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## Consultation on the funding for supported housing Submission by Anchor, Hanover and Housing & Care 21

1. Anchor, Hanover and Housing & Care 21 are the three leading providers of sheltered housing in England. Together, we provide services for almost 100,000 residents. We welcome the opportunity to comment on the proposed new funding model for supported housing because we have identified risks that the system cannot be designed in a cost effective way to support sheltered housing. Our comments relate specifically to sheltered housing because it is distinct from other forms of supported housing.
  - This funding model should not be introduced for sheltered housing
  - Funding to support tenants in sheltered housing should be considered as part of a wider debate on welfare benefits for older people, the pressure on health and social care to give an integrated approach.
  - Sheltered housing costs relate mainly to the costs of providing and maintaining the housing and the specialist facilities. It is a low cost service provided to very many older people.
  - The proposals would introduce geographic inconsistency having the greatest impact in largely northern local authorities that have already seen the largest reductions in spending in recent years.
  - The pressure to divert funding to other services will lead to anxiety for many older people and uncertainty about the future of existing sheltered housing schemes and the development of new schemes to meet the increasing need.
2. If the proposals are implemented:
  - There should be a specific cap for sheltered housing reflecting the true cost of providing the homes and services.
  - There should be protection for at least five years for existing tenants.
  - There should be an annual bidding process for new funding to develop new homes and services.
  - Older people's housing boards should be established by administering authorities to assess needs and agree priorities.
  - There should be long term contracts for providers to give the certainty to invest in existing housing and to develop new homes to meet increasing demand.
  - Quality and value for money should be assured through a national accreditation process, passporting accredited providers to limit the administrative burden on local authorities and providers.



### Housing for older people

3. Sheltered housing is **purpose built accommodation for older people** with a range of different services, including extra care housing that provides care services on site supporting people with significant needs. Sheltered housing helps older people **to maintain their independence and reduces the risks of them needing higher-cost social care and health services**. It does this by:
  - preventing falls and allowing existing conditions to be managed
  - heading off crises that would otherwise end up in A&E
  - allowing safe discharge from hospital and preventing re-admissions
  - tackling loneliness and isolation
  - providing quality homes that encourage older people to downsize, freeing up larger family accommodation
4. The **older population is our fastest-growing demographic group**. The ONS states that from 2014 the number of people aged 75 and over is projected to rise by 89.3%, to 9.9 million, by mid-2039. The number of people aged 85 and over is projected to more than double, to reach 3.6 million by mid-2039. This increase in the numbers of older people means that by mid-2039 more than 1 in 12 of the population is projected to be aged 80 or over. The vast majority live in mainstream housing not designed to meet changing needs.
5. Analysis by Frontier Economics for the Homes and Communities Agency in 2010<sup>i</sup> showed that the net financial benefit to other services from older people living in specialist housing compared to other forms of housing was £444 per person per year.
6. The Institute of Public Care (2012)<sup>ii</sup> notes “the weight of evidence through case studies, audits and research, shows that there is an unequivocal health gain to be made through the provision of all types of retirement housing”.
7. The *NHS five year forward view* (2014)<sup>iii</sup> set out a vision for the future of health and care based on new transformative models of care, a radical upgrade of preventive care, and stronger partnerships between the NHS and others, including local authorities, the voluntary sector, patients and local communities. **Sheltered housing is a vital contributor to this partnership approach.**
8. However, the proposed changes to the funding for supported housing threaten to devastate the sector’s ability to maintain current levels of specialist housing, let alone develop to meet increasing demand. The sector is already absorbing the **impact of the 1% reduction in rents** for each of 3 years that is removing capacity to invest in maintaining homes and building new homes. This will reduce the planned income for the three organisations by £7.4m each year by the end of the 3 year period.
9. This is **not the appropriate time** to implement such changes for housing for older people given:

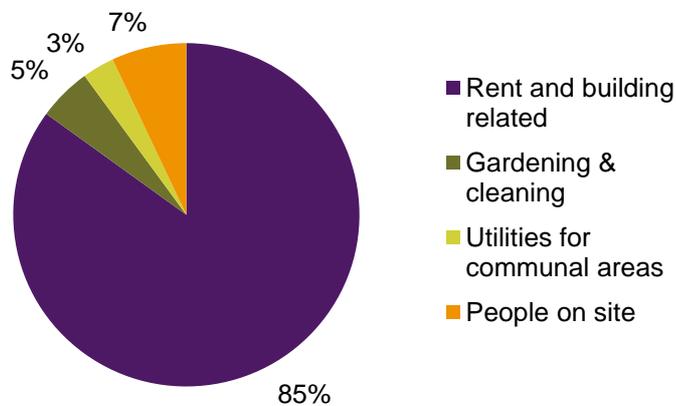


- the roll-out of Universal Credit;
- the consideration of the welfare benefits for older people;
- the continued consideration of a cap on individual contributions towards residential care cost; and
- the impact on health and social care.

10. Each of these elements has a strong dependency on the other so to change and destabilise one element in isolation could **undermine a truly integrated solution** in the future.

11. Rents for sheltered housing have been set according to the formula set by the Social Housing Regulator and service charges reflect the actual costs, controlled by legislation. However, the Local Housing Allowance is set using a different methodology relating to the 30% decile of market rents so the imposition of the LHA cap is not appropriate to properties for which charges have been based on a different methodology imposed by Government. The average weekly rent and service charges that are eligible for Housing Benefit on sheltered housing (excluding extra care) provided by Anchor, Hanover and Housing & Care 21 is £113:

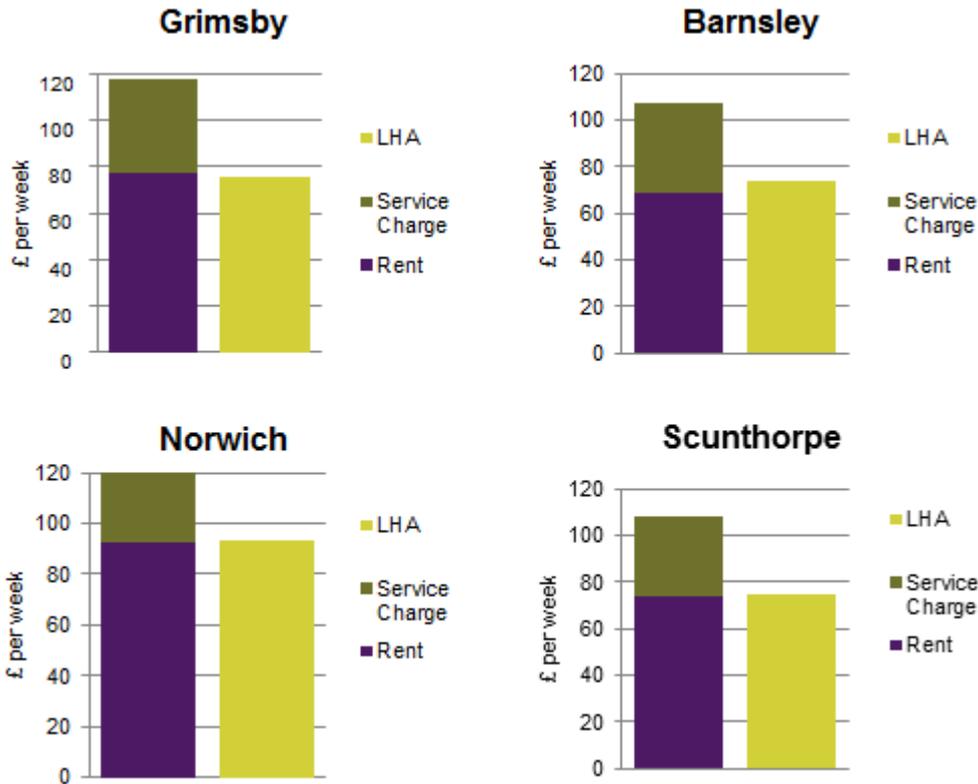
**Average sheltered housing costs**



12. Similarly, the average weekly rent and service charges (excluding catering) that are eligible for Housing Benefit on our extra care estates is £178 of which:

- 84% relates to the rent and building related costs for the communal areas,
- 6% relates to gardening and cleaning,
- 5% relates to utility costs for communal areas, and
- 5% relates to the costs of people who provide services on site.

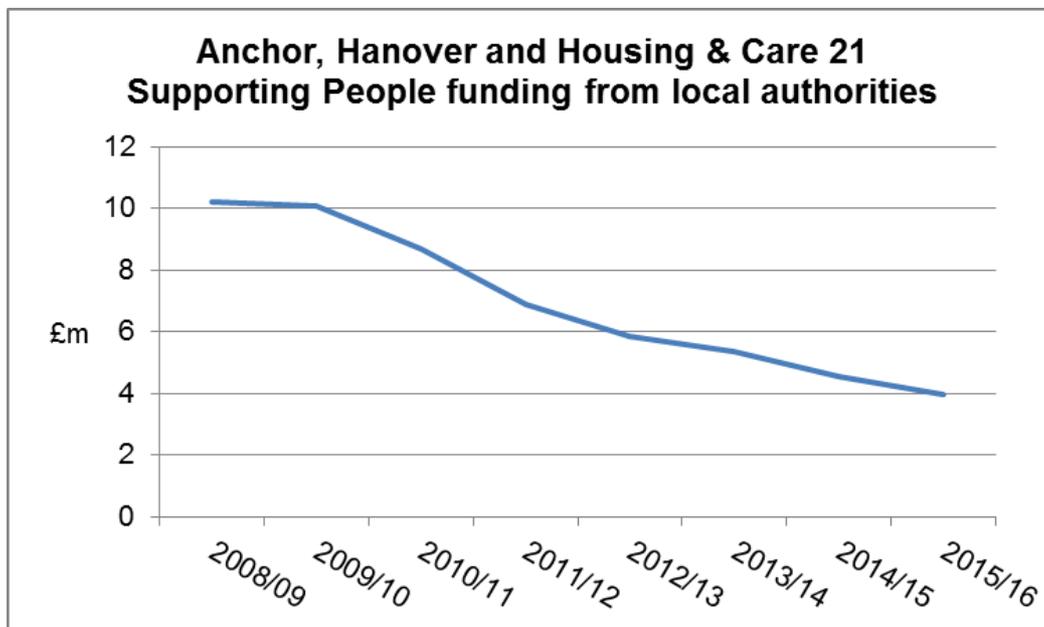
13. The charts below illustrate the position for a range of our sheltered housing schemes.



- Under these proposals, **74% of the rented homes we provide will have a shortfall between Housing Benefit and the rent and service charge.** The proposals for local authorities to manage ‘top-up’ funds to make up the difference introduce risk and uncertainty. The ‘top-up’ funding is proposed to allow local authorities to commission support services but, clearly, the **majority of the costs that may be covered by the top-up are building related costs.**
- Anchor, Hanover and Housing & Care 21 are the three leading providers of sheltered housing in England. Together, we provide services for almost 100,000 residents. We estimate the difference between the LHA cap and the rent and services charges on our homes will total **£64 million a year** if such a cap is introduced and the 1 bed LHA rate is applied to all sheltered housing. This reduces to £58 million if the 2 bed LHA is applied to those living in 2 bedroom accommodation. If top up funding is not forthcoming from local authorities, the impact on our services – and the vulnerable older people who rely on them – could be devastating.
- The proposed approach introduces **uncertainty and risk for the sector.** The Homes & Communities Agency’s Sector Risk Profile 2016<sup>iv</sup> identifies that supported housing has typically been a relatively low margin activity and pressures on local authority funding and social rent reductions mean that many housing associations face further reductions in income.



17. The **ring fence should be maintained in perpetuity** so providers can be assured about the funding available for sheltered housing. Any weakening of the ring fence would introduce significant uncertainty and risk for tenants and providers. We are concerned also that cash strapped local authorities will need to redirect funding to only acute services that support people with high needs.
18. The National Audit Office in 2014<sup>v</sup> reported that local authorities had reduced Supporting People spending by 45.3%. The graph below shows the reduction in Supporting People funding received by the three landlords since the ring-fence was removed from Supporting People funding. Residents have largely met this shortfall in funding but approximately 70% of tenants are in receipt of Housing Benefit and most are on fixed incomes so they cannot afford to significantly increase the proportion of their income that meets their housing costs.



19. Experience from Supporting People shows that the proposed approach could **introduce inefficiencies and cost** if there are a large number of administering authorities. New Supporting People teams were established in all the local authorities to administer that funding.
20. *Reduced specialist provision*
- If 'top-up' funding is not forthcoming to meet shortfalls (up to £600 per month) tenants will not be able to make the additional payments leading to significant arrears so landlords may need to consider legal action against those who cannot afford to pay.
  - Potential tenants may not wish to move to sheltered housing if there is uncertainty on the funding they may receive so they may stay in less suitable housing.



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- Some schemes may see increased arrears and vacant homes, leading to questions on the viability of schemes, even for social businesses. Whilst we work hard to achieve value for money, services cannot be significantly reduced when costs relate to providing buildings such as maintaining communal areas and providing lifts.
- We are very concerned about the impact on residents for whom these proposals introduce great uncertainty and worry.

### **Case study**

*Heather is 75 and lives in a one-bed apartment at a sheltered housing scheme in Scunthorpe, Lincolnshire.*

*She became nervous about living alone after an attempted break-in where she lived previously and suffers from heart trouble. She values the scheme manager and emergency telephone alarm system.*

*“I have lots of friends here which offers a different type of security and companionship.”*

*She enjoys activities in the communal lounge, meeting a friend there every morning.*

*“Life before was very isolated but living with others the same as you means you make good friends. Without these facilities life would be very different.”*

*She is nervous about the impact of the LHA cap. She pays rent and eligible service charges of £514.50 a month but, without a top-up, could face a shortfall of £191.27 a month. “I will really struggle to afford living here in the future. I will end up in a tent if the Council are allocating the money. I don’t have savings or anything to fall back on.”*

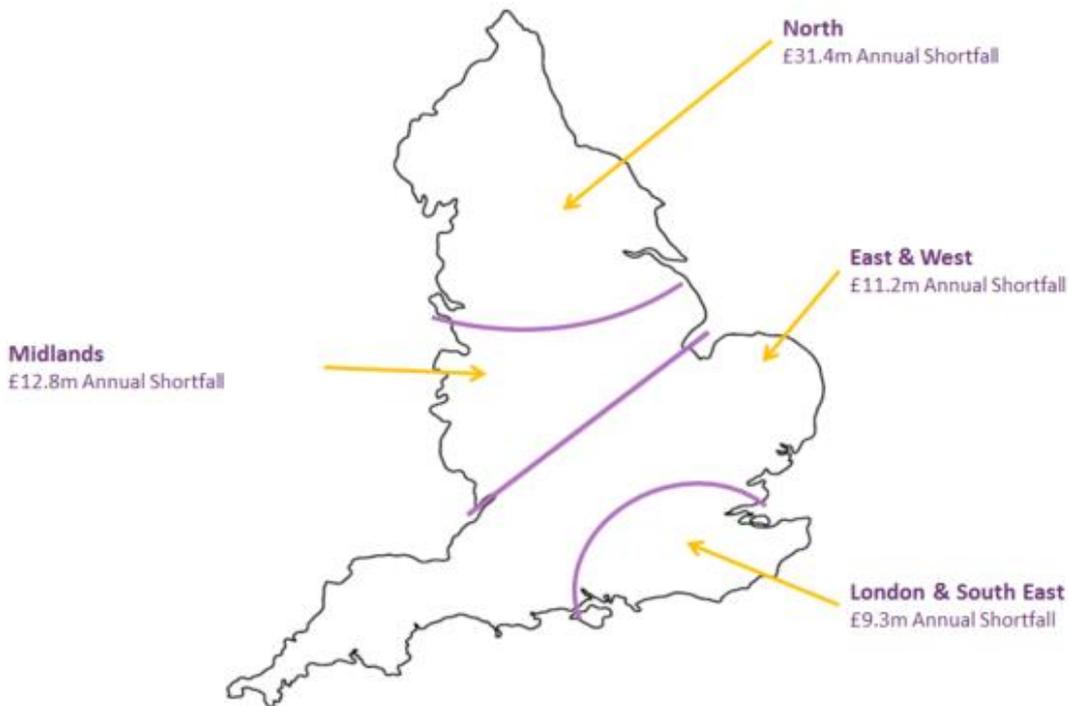
### **21. Impact on new supply**

- The proposals introduce significant uncertainty around future revenue income. The experience of Supporting People funding shows that this funding was provided on the basis of relatively short contracts of up to 3 years in duration and the funding can be withdrawn at short notice.
- Uncertainty on the long term income from a new development does not encourage landlords to invest millions of pounds to build new homes or to complete significant investment to maintain and improve existing homes.
- The geographical variation in the LHA gives greater certainty of income in those areas with a high LHA, encouraging development in those areas, potentially at the expense of those areas with a low LHA where there is greater uncertainty.
- The development of new homes and services will be at the expense of existing services because local authority top-up funding will be capped at existing levels.

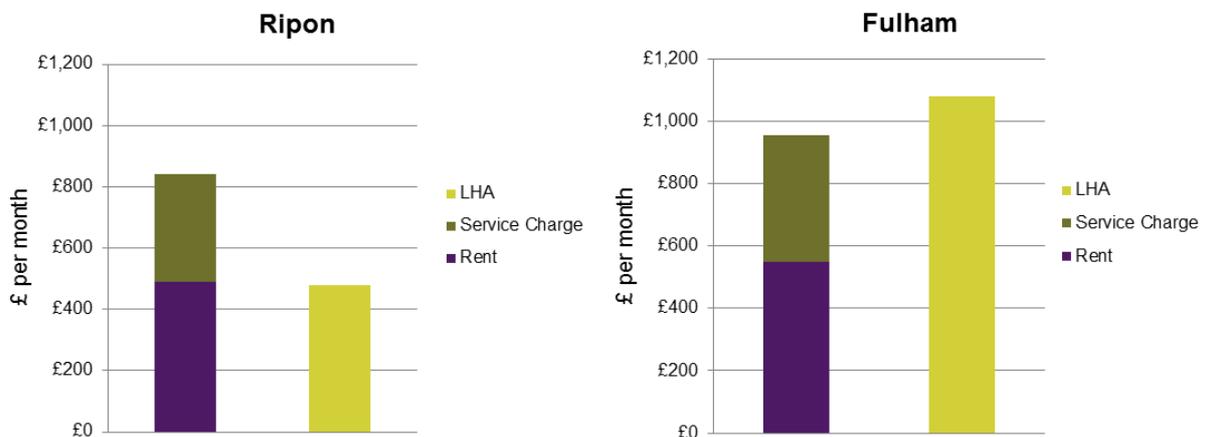


## 22. Geographic inconsistency

- The impact of the change will not be evenly distributed across the country. Our research tells us that, in general, the North of the country will be harder hit than the South. The map below shows the difference between current rents and services charges and the LHA for our three organisations.



- This geographical variation is illustrated by the following charts showing comparative impact on similar extra care schemes in the North and the South.





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- Where sheltered housing charges are generally above the LHA the local authority will need to accommodate the costs of any new homes and services within the ring fenced funding. In those areas where sheltered housing charges are below the LHA tenants of new developments may continue to receive funding through Housing Benefit and Universal Credit. This is likely to encourage new development in the South but discourage development in the North.

### 23. *Alternative options*

24. Given the rent reductions being absorbed by the sector and the great uncertainty introduced by these proposals we want to ensure that the future approach maximises the benefits to the health and wellbeing of older people and allows the growth of services to meet the increasing demand. As a result, **we propose the following solutions:**

- It is essential that Government includes housing for older people as a central part of the ongoing discussions around health and social care funding.
- Older people should be removed from the LHA cap proposals completely. The proposals bring older people prematurely into the remit of the current welfare reforms linked to the introduction of Universal Credit even though they were explicitly excluded from other welfare reform provisions.
- If that cannot happen immediately, we call for decisions on the proposals to be delayed until 2022 to allow for the complete implementation of the current Universal Credit scheme.
- Tenants should be supported to meet the true costs of providing housing for older people through payments administered nationally. The extension of Pension Credit to include housing costs may be a suitable method, similar to Universal Credit. This would allow definitions of housing for older people together with controls on the service charges that will be met and reasonable levels for these charges reflecting the true cost of providing the homes and services.
- Should Government seek to proceed with devolving top-up funding to local authorities, there should be a specific cap for sheltered housing that reflects the cost of additional facilities provided. Tighter rules on service charge eligibility can be put in place to reflect the services and maintenance specific to sheltered accommodation.
- A new definition and set of criteria must be developed to clarify which types of housing will be eligible for enhanced payments and at what level. We



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would value a discussion to explore how housing for older people is targeted at people with a range of needs to ensure that its preventative contribution is maximised.

- All providers of supported housing should be required to register with a national accreditation body.



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## Responses to the questions within the consultation document

25. The proposed changes should not be implemented and the solution for older people should be delayed until 2022 to allow the complete implementation of Universal Credit. However, we provide the following responses to the specific questions within the consultation document.

*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?*

26. The proposed funding regime introduces significant uncertainty and could potentially massively reduce housing and services for older people. The funding for housing for older people should be removed from these proposals and delayed until 2022 to allow the position to be understood alongside the complete roll-out of Universal Credit.

27. Should the Government pursue its potentially damaging proposals:

- **upper tier authorities** should be responsible for coordinating the agreement of local priorities for funding
- **housing authorities** should be given a specific role in identifying the needs for sheltered housing in their area. Only 2% of the national housing stock is sheltered housing. Landlords registered with the Social Housing Regulator provide 300,000 units of housing for older people (Statistical Data Return, 2016). Sheltered housing is more suitable for many older people, decreasing the likelihood of poor health due to falls, poor quality housing and isolation. Housing departments see the benefit of and need for additional housing for older people, encouraging people to move from larger family accommodation and to maintain their independence.
- This joint planning could be achieved through a joint **older people's housing board**.
- The administration of the funding by over 100 upper tier authorities would prove to be a significant administrative burden. It would be much more efficient if the **funding to support older people is administered nationally** using a consistent methodology.

*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?*

28. The identification and agreement of priorities for funding should be coordinated by upper tier authorities. Existing joint working bodies, such as Health and Wellbeing Boards, do not sufficiently reflect within their remit the valuable services provided by sheltered housing so we would not be confident that they would be appropriate to agree priorities.



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29. We recommend that **older people's housing boards** should be established bringing together health and social care, housing authorities, and other appropriate local bodies. It is especially important that housing authorities have a sufficient input to the planning and commissioning of services because they understand the significant role that sheltered housing plays within the overall housing market. The older people's housing boards could also have responsibility for giving the commitment to revenue funding to allow new schemes to be developed and to attract funding from the Affordable Homes Programme.

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

30. The top-up funding should be **allocated to local authorities based on the current levels of Housing Benefit** that are paid to meet the true costs of providing supported housing.
- Housing Benefit Sections provide data on all the payments they make, giving a comparison with the LHA, identifying the true amount of the 'top-up'.
  - Local authorities receive a 'top-up' fund that should be sufficient to meet the initial demand.
  - There should be the opportunity to bid for additional funding to support new supply to meet increasing demand.
  - Funding is not suitable for redistribution across local authorities because the top-up will represent a much higher proportion of the funding for sheltered housing in areas with a low LHA than that in other areas.
31. The proposed system will lead to an **inconsistency in application across the country**.
- Local authorities in the Midlands and the North will receive a significant level of top-up funding that will allow them to implement a strong and significant strategy for the provision of supported housing.
  - Local authorities with a higher LHA will see lower levels of top up funding transferred to them, giving them insufficient funding to implement a strategic commissioning role.
  - This geographic variation also delivers preferential treatment for tenants in the South who will, in many cases, retain a guaranteed benefit income whereas those in the North and Midlands will be very dependent on 'top-up' being paid to sustain their tenancy and home.
  - This postcode lottery is not an effective method to plan and deliver housing and services so housing for older people should be removed from the proposals to allow a more integrated solution.
32. There should be a **supported housing needs assessment** process involving social care, housing and other stakeholders. There should be a consistent,



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national approach to the assessment of needs so that the same data sources and assumptions are used. It may be considered that Health and Wellbeing Boards could assume this role but there is the risk that they do not sufficiently reflect the need for and delivery of sheltered housing with many lacking housing representation. The quality of the housing sections in Joint Strategic Needs Assessments varies so they cannot be relied upon as the appropriate tool for the allocation of funding.

33. The significant **preventative benefits of sheltered housing** are often not recognised in reducing pressures on health and social care. We fear that local authorities who face financial pressures will prioritise any available funding to those with an acute support need and the recognition of the principle of prevention so inherent to the sheltered housing model will be lost.

*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)?*

34. Sheltered housing should be removed from the proposals because any changes to the funding for sheltered housing should be planned alongside the roll-out of Universal Credit. Local administration of funding will, potentially, place the vital preventative services of housing for older people under threat.
35. The introduction of additional duties to fund specific services would help to protect those services but would, potentially, be very damaging to services not covered by those duties because they would see funding removed to support those service covered by a duty. It would also limit the ability of local authorities to respond to local needs and, potentially, find new ways to provide services. A general duty to protect vulnerable groups would be difficult to define and enforce.
36. An **outcomes framework** would recognise the benefits of **preventative services**. This could build on the focus on prevention included within the Care Act and public health responsibilities. The commissioning by local authorities needs to recognise that many preventative services are based on meeting a balance of needs (some people have the immediate need for the services whilst some people may have a lower level of need but small interventions avoid their needs increasing). There is the danger of only commissioning services for those with higher levels of expressed needs, losing the preventative benefits and seeing a gradual increase in expressed needs.
37. The proposals would introduce additional **complexity for older people**. It is likely that many tenants could receive financial support from four different funding sources for their housing and care costs; Housing Benefit, Supporting People funding, adult social care commissioning and the new 'top-up' funding. These different funding sources may not be integrated so tenants may be forced



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to apply for funding from a range of sources with different processes and different criteria.

*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?*

38. Housing for older people should be removed from the proposals because the timing is not appropriate given the roll-out of universal credit and the need to take a wider, coordinated view on the welfare benefits for older people and the impact on health and social care.
39. If the proposals are implemented, upper tier authorities should coordinate the identification of priorities through an **older people's housing board** that would draw together health and social care, housing authorities, and other appropriate local stakeholders. These older people's housing boards would need to complete a needs assessment that could be based on the Joint Strategic Needs Assessments but we are not confident that currently these assessments sufficiently and consistently identify the benefits of sheltered housing, especially the preventative outcomes provided by housing for older people.
40. Experience of Supporting People shows that administering authorities pursued varied approaches to **monitoring quality and value for money** that led to significant duplication but also a very significant administrative burden on providers.
41. It would be beneficial if providers registered with a **national accreditation organisation** that would set national standards and could test and monitor quality and value for money to avoid the need for local authorities to undertake this role. This could be based on a co-regulation approach with the Boards of providers being responsible for proving the quality and value for money of services, with their governance being scrutinised if their services do not meet the expected outcomes. Once a provider was 'passport' by the national body, local authorities could ask for a limited amount of monitoring information to show whether the services are meeting local priorities. Our preference would be for this accreditation to be led by the Social Housing Regulator building on the approach of co-regulation and Regulatory Standards.

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

42. Anchor, Hanover and Housing & Care 21 are providers of sheltered housing. However, we wish to comment on the potential very significant administrative impact of the proposals. The administrative burden would be reduced



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significantly if the funding to support older people living in sheltered housing was administered nationally.

43. Clearly, the proposals would have an impact on local authorities, introducing an **administrative burden** in managing contracts and payments to providers and monitoring quality and value for money. The amount of administration required would be reduced by providing funding through **scheme based, long term contracts**. For sheltered housing this administrative burden would also be reduced by maintaining simple payment mechanisms, avoiding unnecessary levels of assessment of individuals, individual rates of payment and individual invoicing.
44. Our preferred solution is for a **national accreditation body** to be responsible for ensuring the overall quality and value for money of services for each provider, reducing the need for each administering authority to undertake these functions. It would allow administering authorities to concentrate on monitoring the outcomes that show whether services are meeting local needs.
45. There would be the need for **transitional arrangements to protect** those existing tenants who may suddenly see a significant reduction in their income to be able to meet their housing costs for a period of at least 5 years. Similarly, transitional arrangements would allow providers to plan any changes in services to reduce the impact on residents.

*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?*

46. The proposed system is potentially damaging to the provision of quality homes and services for older people that help to reduce the pressure on health and social care. Sheltered housing should be removed from these proposals to allow a wider consideration of the services and benefits targeted towards older people.
47. We are keen to have an emphasis on the quality and value for money of services in any new system that is introduced. We are confident in the valuable contribution made by our housing and services in meeting the needs of older people, preventing the need for them to access other services provided by health and social care. However, we would want to avoid a system which was too onerous. For national providers, such as Housing & Care 21, Hanover and Anchor, a system that was totally locally based would lead to very significant additional administration if we have to provide information on our approach to quality and value for money to each administering authority. It would be beneficial for this to be completed by a **national accreditation body** based on national standards and outcomes. This would also reduce the administrative



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burden on local authorities, only working with organisations that had 'pre-qualified' with the national accreditation body.

48. The outcomes identified in such an approach should recognise that the **preventative benefits of sheltered housing** are based on housing people with a mix of needs. Some residents have a high need for care and support services whilst others will have a lower expressed need but living in suitable accommodation within a community with lower levels of support reduces their need to access more intensive, more expensive services.

*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?*

49. The proposed approach for funding supported housing has already introduced and would continue to give **great uncertainty on income levels** which will discourage new development. The method of identifying the amount of 'top-up' funding to be distributed to each local authority means that local authorities will have significantly different levels of funding available to commission services. Experience from Supporting People suggests that funding is given on the basis of relatively short contracts of up to three years in duration and that funding can be withdrawn at short notice. As a result, the proposed funding system would strongly discourage new development and should not be implemented for housing for older people.
50. A study completed by the Chartered Institute of Housing in 2016<sup>vi</sup> showed that in over 80% of areas the **Local Housing Allowance (LHA) is below the 30% decile** of private rents. The LHA is now fixed for 3 years. The cap at LHA does not reflect a fair comparison with market rents.
51. In those areas where sheltered housing charges are generally above the LHA the local authority will need to accommodate the costs of any new homes and services within the ring fenced funding. In those areas where sheltered housing charges are below the LHA tenants of new developments may continue to receive funding through Housing Benefit and Universal Credit. This is likely to encourage new development in the South but discourage development in the North. This difficulty could be overcome by offering some new money on an annual basis as part of a bidding process.
52. It is unclear how the proposed funding arrangements are in line with the **Shared Ownership and Affordable Homes Programme (SOAHP)** administered by the Homes and Communities Agency. The SOAHP is based on new developments offering rented homes at Affordable Rents. In many areas, especially the North, Affordable Rents are above the level of the LHA so new developments will need to bid to local authorities for revenue funding to operate housing schemes



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funded through the SOAHP. Given that these local pots will not increase it is going to prove difficult to secure sufficient long term commitment on revenue funding to attract the lending and the SOAHP funding required to support new development.

53. To develop, providers need **sufficient income and certainty**. To deliver this, Government should provide protection for the overall level of funding for sheltered housing, contracts for a period of at least 10 years, commitment to a cap that reflects the true costs of providing housing and services for older people, clarity on the bedroom rate to be applied and a system that is not too onerous.
54. Providers of sheltered housing are especially concerned about **the rate of LHA to be applied**.
- It has been seen as good practice, and funding from the Homes & Communities Agency has encouraged, the development of two bedroom homes for older people to provide good quality, flexible homes.
  - The second bedroom provides flexibility for family and carers to stay or for separate bedrooms for couples as their needs increase and the potential for additional equipment to help deal with mobility issues and / or 'hospital at home' initiatives.
  - The application of only the 1 bedroom LHA rate would be very damaging for older tenants and would strongly discourage the development of such quality accommodation.
  - The viability of schemes with a majority of 2 bedroom homes will be put in doubt. This is likely to lead to a change of use of these schemes so they house younger people or only those who can afford to meet the costs themselves.
  - There should be a **specific cap applied to sheltered housing** that reflects the true costs.

*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?*

55. A **national commissioning framework** that was prescriptive would be beneficial rather than different approaches for every administering local authority. A short list of **outcomes** to be achieved would allow a national focus on the key outcomes for housing and health and social care, encouraging providers to design their services to maximise the impact on national priorities. Local authorities could concentrate on how best to deliver services to meet those national priorities. A national statement of expectations would be less effective because it would not be enforceable.



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56. A single assessment of quality and value for money that ‘passports’ a good provider with every local authority would be preferable. This could be controlled by a **national accreditation body**. This body could set the national framework that would allow some details to be assessed at a local level depending on the local need and the service being provided.

*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?*

57. This is not the appropriate time to implement such changes for housing for older people given the roll-out of Universal Credit, the consideration of the welfare benefits for older people, the continued consideration of a cap on individual contributions towards residential care cost and the impact on health and social care. Changes should be delayed until 2022 to allow a more integrated solution for older people.

58. If the proposals are implemented we would urge **transitional protection** for the individuals who would see the greatest impact of the changes and adverse commissioning decisions for at least 5 years.

#### **Case study**

*Helga, 88, from Hull, moved to her one-bedroom retirement accommodation over a year ago at the recommendation of her GP because of ongoing health issues.*

*Retired, and receiving a state pension, Helga is budget-conscious with limited expenditure outside of normal living costs. She uses a tripod walker and has limited mobility and, as a result, rarely leaves the estate. While she has failing eyesight, arthritis, osteoporosis and carpal tunnel syndrome, since moving into her home property her health has improved and she now enjoys a more socially active life with other residents on the estate, including weekly coffee mornings in the common room.*

*Helga’s monthly property charges amount to around £470 per month. Although she is in receipt of Housing Benefit she still has a shortfall of some £13 a month, which isn’t ideal but is still manageable. Under the Government proposals, Helga would potentially have an increased shortfall of some £35 per week, meaning she would need to find an additional £167 per calendar month when coupled with her current shortfall.*

*Helga is concerned at the prospect of the change in her financial situation and would require help to manage the changes, indicating she would struggle to find the additional £2,000 per year that would allow her to continue living on the estate.*



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59. The cap applied to housing for older people should reflect the true cost of providing such housing and services. Within this, including a **2 bed LHA rate** for older people would avoid much opposition from a large number of older people who would be impacted by the changes.
60. We need as much certainty as possible for providers and residents during the transition so we don't unnecessarily worry older and vulnerable people. The change will impact on all residents of sheltered housing, not just those in receipt of Housing Benefit, as providers may need to change or close the services provided. The impact of any changes can be reduced by setting sufficient timescales for changes to be introduced so providers and residents have time to adjust to the changes. Existing residents should be protected for a period of at least 5 years.
61. We ask that there is clarity on the funding arrangement for housing costs included within Private Finance Initiative schemes and similar.

*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?*

62. The most important factor that would impact on all those involved is the **length of contracts** for the top-up funding. A period of at least 10 years would reduce uncertainty for tenants, reduce the administration for commissioners and provide some certainty for providers and developers to encourage investment in buildings and services to meet the growing need for housing for older people.
63. It would be beneficial for residents if they don't need to individually apply for financial support from the local authority 'top-up' fund as well as applications that may be made for Housing Benefit and Council Tax relief. **Scheme based funding** for sheltered housing would simplify administration for local authorities and providers and reduce potential confusion for older people.
64. We are unclear how the commissioning role will vary across local authorities. Some local authorities (where the LHA is low) will see large funding pots transferred to them with significant funding for each scheme. However, some local authorities will see relatively small amounts of funding transferred which may not be significant enough to take a strategic commissioning role.



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<sup>i</sup> Financial benefits of investment in specialist housing for vulnerable and older people; Frontier Economics, 2010.

<sup>ii</sup> Identifying the health gain from retirement housing; Institute of Public Care, 2012.

<sup>iii</sup> Five year forward plan; NHS, 2014.

<sup>iv</sup> Sector Risk Profile 2016; Homes and Communities Agency, 2016.

<sup>v</sup> The impact of funding reductions on local authorities; National Audit Office, 2014.

<sup>vi</sup> Mind the gap – the growing shortfall between private rents and help with housing costs; Chartered Institute of Housing, 2016.