



Department for Communities and Local Government,  
Supported Housing Programme,  
Fry Building,  
3<sup>rd</sup> Floor,  
2 Marsham Street,  
London SW1P 4DF

Dear Sir/madam,

### **Re: Consultation on funding for supported housing**

Thank you for the consultation paper setting out proposals for the future funding of supported housing which, if implemented, will result in the introduction and localisation of 'top-up' benefit funding for rents and service charges above Local Housing Allowance levels, (LHA).

This response sets out our views on these proposals and their potential impact on our organisation and tenants. It makes the case for delaying this policy so as a more integrated approach can be taken to welfare benefits for older people along with an appreciation of its linkage to health and social care. This would reflect, we feel, the attention given to the introduction of Universal Credit for people of working age.

If such a delay is not possible then it sets out proposed alternatives which we feel will provide greater certainty for sheltered housing landlords and their tenants whilst helping the Government in its objective of limiting the escalating welfare benefit bill.

We feel the proposal as it stands threatens the current model of sheltered housing, and will likely see services being restricted and at worst schemes being closed. Such developments we feel will be counter-productive and only end up in additional costs being incurred by the health and social care services – both of which are currently under huge financial pressure.

#### **Anchor**

Anchor is a not-for-profit organisation with charitable status. We have almost 50 years' experience of helping older people. We are England's largest not-for-profit provider of sheltered housing for rent as well as England's largest not-for-profit care home provider.

#### **The challenges of an aging population**

Life expectancy in the UK continues to rise. The ONS reports that the number of people aged over 75 is set to rise by 89% by 2039 and those aged over 85 will double in number to reach 3.6m by this date. However this is not all good news as the period spent in ill-health is also increasing.

According to the ONS: *“Improvements to healthcare and living healthier lives mean that as a nation, we are living longer.... However, while we are living longer, we are spending a smaller proportion of our overall lives in good health, which puts a greater challenge on health services.”*

Good retirement housing which works to prevent the period spent in ill health has therefore never been more important.

### **The value of sheltered housing schemes**

Sheltered housing is designed to promote the wellbeing and independence of older people. It is a low cost, high impact service that keeps older people independent for longer and saves money for the state.

A report for the Homes and Communities Agency entitled *‘Financial benefits of investment in specialist housing for vulnerable and older people’* found the net benefit of specialist housing for older people was £219.4m - generating £400m in health benefits and a similar amount in social care benefits.

This finding is supported by work carried out by Cap Gemini which following an evaluation of the Supporting People programme in 2009, *“found that for older people in sheltered housing, an investment of £198.2m created a net financial benefit of £646.9m. And for older people in very-sheltered housing, an investment of £32.4m netted a benefit of £123.4m”<sup>1</sup>.*

The typical sheltered scheme will consist of between 40 – 50 properties with communal facilities aimed at promoting social interaction and independence, (for example communal gardens, laundry and a lounge area). Most schemes will benefit from the presence of a scheme manager whose task it will be to track the wellbeing of tenants and, through timely interactions, encourage and facilitate early interventions by the social care and health services. These interactions will ensure that, in consultation with the tenant, support is usually sourced at the most optimum time; thereby preventing an avoidable deterioration in the tenant’s health and more costly interventions and treatment as a result. Sheltered housing is therefore primarily a preventative form of supported housing, though most locations house people with a broad range of support and care needs.

As well as this primary role sheltered housing supports older people through;

- The development of a socially active community aimed at reducing and eliminating social isolation and loneliness
- Helping ensure discharges from hospital back to the home environment are successful

At Anchor we, for most of our tenants, will complete a comprehensive support plan with them at least twice a year. This will also happen when there has been a noticeable deterioration in their health or following a significant life event, such as a bereavement or fall. These reviews with us go a long way in

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<sup>1</sup> Quote taken from “The value of sheltered housing” – James Berrington, 2017

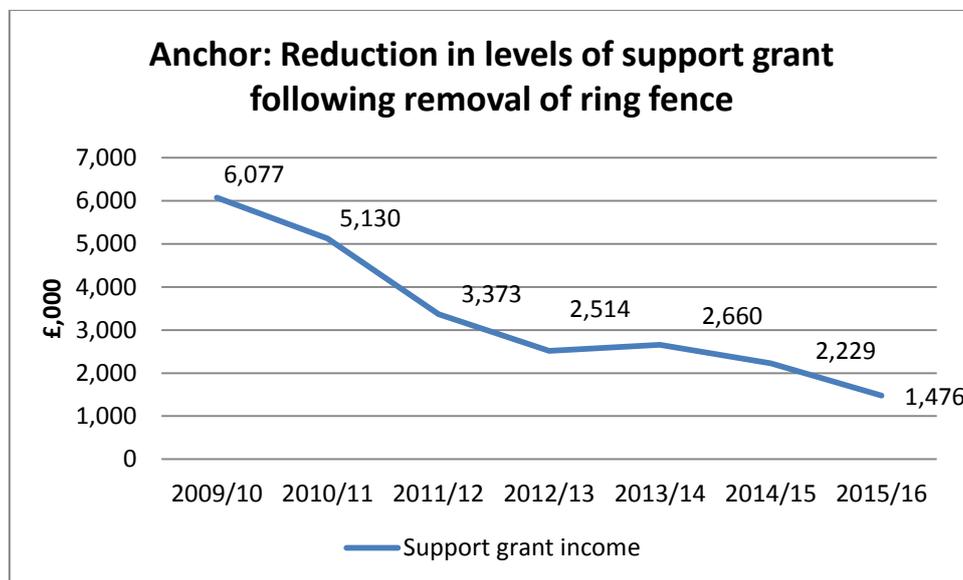
helping bring about a joined-up and comprehensive response from the health, social care and voluntary sectors.

The accommodation and associated services are popular and as such it helps facilitate downsizing thereby freeing up larger and less accessible properties for younger people.

Other models of sheltered housing exist such as extra care which provides a more supportive environment (often with care teams on site) and schemes with limited on-site facilities and a visiting service.

It is vital that any proposal for the reform of the funding of supported housing recognises and protects the value of this form of preventative housing. Currently we have considerable concern that localisation of 'top-up' funding above the LHA cap will potentially undermine older persons' housing in many parts of the country.

Based on our experience of the supporting people programme we fear that in time the protections being promised, (such as the ring fence and funding based on "current projections of future need") will be undermined. This may take the form of a cut in the money allocated to a local authority and/or the ring fence being removed. In such circumstances we fear there will be a reduction in what is provided to older persons' housing with a resultant decrease in services and scheme closures. Such eventualities would be devastating at any time but even more so when the population is aging so rapidly. Sheltered housing has never been more important.

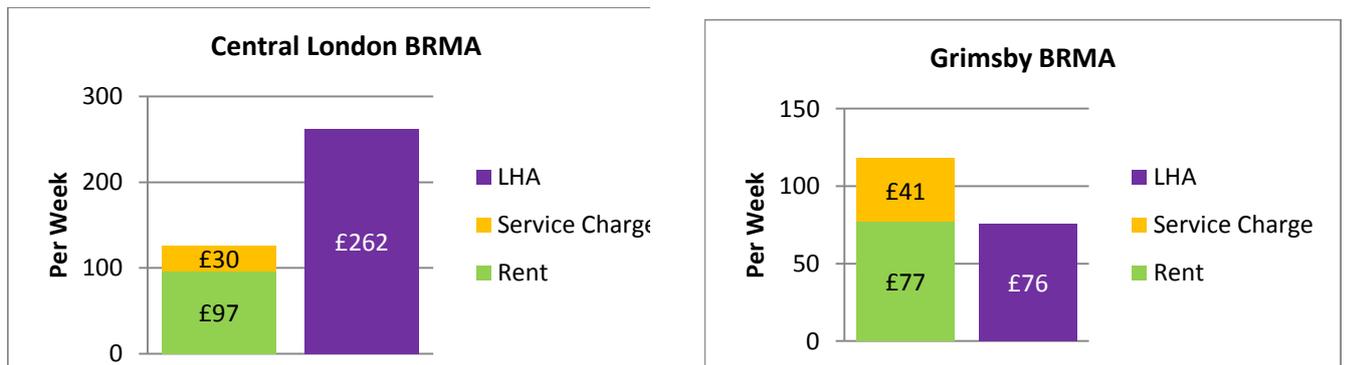


Where supporting people funding has been cut or removed by local authorities this has usually been picked up by tenants. The monetary gap that exists between the rent and service charge and the LHA in many areas will mean that tenants will not be able to bridge the gap should they not receive 'top-up' funding. Without effective transitional protection this will result in arrears.

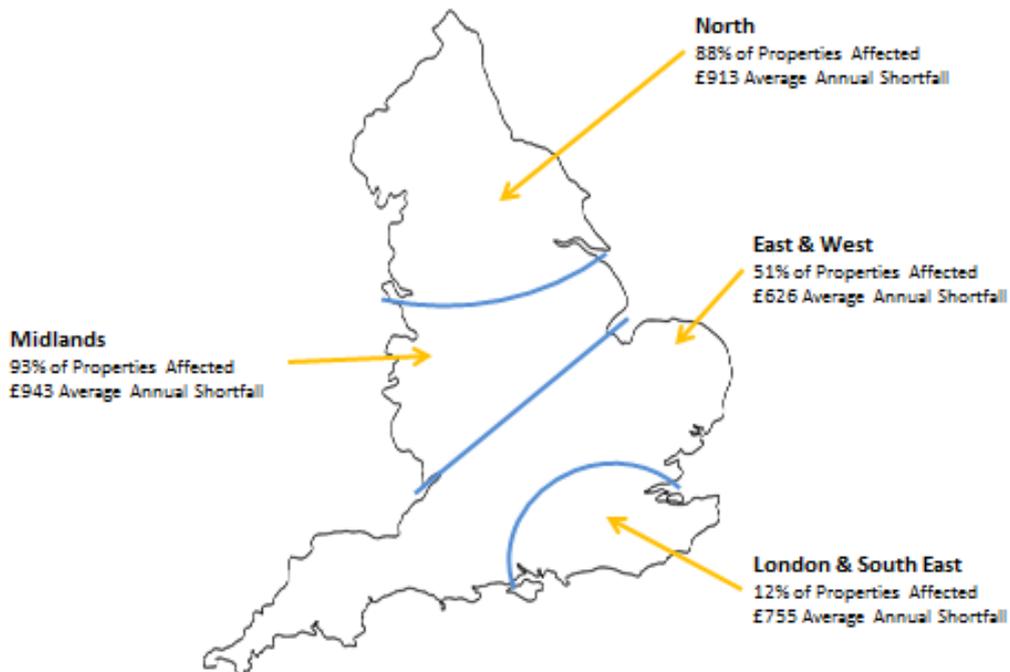
## The disconnect between the application of an LHA cap and the current approach to rent setting

The current rent setting framework for the majority of housing association tenancies is set out in a formula which though it takes into account local earnings and property valuations is dated and bears little relation to the local housing allowance cap; the latter being set at a level reflective of the 30<sup>th</sup> decile position on market rents.

This disconnect has resulted in a clear geographical anomaly where tenants in the North and Midlands are considerably more likely to see a gap, (and at a considerably higher level) between their rent and service charge and the LHA for their area.



## NATIONAL IMPACT EFFECT OF LHA CAP ON ANCHOR'S TENANTS



## **Uncertainty, anxiety, lack of investment in services and property and scheme closures**

The current system of housing benefit provides certainty. The proposed system does not.

Many local authorities because of the geographical anomaly described above may have little or no commissioning role through the absence of a 'top-up' payment being needed in relation to older persons' housing within their areas. In contrast we, and most other sheltered housing providers, will be highly dependent on top up payments in other areas.

The level of financial reliance will be so great in some of these areas that;

- without the 'top-up' being confirmed tenants would find the accommodation unaffordable.
- attracting new tenants will become difficult without clarity on how their housing costs would be funded in the longer term
- It would undermine the confidence of landlords to invest in their existing stock, and to develop new stock especially if commissioning contracts are of short duration

In effect the future occupancy of some schemes will be totally dependent on the local authorities' commissioning decision. This will create considerable anxiety for many older people and in effect the promise of a home for life will be changed to a home for the life of a contract period and any subsequent grace period following an adverse commissioning decision.

We fear that even if 'top-up' payments are made the local authority will try and spread the money as much as possible and will want services provided more cheaply. We feel this will undermine the effectiveness of the services we provide not only locally but nationally as we will be unable to sustain and support various local variations and will have to gravitate to a lower level of national service delivery based on what some local authorities are willing to pay for. We feel this will, as shown by the opening paragraphs of this submission on the value of sheltered housing, be counter-productive as it will only result in higher health and social care costs.

Concern also exists that new developments may not be fully reflected by a sufficient increase in the level of 'top-up' funding made available to a local authority. Without this happening then it remains quite feasible that new developments will detrimentally affect existing supported housing – either through a reduction in services being provided consequent upon a cut in their 'top-up' or at worst a scheme closure.

Uncertainty also exists for tenants of 2 bedroom properties as it remains unclear what LHA rate will apply to older tenants in these properties. The affordability of these larger properties for many tenants will be in question until this is clarified. Should payments to tenants in these properties be assessed by reference to the household size then schemes may be put at risk or in

areas of very high demand be occupied only by those with the financial means to meet the rent and service charge themselves.

It is important to be aware that though the 'top-up' is designed to meet the additional 'bricks and mortar' and associated management costs associated with supported housing - to get the funding model wrong will directly undermine the value and effectiveness of the support that is provided within them.

### **Unnecessary complexity**

The drive to deliver value for money within the sector has been a fundamental objective of the housing regulator for many years. The task of achieving this will not be made any easier by the increased complexity that is likely to flow out of the adoption of the current proposals. Our understanding is that for tenants who receive some housing benefit we may now be looking to have to accommodate payments being made to us from four sources,

- a. The tenant themselves
- b. Local authority via support grant, (if this has not already been cut)
- c. Local Authority for housing benefit
- d. Local authority as a 'top-up' to housing benefit

We fear that the potential for different departments processing and making awards at different times and for different periods would make the benefits system unnecessarily complicated and confusing for many.

### **An alternative approach**

Remove older people from the threat of an LHA cap and delay the implementation of any change to allow the payments of benefits to older people to be part of a wider review which incorporates its impact on health and social care. The delay should last until at least 2022 to allow for the complete implementation of Universal Credit.

Our preferred outcome from such a review would be to see an older person's housing costs being delivered and administered nationally via the medium of Pension Credit using more clearly defined rules on matters such as eligible service charge costs.

If however plans proceed to devolve top up funding to local authorities there should be a specific cap for housing for older people that reflects the costs of the additional facilities which are provided.

Work should be undertaken to more effectively define which types of older persons' housing would be eligible for these enhanced payments and at what level. Part of this work could also involve determining how the preventative nature of the accommodation can best be maximised.

Commissioning contracts should be of long duration allowing providers the confidence to invest in their current stock and to invest in new housing.

Underpinning the service provided and acting as a guarantor of standards, a supported housing provider should be required to register with a national accreditation body.

### **Responses to questions**

We note the consultation is predicated to the current proposals being delivered and seeks therefore to ascertain how best this can be achieved. We will respond to support this objective. However we remain of the opinion that a more considered debate on the funding of supported housing for older people should be undertaken; a debate which should consider how benefits for older people relate to and support our social care and health services.

*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?*

We believe the current proposals are potentially very damaging for sheltered housing and could lead to a reduction in services and a loss of schemes. However should these proposals proceed then we believe upper tier authorities should have the lead role in identifying priorities for funding. They should not undertake this role in isolation and would need to effectively engage with local housing authorities who will have a more informed opinion about the value of, and need for, sheltered housing in their localities.

These authorities are also more likely to understand the direct knock-on benefit of older person's housing as an effective avenue to facilitate the freeing up of larger family housing. The community life, security and support provided by sheltered accommodation is an attractive option and inducement to many to downsize into smaller accommodation.

To ensure that the views of local housing authorities are heard we would recommend that a supported housing board for older people be established to support the upper tier authority in its funding and commissioning decisions.

An additional and very important advantage to us as a national provider of sheltered housing is that the amount of administration and engagement would be considerably less if upper tier authorities had the lead. This administrative burden for us, and for local authorities, we feel would be further lessened if after a commissioning decision had been made a national body took responsibility for the administration of any payments.

*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?*

As stated in the answer to question 1 we feel an older person's housing board should be established and its work feed into the funding priorities established by an upper tier authority.

We feel existing bodies such as Health and Wellbeing Boards do not have the requisite knowledge and understanding of the value delivered by sheltered housing.

An older people's housing board could amongst others bring together housing, health and social care to determine the need for and priority to be given to the funding of existing, and development of new, sheltered housing.

Their insight and support would also be utilised and seen as a necessary precursor as part of a development bid for new affordable sheltered housing. In arriving in support of such a decision the board should consider the impact of the new development on the 'top-up' revenue funding for existing schemes. In this way situations where new developments are built but funded via cuts in the 'top-ups' of existing schemes should be avoided as the board should assure itself of the source of the additional 'top-up' revenue funding of the new scheme before giving its approval.

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

The funding for local authorities to pay the initial 'top-up' should be identified through an analysis undertaken by local authorities, supported by housing providers, to analyse current rents and eligible service charge costs (for those tenants on housing benefit) and then identify the gap that may exist between the resultant charges and the LHA level.

We feel however that the current proposal is flawed as nationally there is no linkage between how current rents are set compared to how the LHA is determined. The scale of disconnect increases when service charges are included.

This means that the allocation of top-up funds using the method described above will mean, (based on our evidence), that:

- local authorities in the North and Midlands will receive considerable sums for their older peoples' housing allowing them an opportunity to implement a comprehensive supported housing strategy, but
- Authorities in the South will be deprived of 'top-up' funding which will weaken their commissioning role.

The other side of this being that tenants, (and providers) of retirement housing in the south will only have limited reliance on financial support to pay for the housing. This compares favourably to tenants on benefit living in the North who will have a significant need for the allocation of 'top-up' funding to meet the rental and service charge costs of their home.

Going forward it is vital that the needs of older people for sheltered housing and other types of specialist housing are appropriately recognised and ‘top-up’ allocations backed up by an appropriate assessment of need. It is particularly important that the preventative nature of the support provided through a sheltered scheme is recognised and supported locally.

We feel that this would be best served through the establishment of a supported housing board. This is in preference to the task being given to existing bodies such as Health and Wellbeing Boards which we feel often lack the necessary housing input and insight we believe is required.

*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)?*

As stated in the introduction to our submission the supporting people programme began with a ring fence and following its removal in 2009 we have seen a fall from £6.1m to £1.5m in the grant paid out. Additional protections therefore sound attractive but we feel would potentially be very damaging to services not covered by them, especially if the allocation of ‘top-up’ funding came under pressure.

Too much protection and it will weaken and limit the commissioning role of local authorities who may find their ability to react to local demographics and the specific emerging/ escalating needs of their local population constrained. The population demographics and therefore the need for different types of supported housing are likely to be considerably different between say a Lincolnshire coastal town and an inner London Borough.

Whatever protections are or are not put in place we believe that the preventative principle of sheltered accommodation does need to be explicitly recognised and supported in any commissioning framework. Unlike some other types of supported housing sheltered housing is based on a community which has a balance of needs – some tenants will require support at particular times, others less so. The existence of a balance allows;

- tenants to be self-supportive as a community, (through social engagement/ activity)
- the time available to the location manager to be effectively spent through targeted and timely activity on facilitating social or health care interventions for specific tenants

For these reasons we also believe that any funding decisions should be block based, (i.e. at a scheme level) rather than based on an individual assessment of need.

The weaknesses and dangers we perceive in the proposals are such that we feel older people should be removed from the threat of a LHA cap. Instead

time should be taken to consider the payments of benefits to older people as part of a wider review which incorporates its impact on health and social care. Our preferred outcome from such a review would be to see an older person's housing costs being delivered and administered nationally via the medium of Pension Credit using more clearly defined rules on matters such as eligible service charge costs.

*Q.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?*

As stated in previous answers we feel an older persons' housing board is required to ensure the supported housing needs are recognised and addressed by an upper tier authority. These boards will be heavily influenced by housing authorities making them we believe more relevant to the commissioning of supported housing than existing bodies such as health and wellbeing boards.

The older persons' housing board, (consisting of housing, health and social care authorities) could be tasked with undertaking an assessment of need for their area which would assess the need for the preventative services provided through sheltered accommodation.

Our experience of the supporting people programme was of a comprehensive, overly intensive and localised approach to the monitoring and assessment of the quality of support services. The administrative burden for a national provider like ourselves was significant and involved considerable duplication of effort. In effect we initially had to liaise and engage with dozens of local authorities looking at the same nationally designed support services. The effort often appeared be very costly relative to the number of properties within a local authority area and the amount of support grant at stake. The monitoring and outcomes framework operating under supporting people therefore seemed to us to deliver limited value for money for tenants, providers or the government.

We hope any monitoring arrangements under these proposals take more account of the specific challenges faced by regional and national providers of supported housing. As such we recommend the following;

- A national accreditation body sets the relevant standards. We feel the social housing regulator would be well placed to fulfil this role using the same co-regulatory approach as typified by their current standards framework. This would make boards responsible for making sure their organisation delivered services in the way required. If on testing of this by the social housing regulator it was proved wanting it would be viewed as a weakness in their governance and appropriate regulatory steps could be taken.
- Utilising this approach the local authority would then only need a minimum amount of monitoring information to satisfy that their services were meeting local priorities

*Q.6 For local authority respondents, what administrative impact and specific tasks might this new role involve for your local authority?*

Though not a local authority we believe if these proposals result in the localisation of payments for 'top-up' funding then there could be a significant administrative burden placed on them. This would be compounded by the task of overseeing the quality and value for money of contracts.

These administrative burdens could be replicated within the work of a supported housing provider – especially those with a regional or national coverage as they will need to work with many local authorities who potentially may have a different approach to how payments are made and contracts overseen.

Finally the process could create unnecessary complexity and confusion for tenants themselves who could be in receipt of payments on their behalf, (either directly or indirectly) from several sources, these being housing benefit, supporting people funding and 'top-up' funding above LHA levels.

How and by whom these payments will be administered, (same local authority or the same or different teams within the local authority?) will be fundamental in determining the efficiency of the process. We fear our and the local authorities' administration costs will soar and as a result we feel the relative costs of all this administration should be assessed alongside the amounts being paid out.

To ease the administration complexity we feel that if these proposals proceed that payments should be administered nationally, (though commissioning decisions could still be made locally) via long term contracts. Payments should not be based following an assessment of an individual's needs as not only will this be flawed and complex for preventative services like sheltered housing but it will create a significant administration burden. The removal of an individual assessment will also allow payments to be made at a scheme level based on the number of tenants who need 'top-up' above the LHA cap level.

*Q. 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?*

We would want to see a national accreditation body, probably the existing social housing regulator, take on the task of delivering a national standards framework. This would be overseen by the extension of the current approach to regulation which is based on the concept of co-regulation. That being the providers' board becomes directly accountable for assuring themselves of the quality of their services and their compliance with the standards. A public statement to that effect is then made in their published annual report.

The robustness of their approach to governance against the standards is then periodically assessed by the social housing regulator and any failing in the approach is seen as a weakness in governance and dealt with accordingly.

The social housing regulator has a very keen focus on value for money and this approach would by its linkage to any supported housing standards framework be more explicitly stated in a supported housing context, such as with ensuring that value is delivered via service charges.

In essence we would wish to see a national framework as much as possible to avoid the duplication and unnecessary administration and assessment costs we think would be incurred via an exclusively local approach to both.

*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?*

The current proposals as we understand them create a significant geographical anomaly as the amount of 'top-up' funding required by local authorities to support the existing levels of sheltered accommodation will vary considerably.

In many areas of the North and Midlands significant sums will be required as the rents and service charges of schemes are often considerably above the LHA cap. This means that new developments may become more questionable unless the 'top-up' funding supporting local authorities is increased to sustain them; however with the considerable emphasis on new housing being delivered (via the affordable homes programme) we have a fear that new developments if they are entered into could potentially be at the expense of existing supported housing which may have its allocation of 'top-up' funding cut or removed. It would become a role we believe for the older persons' supported housing boards, (previously mentioned) to ensure such scenarios did not arise and that new developments were not built at the expense of existing supported housing.

This all contrasts with what might be the case in parts of the South of England where the LHA level for our supported housing is considerably above our rents and service charges. As such there may be far less restriction on new developments though the local authority will have a negligible commissioning role.

The life of any commissioning contract will also be of considerable relevance – for those low value parts of the country where rents/ service charges are above the LHA cap a lengthy contract term, (of say ten years) will be required to give providers the confidence to develop. Our experience however of contracts under the supporting people programme was such that they were of short duration, usually three years and this will be far short of what is required to encourage development to happen.

Anchor's older sheltered housing schemes are largely studio or one bed properties. However we have many two bedroom properties. We currently have a considerable concern as to how these may be treated under the current proposals. Two bedroom properties, usually bungalows, provide;

- An opportunity for family and carers, (often one and the same) to visit and provide regular support or social opportunities
- Scope for couples to have separate bedrooms as their health needs may make this increasingly necessary or desirable
- Encouragement for older people to 'downsize' from larger family accommodation thereby freeing up properties for younger people

If however the LHA cap rate that is applied is linked for older people to their household size then the affordability and therefore viability of many two bedroom schemes may be put in question. Alternatively this form of housing may;

- increasingly be provided to those with the financial independence to afford such accommodation thereby defeating in part the purpose of social housing, or;
- result in attempts to have such properties re-designated for the use of younger people with larger households - thereby reducing the supply of some of the most accessible properties for those who most need them

In the interim a considerable degree of anxiety, even with transitional protection, would be caused to current tenants of these properties.

*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?*

Sheltered housing exists to help ensure older people stay as independent as possible for as long as possible. It does this on most schemes through overseeing the wellbeing of tenants, encouraging social interaction, (be it within the scheme or within the community) and facilitating and encouraging timely health and social care interventions in consultation with the older person<sup>2</sup>. Such activity would reduce the call upon the health and social care services thereby reducing the costs incurred by the state.

We would like to see this recognised and a short list of outcomes from such housing recognised and promoted through a national commissioning framework. This would avoid different approaches and outcomes being required by every local authority commissioning services.

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<sup>2</sup> There will be a small variety of ways via which this is delivered to a greater or lesser extent. Some services will be very low cost (typified by schemes with limited or no communal facilities and a visiting location manager service) to high intensity – such as extra care schemes which have considerable facilities either an on-site or visiting care service.

A national focus would also allow providers to design their services to maximise the impact on national priorities. It would also allow local authorities the opportunity to concentrate on how best to deliver services to meet those national priorities.

*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?*

We feel there is a need for a transition process and period, not only in preparation for April 2019 but in the event of any adverse commissioning decision by the local authority. We would want to see full transitional protection for tenants for a minimum period of 5 years in these circumstances.

We would warn however those transitional periods may be of little value if the impact of the commissioning decision is that the landlord determines the future rental income so uncertain such that it makes the scheme unviable. This may happen in low value areas where the rent and service charges are considerably above the LHA level.

The potential anxiety caused to older people, (often in their eighties and nineties) by these measures should not be underestimated. Where there is a significant gap between the tenant's current charges and the LHA the prospect of a home for life may very well be replaced with a home only for the life of a commissioning contract.

*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?*

If implemented we would wish to see:

- contracts for periods of at least 10 years. Such contracts would provide greater certainty for tenants and providers thereby reducing anxiety and encouraging continued investment in services and new accommodation
- a system of funding for 'top-up' at scheme level and not on the basis of an individual application by a tenant – this could undermine the preventative nature of the sheltered housing based on delivering a balance of need. It would also greatly simplify administration
- More thought given on addressing the impact of imposing the LHA cap on rents set by a reference to a rent setting framework which has created a significant geographical anomaly which will affect tenants and local authorities differently, (robbing the latter of much of their strategic commissioning role). There is also a real danger that the different reliance on 'top-up' levels will lead to national and regional providers of sheltered housing delivering services at lower levels across their stock in order to maintain a consistent service.

**Originator:**

Kevin Lorimer  
Quality and Policy Manager  
5 February 2016