacity of both principal and agent for government funds. They also have a direct line of accountability to local residents as governance is by elected officials. They should therefore hold funding.

Members would welcome a reassurance from the department that the top-up amounts will be financed by central treasury, not top-sliced from existing general funding.

As we expect provision to be commissioned by upper tier authorities along with other personal social service provision, it is our expectation that upper tier authorities would hold the funding.

**Q2. How should the funding model be designed to maximise the opportunities for local agencies to collaborate, encourage planning and commissioning across service boundaries, and ensure that different local commissioning bodies can have fair access to funding?**

Cross-service provision is an increasingly dominant theme in social service delivery, given even greater prominence with the introduction of the Better Care Fund.

Authorities, again, have a history of participating in and leading in multi-service provision. But the impact of over a decade of cuts must be recognised. As the *Supported Accommodation Evidence Review* (the Review) notes, not all authorities now have a supported housing team, the service often having been integrated into roles with a much wider range of responsibilities, e.g. strategic commissioning.<sup>6</sup>

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<sup>5</sup> Research Briefing: Supported Housing Sue Ramsden January 2017

<sup>6</sup> [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/572454/rr927-supported-accommodation-review.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927-supported-accommodation-review.pdf) p70

The funding model must recognise and fund the need for local champions and specialist management in the area of supported housing provision, to help co-ordinate the disciplines necessary to help provide homes for the vulnerable.

The Departments could assist in this process by providing guidance on the key stakeholder agencies, their roles and how they might organise themselves as well as seeking and publishing best practice models.

Moreover, the consultation rightly focuses on the importance of outcomes (as compared to outputs) in determining the efficacy of policy aims. It must be envisaged therefore that a definition of “Supported Housing” may be much wider than a property based evaluation. In fact, our members would support a re-definition of the service from “Supported Housing” to “Supported Living”. This could mean, though, stepping back from a formal ring fence or widening of the definition of supported housing.

This could help to encourage authorities and others to pilot cost effective solutions, for example engaging with initiatives such as *homeshare* to allow the elderly or disabled to remain in their home by sharing with a younger or more able person<sup>7</sup>, or providing an enhanced care package in a clients’ current home.

Opportunities to encourage a collaborative approach will of course be best maximised when all interested parties feel that the funding is sufficient to meet their obligations. This is, first and foremost, dependent on there being no reduction in the quantum of funding available.

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

Again, we agree that evaluations should be outcome based.

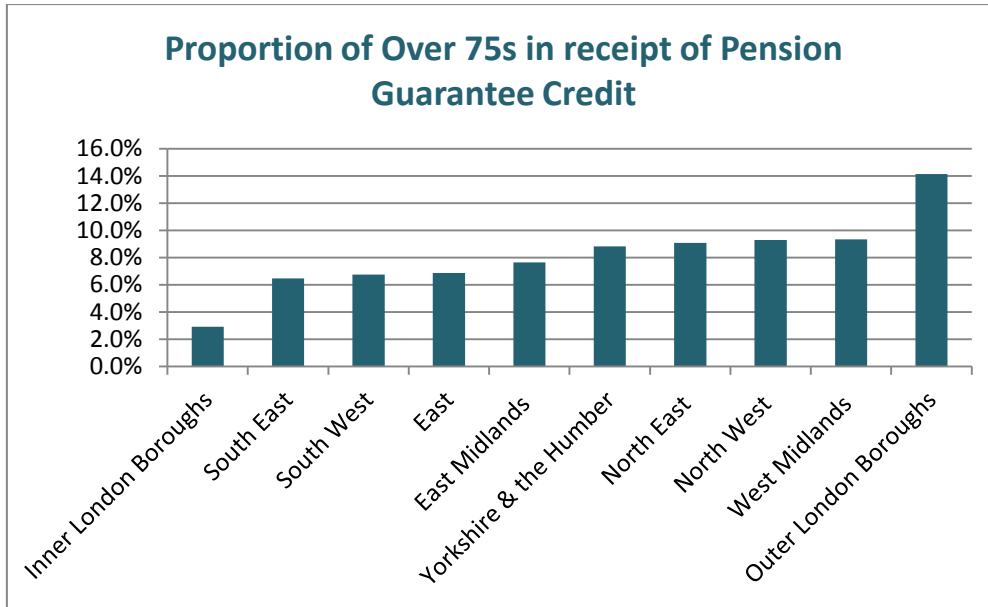
The first step in this process is to create or obtain objective measures of the population cohorts that drive baseline needs. This can be difficult and contentious as it should not punish the efficacy or reward the inefficiency of existing local support.

We believe this will involve predictions of *likely* needs by looking at key drivers for demand such as the elderly infirm, disabled, people with learning difficulty, prison catchments, domestic abuse and so on. This should then be used to create baseline (not relative) allocations. Some illustrative influencing factors and their regional variation follow:

- *the ability of pensioners to self-fund sheltered accommodation*  
**Proportion of Over 75s in Receipt of Guarantee Pension Credit**

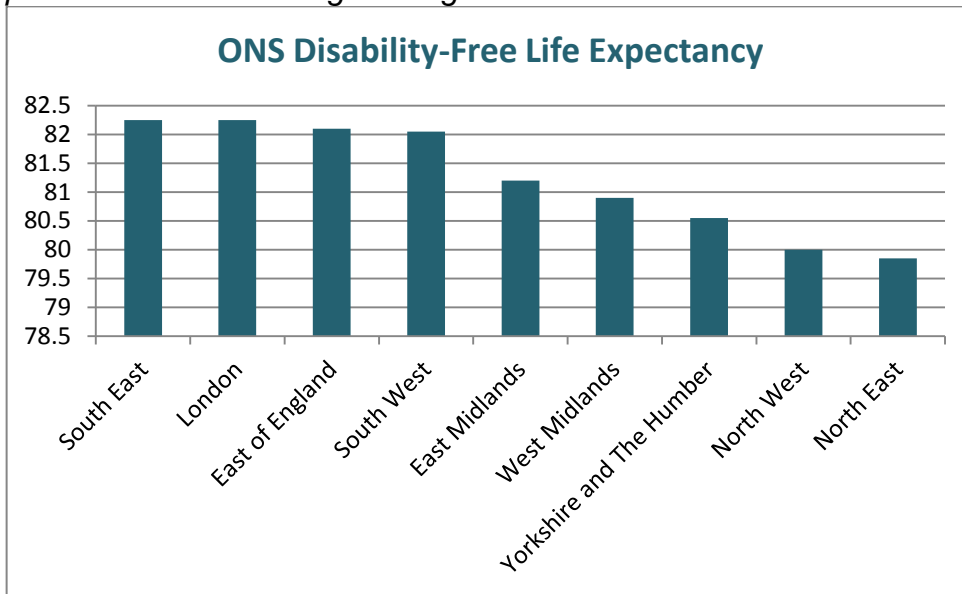
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<sup>7</sup> <https://homeshareuk.org/wp-content/uploads/2016/10/homeshare-sector-report2016.pdf>



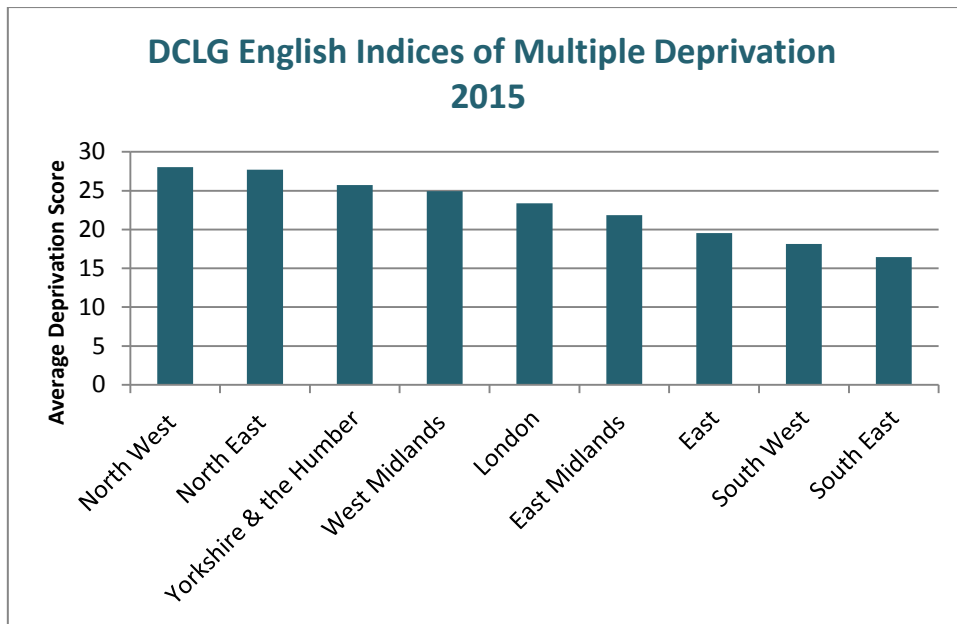
Source: [Nomis, May 2016](#)

- *population disabled through old age*



Source: [ONS Disability-Free Life Expectancy by Upper Tier Local Authority: England 2012 to 2014](#)

One of the key underlying factors for many housing support services is poverty, which is an indicator of need but also incorporates the ability to self finance.



Source: [DCLG., IMD 2015](#)

It is likely that these indicators will need to be moderated by actual cost experience, and the Department needs to undertake an objective data collection and assessment of supported housing costs across the country.

Other indicators might include:

- those classified as statutorily homeless or rough sleepers as a percentage of a local authority's population
- cases of domestic abuse as a percentage of a local authority's population
- number of those with learning disabilities or mental health issues as a percentage of a local authority's population
- and cases of substance misuse as a percentage of a local authority's population

One of our members has also noted that they are: "Very concerned that there is no detail available yet on precisely how the top-up funding will be calculated." They also raised the point that it would be necessary for the top-up system to take full account of future pressures on demand. We therefore feel it is vital that the calculation is fair, transparent and promptly communicated to local authorities, accounting not just for current service pressures but also responsive to future demographic shifts.

**Q4. Do you think other funding protections for vulnerable groups, beyond the ring-fence, are needed to provide fair access to funding for all client groups, including those without existing statutory duties (including for example the case for any new statutory duties or any other sort of statutory provision)?**

From a local authority perspective it is essential that any new statutory duties placed upon the authority are clearly and additionally financed as new burdens (not separately ring-fenced out of existing funding).

Again, we recommend that protection should be expressed as outcomes, though clearly in the case of some supported services such as fleeing domestic abuse or homeless families, an immediate short term provision of a specific nature will be the most likely solution.

It may be appropriate to agree in advance with the local authority and service provider community a set of need indicators for each potential client group.

As the funding arrived at may be inadequate at authority level through individual demand bucking the trend (eg influx of refugees), it is essential that the Department establishes an annual emergency fund against which Councils can draw.

**Q5. What expectations should there be for local roles and responsibilities? What planning, commissioning and partnership and monitoring arrangements might be necessary, both nationally and locally?**

Since assessing and commissioning support based on client needs is already an aspect of local authority services, it is likely that most authorities will already have placement frameworks and standards of service in place, possibly integrated into a wider commissioning structure.

There are likely to be significant variations in these arrangements from one authority to the next. The arrangements will have been tailored to local budgets and circumstances.

The ideal would be for the client's needs to be addressed holistically through one assessment, not separately. Such provision should also incorporate a financial assessment of ability to self-finance or arrange alternate provision, as is currently the case.

The call to establish supported living need could come from: the client, adult social care, health, children's care, probation services, immigration services or others. It is important that all services with a potential need continue to have a clear pathway that will allow them to engage with supporting living in the local setting and are able to assess all of the needs relevant to a vulnerable person. A new aspect to this may be a requirement to separate out base accommodation from the support element.

Taking an overly prescriptive approach may not, therefore, be appropriate if the new system is to respond appropriately to local circumstances.

In a system whereby the funding of support services is commissioned and supplied separately from baseline rents and service costs, it is essential that landlords, other service providers, local authorities and clients have a clear understanding of the separate elements of supported living and of how it is being financed.

There are a number of aspects of service provision that the funding system must recognise which are not directly related to periods of occupancy. These are listed in the Review and include:

- Maintenance, repairs and renewals

- Communal facilities
- Security and health and safety
- Housing management
- Voids
- Capital funding

The Departments assessment of costs must include compensation for the impact of these factors. Authorities must not be left to carry the risk of funding gaps.

It would be our expectation that the Department would maintain a national data base to allow authorities to compare client numbers, client types, service provision and costs.

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

Local authorities will effectively take on a new budgetary responsibility and the associated risk. A council director and finance officer will be responsible for creating an annual budget, monitoring budgets and ensuring that budgets are not exceeded. This will add to Councils’ Cabinet and Council meeting timetable.

Separate commissioning of support services (as distinct from baselines rents) will introduce new complexities into commissioning and billing services. Councils may become involved in an increased caseload, formerly dealt with through other agencies.

Additional statutory responsibilities will require legal and professional evaluation and an enhanced level of monitoring to ensure they are being discharged.

Our members value certainty and know that they will need to identify financial implications with a reasonable degree of certainty in 2018-19 in order to budget effectively.

It is therefore essential that the Departments release, at the earliest possible opportunity, a clear statement of their expectations so that authorities are able to anticipate the full administration costs involved.

**SIGOMA Example**

One SIGOMA member’s Housing Benefit services team have “already identified £5.53m of additional annual expenditure on supported housing schemes over and above the LHA level, not including sheltered accommodation”, which, they note “necessitates a different and more complex method of data collection”. And, in an additional illustration, they highlight that for just one provider, “across 466 flats over 13 schemes, their costs of specialist support-related management totalled £1.17m.”



**Q7. We welcome your views on what features the new model should include to provide greater oversight and assurance to tax payers that supported housing services are providing value for money, are of good quality and are delivering outcomes for individual tenants?**

Again, we concur with the view that outcomes rather than physical outputs should be the main measure of effective spend. Hence the success or otherwise of the service may not be in terms of housing units or even number housed but could incorporate spend on preventative measures.

Monitoring measures may therefore be best defined in terms of those actually presenting with a housing need compared to a statistically “likely” level, to assess effective prevention, and time and quality defined measures of client flow through. Services could be assessed on:

- quality of accommodation and physical surroundings;
- services that promote safety and safeguarding;
- providers having robust organisational processes;
- services which enable service users to act independently;
- the amount and quality of support;
- services which meet contractual requirements and have clear service objectives
- services which deliver clearly defined outcomes.

Monitoring could also include evaluation measures such as:

- User-led and peer inspection approaches, such as ‘Choice Checkers’ in the learning disability field
- ‘Payment by outcomes’ systems, which attempt to monitor the impact of supported housing on its users and reward providers financially where positive changes can be demonstrated
- ‘Mystery shopping’ or unannounced inspections involving conversations with users and staff members as well as a review of policies and support plans.

Evaluating and monitoring results would come at a cost, however, which would require appropriate funding.

**Q8. We are interested in your views on how to strike a balance between local flexibility and provider/developer certainty and simplicity. What features should the funding model have to provide greater certainty to providers and in particular, developers of new supply?**

Clearly the quantum of funding will be a major factor in giving providers the certainty they need to continue existing provision and allowing authorities to commission new provision.

Reassurance would also be needed that the quantum of funding would rise in line with inflationary pressures and take full account of key developments that increase

other cost pressures on providers, such as the introduction of the National Living Wage.

The greater the budgetary constraints on local authorities, the less providers and developers of new supply can be certain that they will be able to make a return on their investment and the less likely they are to continue providing or investing in supported housing services.

#### **SIGOMA Example**

One SIGOMA member notes that: “in order to lever in large capital investments for essential future projects (such as older people’s Extra Care apartments), certainty is needed for revenue streams over a far longer period than a typical 3-5 year commissioning cycle... To enable these important investments to be made, the funding regime must give providers and developers the certainty of sufficient future revenue streams to secure investment in new schemes.”

It is also essential that providers and developers of new supply are given the equivalent degrees of certainty across the country.

A House of Commons Library report on social care has recently noted the significant differences in self-pay populations for social care<sup>8</sup> and it is likely that similar disparities exist in the supported housing market.

<b>Region</b>	<b>Self-pay %</b>
North East	18%
North West	36%
Yorkshire and the Humber	42%
East Midlands	43%
West Midlands	39%
East of England	45%
Greater London	30%
South East	54%
South West	49%

Source: [Tim Jarrett and Hannah Cromarty., \(10 Feb 2017\) Funding social care, and the care home market \(England\), House of Commons Library](#)

It is known that providers have used private provision to subsidise local authority rates. If the self-pay market were not to be accounted for in the top-up formula the real pressure will, therefore, be much higher for poorer authorities. Accordingly, it is essential that the top-up formula fully and transparently accounts for residents’ ability to pay.

<sup>8</sup> <http://researchbriefings.files.parliament.uk/documents/CBP-7463/CBP-7463.pdf> p7

### SIGOMA Example

One SIGOMA authority has noted that they: “have grave concerns that for areas... where LHA rates are much lower than those in London and the South East... the new regime will make new supported housing development much less attractive and/or put existing supported housing schemes in jeopardy. Housing providers continue to raise concerns with commissioners about their ability to invest in supported housing due to the ongoing uncertainty.”

Further, for the reasons given in response to question 2, it may not be advantageous to have narrowly defined ring-fencing in areas where Councils may be engaged in cross service provision and attempting to develop alternate provision models.

#### **Q9. Should there be a national statement of expectations or national commissioning framework within which local areas tailor their funding? How should this work with existing commissioning arrangements, for example across health and social care, and how would we ensure it was followed?**

Commissioners and providers would benefit from clear definitions of the support requirements of the various client groups.

One SIGOMA member has, in fact, noted that: “A straightforward and streamlined national quality and cost framework would give large providers continuity across different LA areas and would avoid LAs having to duplicate work in creating new procurement and contract management processes.” Such an approach may prove useful for many local authorities.

This must be arrived by engagement with all providers and user group representatives. It must however be flexible enough to adapt to changing circumstances and local solutions.

#### **Q10. The Government wants a smooth transition to the new funding arrangement on 1 April 2019. What transitional arrangements might be helpful in supporting the transition to the new regime?**

To ensure a smooth transition, authorities must be clearly informed regarding how the new model will work well in advance, and of how they will be compensated for any new burdens they may incur, including assessments and IT adaptations necessary, prior to the start of the 2018-19 financial year.

This notice should be sufficient in duration to allow for any changes in commissioning that may be required and to provide a seamless service to clients who may otherwise have nowhere else to turn. Failure to do so could result in increased costs elsewhere.

Work should begin now to allow service providers to separate out rental and service charges from service provision. Pilot authorities could undertake this work to identify pitfalls.

The Department should provide funding support for authorities and service providers to adapt systems and organisational structures to the new regime.

Following this consultation, workshops of all the disciplines engaged in the service should be arranged so as to pre-empt any changes necessary to deliver the new system.

***Q11. Do you have any other views about how the local top-up model can be designed to ensure it works for tenants, commissioners, providers and developers?***

See answer to Q3.

**Q12. We welcome your views on how emergency and short term accommodation should be defined and how funding should be provided outside Universal Credit. How should funding be provided for tenants in these situations?**

A national definition of emergency and short term accommodation should be established that encompasses all circumstances in which a client may be unable to fund accommodation costs due to the fact that Universal Credit is paid monthly:

e.g. any accommodation which is likely to be inhabited by the client for a consecutive period of less than 50 days and in the event that the client and those acting on their behalf are unable to secure an appropriate alternative.

Funding should be provided by central government outside of the Universal Credit system and could be administered by councils, or another appropriate body (in which case the alternative body must be deemed responsible and accountable for the welfare of the client).

This should fund the full cost of emergency short-term accommodation, as opposed to part of it as was the case with the temporary accommodation subsidy.