

Briefing Paper

Funding for Supported Housing Consultation

November 2016



Aster House. An Oldham Borough Council Extra Care Elderly scheme.

Introduction

On 15th September 2016, Damian Green, the Secretary of State for Work & Pensions, made a statement in Parliament about the funding of supported housing. In it, the government declared its intention to issue a consultation paper. This consultation paper 'Funding for Supported Housing' was issued on 21st November 2016. The consultation period ends on 13th February 2017.

The purpose of this briefing paper is to summarise and provide comment on the consultation paper.

Background

Previous government legislation and announcements had cast doubt over the future funding of supported housing. In particular:

- The Welfare Reform and Work Act 2016 provides for all social and affordable rents to be reduced by 1% a year between 2016 and 2019. While supported housing was exempted from this requirement in 2016 there were fears that this would affect the viability of some schemes.
- The government is proposing to cap housing benefit at the level of the local housing allowance from 2018. If this were to be applied to supported housing where rents and service charges are relatively high, it would remove the entitlement of residents to full benefit also making schemes unviable.
- Universal Credit is based on the concept that, when fully implemented, the housing element of the benefit will cover only core housing costs with additional funding being provided for housing support. However, the government had yet to announce how this additional funding would be provided.

**AWICS Ltd., PO Box 17, Appleby in Westmorland, Cumbria. CA16 6YL. Tel: 017683-51498.
Mobile: 07502-142658. Twitter @AdrianWaite. E-Mail: adrian.waite@awics.co.uk. Web: www.awics.co.uk**

**Managing Director: Adrian Waite MA CPFA CIHM FInstLM
Registered office: c/o Butterworths Solicitors, 3 Walker Terrace, Gateshead, Tyne & Wear, NE8 1EB.
Company Number: 3713554. VAT Registration Number: 721 9669 13.**

In view of this the government committed itself to a review of the funding of supported housing. The statement made on 15th September 2016 was a prelude to the announcement of the review.

The key elements of the announcement of 15th September were as follows:

- All housing costs for supported housing will be met. Housing costs will be paid through the benefits system up to the local housing allowance level with a top-up paid by the local authority.
- To enable this top-up to happen, there will be a transfer of funds from the Department of Work and Pensions to the Department for Communities and Local Government. They will then allocate funds to local authorities by a mechanism yet to be decided on.
- There will be a ring-fence around the transferred sum and it will be strictly only available to pay for supported housing costs.
- There will be no Shared Accommodation Rate in the calculation of the local housing allowance rate for tenants in the new system. The one-bedroom local housing allowance rate will be used for people under 35 living in supported housing.
- The Government believes a different system needs to be worked out for short-term transitional services and it will consult on this.
- Budgets will also be transferred to the Scottish, Welsh and Northern Irish governments to enable them to devise their own arrangements

Our briefing paper on the September announcement can be downloaded from: <http://www.awics.co.uk/dynamicdata/data/docs/funding%20of%20supported%20housing%20-%20briefing%20paper.pdf>

The new system is planned to be implemented from 2019 and the Local Housing Allowance cap will not apply to supported and sheltered housing until then. From 2019 it is proposed to apply the local housing allowance cap to all claims in supported and sheltered housing with some exceptions including domestic violence refuges. The 1% annual rent reduction required by the Welfare Reform & Work Act 2016 will apply to sheltered housing from 2017 to 2019.

The Consultation Paper

The Consultation Paper includes the following sections:

- Introduction
- Supporting People to Live Independently
- The Case for Change
- A New Framework for Future Supported Costs
- Consultation: Key Issues and Questions

The government has already announced that it will cap housing benefit at the level of the local housing allowance across the United Kingdom from 2018. This will reduce the housing benefit that will be available to fund rents and service charges in supported housing schemes. The government's proposal for England is that this funding will be replaced by a locally administered 'pot'.

The consultation said that the local 'pot' would give the Greater London Authority, Unitary and County Councils an 'enhanced role; in commissioning supported housing in their area and allow them to 'take a more coherent approach'. The government says that:

"We want quality and a focus on individual outcomes to play a greater role in how we fund the sector."

The consultation questions include whether there should be a national statement of expectations or a national commissioning framework 'within which local areas tailor their funding'. The amount of top-up funding will be set 'on the basis of current projections of future need' and will be based on a 'general definition; of supported housing, rather than having separate ringfenced posts for different client groups.

However, the government also proposes to introduce statutory duties for councils to protect housing provision for specific vulnerable groups. The consultation paper says that the government recognises short-term accommodation such as hostels and refuges have 'particular challenges'. The government says that it will work with the sector to develop further options to ensure providers of shorter-term accommodation 'continue to receive appropriate funding for their important work'.

As housing is a devolved function outside England, the consultation paper states that:

"The devolved administrations (will) receive a level of funding in 2019/20 equivalent to that which would otherwise have been available through the welfare system in order to meet the additional costs of supported housing."

The devolved administrations will then be free to make their own arrangements for the funding of supported housing.

The consultation will run until 13th February 2017 and a Green Paper with the detailed arrangements for the local top-up model will then be published in the spring. The final package will be announced in autumn 2017 ahead of the new model becoming operational from April 2019. The government proposes putting shadow arrangements in place from April 2018 on the detail and allocation of funding.

Introduction to Consultation Paper

In the introduction to the consultation paper the government states that:

"One of the Government's key commitments is to protect the most vulnerable. Supported housing helps to underpin this obligation and supports hundreds of thousands of the most vulnerable people across the country. From helping those with learning disabilities to providing older people with support needs with somewhere to live that can meet their changing needs as they age, crisis accommodation for people fleeing domestic abuse or emergency places for rough sleepers, help for those recovering from drug or alcohol dependency, or support to vulnerable young people such as care leavers to get the help they need to move on and get a job and to live independently.

"The Government is committed to protecting and boosting the supply of supported housing and ensuring it provides value for money and works for those who use it as well as those who pay for it. Over the past months, we have talked extensively to supported housing commissioners, providers, and developers as well as representatives of supported housing residents about what a workable and sustainable funding model for the sector should look like.

"Two things are absolutely clear. Firstly, doing nothing is not an option. Universal Credit is being rolled out to working age claimants across Great Britain and is an important reform to improve work incentives and enhance simplicity for claimants. In this context, we need to consider how best to fund the supported housing sector to cater for its specific needs and circumstances.

“Secondly, it is absolutely critical that we get the detail right to ensure we deliver a funding model that is flexible enough to reflect the diversity of the sector and meets the needs of individual tenants, providers and commissioners. In particular, we recognise the vital importance of ensuring that providers are able to develop new, much needed, supported housing and we want the long-term funding model to support this. As part of this reform we also want to increase the role that quality, individual outcomes and value for money play in the funding model.

“That is why we have confirmed to Parliament in a Written Ministerial Statement that we will defer the application of the Local Housing Allowance (LHA) rates to supported housing until 2019/20. From 1 April 2019, we will bring in a new funding model which will ensure that supported housing continues to be funded at the same level it would have otherwise been in 2019/20, taking account of our plans on social rents.

“The new model will mean that core rent and service charges will be funded through Universal Credit (or Housing Benefit for pensioners and where Universal Credit has yet to be fully rolled out) up to the level of the applicable LHA rate. Local authorities are best placed to make decisions about how to support vulnerable people in their areas and to commission the supported housing services that are needed locally. The new model will devolve funding to local authorities in England to provide a ‘top-up’ where necessary to providers, reflecting the often higher costs of offering supported housing. We recognise a different approach may be needed for short term accommodation, including hostels and refuges, but this type of accommodation will benefit from the same protection as supported housing in general.

“In England, this will give local authorities an enhanced role in commissioning supported housing in their area. This will also allow local authorities to take a more coherent approach to commissioning for needs across housing, health and social care. Better local knowledge will help drive transparency, quality and value for money from providers in their area.

“We want to continue the conversation we have begun with the supported housing sector and work with them to develop the detail for the new model. This document begins the consultation process alongside a programme of task and finish groups working with the sector on key design components of the model and designing a new approach for short term accommodation. We will also work with local authorities and other partners to determine how funding should be distributed among individual local authorities.

“While the framework for the new funding model has been set, this consultation seeks views on key system design elements to ensure the model will work for tenants, commissioners, providers and developers.

“Across the United Kingdom, core rent and service charges will continue to be funded through Universal Credit (or Housing Benefit for pensioners or where Universal Credit has yet to be fully rolled out) up to the level of the applicable LHA rate. The Scottish Government and Welsh Government have devolved responsibility for housing policy and already determine their own priorities in relation to supported housing. Alongside the transition to a new funding model in England, the UK Government will therefore also ensure that the devolved administrations receive a level of funding in 2019/20 equivalent to that which would otherwise have been available through the welfare system in order to meet the additional costs of supported housing.

“This consultation will run for 12 weeks until 13 February 2017. There will then be a Green Paper on the detailed arrangements for the local top-up model and approach to short term accommodation in the spring. A final package will be announced in autumn 2017 to allow time for transitional arrangements and any necessary legislation to be made ahead of the new model commencing on 1 April 2019. We propose to put shadow arrangements on the detail and allocation of funding in place from April 2018 to allow full transition to a new model.”

“While designing the mechanics of a new funding model is important to provide certainty for service users, commissioners, providers and developers, the Government views this as the start of a longer term process in England. During this consultation process we want to work with the sector to consider wider strategic goals such as responding to growing future demand for support to maintain people’s independence as well as looking for opportunities for service transformation, for example, to strengthen links across public service commissioning, including health, housing, social care and criminal justice. We are also keen to explore with the private, social and public sector the potential for alternative finance and delivery models for increasing supported housing supply through the use of social investments. We will set out any conclusions on these broader considerations in the Green Paper next spring.”

Supporting People to Live Independently

The Government recognises the importance of supported housing and acknowledges that it is the most cost effective way of providing support to vulnerable people, pointing out that analysis by the Department for Communities & Local Government, based on the Frontier Economics report for the Homes and Communities Agency on Specialist Housing in 2010, estimates that the net fiscal benefit of providing supported housing is £3.53 billion per year. In view of the scale of the social and financial benefits provided by the sector it is therefore surprising that the government has created so much uncertainty about its future funding that development has all but ceased and providers have been forced to consider the future viability of existing schemes.

The Consultation paper states that:

“Supported housing provides vital support to some of our country’s most vulnerable people. It helps many people to lead independent lives or turn their lives around and is a vital service for a country that works for all. It is also an investment which brings savings to other parts of the public sector, such as health and social care and underpins a range of policy objectives across Government including:

- Supporting vulnerable people: such as frail, older people and disabled people, people with mental health problems, and vulnerable ex-service veterans;*
- Tackling homelessness: preventing homelessness in the first place and helping people recover and move on from homelessness;*
- Providing refuge: through crisis and follow-on accommodation and support services for those fleeing domestic abuse;*
- Tackling poverty and disadvantage: such as helping people with learning disabilities or vulnerable young people, including care leavers’, transition to independent living;*
- Recovery: such as support and treatment for those with drug and or alcohol problems or helping ex-offenders to integrate back into the community; and*
- Improving public health and supporting the health and care system: by helping older people or people with disabilities to lead healthy and independent lives keeping them out of acute health settings and residential care or smoothing their discharge from hospital.”*

The Government recognises that supported housing costs can often be higher than mainstream housing for a variety of reasons. This includes higher maintenance, repairs and rates of turnover and the specific needs and characteristics of residents that may require the provision of communal areas and facilities as well as enhanced security. They also recognise that retirement housing, including sheltered housing and extra care, can also often have higher housing costs.

Funding for supported housing is complex and comes from a variety of sources. Housing Benefit plays a significant role. It meets eligible housing-related costs, including core rent and eligible service charges (that can include for example, the cost of repairs, renewing communal furnishing and fittings and some intensive housing management costs). The Supported Accommodation Evidence Review estimates that the annualised Housing Benefit expenditure for supported housing across Great Britain as at December 2015 is £4.12billion. This represents around 17% of the total expenditure on Housing Benefit. Most supported housing expenditure from Housing Benefit is for older people, at an estimated £2.4billion, with an estimated £1.7billion spent on working-age provision.

The Supported Accommodation Evidence Review estimated that at the end of 2015, around £2.05billion is spent in addition to Housing Benefit, on mainly support and care services for tenants in supported housing. The principal sources of separate care and support funding are local authority adult social care services, housing and homelessness funding. Further funding comes from sources such as children's services, substance misuse services, charitable grants and Big Lottery funding, as well as from health sources and a small amount from fundraising and donations.

However, the Government does not consider that these resources are currently managed effectively, saying that:

“Work towards the Supported Accommodation Evidence Review found many examples of excellent practice in terms of local areas strategically assessing and identifying need for supported housing, strong commissioning and regular review of provision for individuals to support those who are able to move on into independent living and to make best use of provision.

“The review also found some circumstances of patchy commissioning practice, alongside some frustration among commissioners about providers only being required to comply with welfare rules. This has resulted in some providers setting up provision outside local commissioning structures or scrutiny with poor assurance of outcomes, quality or value for money. Both issues further support the case for change.”

The Case for Change

The Government considers that there are two clear reasons for seeking to reform the funding of supported housing. The roll out of Universal Credit for working age people is one but there is also a need to consider more fundamentally how supported housing across the whole sector should be planned for, commissioned and delivered and how to manage growing demand within a tighter public spending climate.

The Government also wants to achieve a local focus on outcomes, oversight and cost control with the quality of services and a focus on outcomes for the people who use them to be at the forefront of supported housing provision. They consider that the current system for funding the housing costs of supported housing is not well designed to ensure effective oversight of quality or control of spending to ensure value for money. This approach is consistent with the principles of localism and would give local authorities the responsibility for determining the allocation of resources. The consultation paper states that:

“Local knowledge is central to the current system for funding supported housing through Housing Benefit. In addition, much supported housing provision is developed in consultation with and is commissioned by local authorities to meet the needs of local people and this requires close co-operation at the local level. Determining individual entitlement where the claimant lives in supported housing requires very detailed consideration of which costs are eligible and whether the costs cited are reasonable. Such a system usually requires local knowledge, expertise and involvement.

“In addition to preparing for a new local role as part of the implementation of Universal Credit, many local authorities have also told us that they would welcome an enhanced local commissioning role. Some councils have raised concerns about the existing Housing Benefit regime, in particular regarding insufficient local control over the establishment and location of supported housing services and quality of some services being provided outside of their commissioning arrangements. Supported housing providers and developers have been clear that they are seeking as much clarity as possible about what funding is available as well as a strong desire for consistency around the availability of funding and its administration.

“Concerns have also been raised that the current Housing Benefit regulations restrict who can provide supported housing, and receive the enhanced funding through the supported exempt provisions, to non-metropolitan county councils, housing associations, registered charities and voluntary organisations. This leaves no room for other providers and can restrict the claimants’ choice of who delivers support services, since to qualify for the enhanced funding through Housing Benefit the care, support or supervision must be provided by, or on behalf of, the landlord.

“Longer term, we also need to build a system which is better able to manage future demand as the population is ageing and medical advances also mean that more people with severe physical and learning disabilities are enjoying longer lives. This makes it even more important that spending provides value for money and is targeted effectively and providers are able to develop new supported housing supply.”

These are significant points suggesting:

- An enhanced role for the private sector in future provision.
- A cash-limited system rather than a demand-led system that will manage scarce resources by targeting them at those most in need. This suggests that while supported housing may initially receive the same funding as at present this funding may not increase as much in future as it would have done if the demand-led housing benefit approach had continued.

A New Framework for Future Supported Housing Costs

The Government's proposed new framework for future supported housing costs is described as follows:

"On 15 September, the Government announced a new funding model for supported housing. Government has deferred the application of the Local Housing Allowance (LHA) policy for supported housing until 2019/20. At this point we will bring in a new funding model which will ensure that supported housing continues to be funded at the same level it would have otherwise been in 2019/20, taking into account the effect of Government policy on social sector rents.

"We also announced that, as planned, the Government would apply the social rent reduction to supported housing, with rents in these properties decreasing by 1% a year for 3 years, up to and including 2019/20. The existing exemption for specialised supported housing will remain in place and will be extended over the remaining 3 years of the policy for fully mutual / co-operatives, almshouses and Community Land Trusts and refuges.

"It is our intention that from 2019/20 core rent and service charges will be funded through Housing Benefit or Universal Credit up to the level of the applicable LHA rate. This will apply to all those living in supported accommodation from this date. The Shared Accommodation Rate will not apply to people living in the supported housing sector, in recognition of the particular challenges this would have placed upon them.

"In England, we will devolve funding to local authorities to provide additional 'top-up' funding to providers where necessary, reflecting the higher average costs of offering supported accommodation, compared to general needs. This will give local authorities an enhanced role in commissioning supported housing in their area. This will also allow local authorities to ensure a more coherent approach to commissioning for needs across housing, health and social care, using local knowledge to drive transparency, quality and value for money from providers in their area.

"Separate existing funding streams for care, support and supervision (such as legacy Supporting People funding) would remain part of the funding mix for supported housing but will not be changed by these reforms. The intention would be for the top-up fund to be used in conjunction with the wide range of funding dedicated to local commissioning.

"We will ring-fence the top-up fund to ensure it continues to support vulnerable people. The amount of top-up funding will be set on the basis of current projections of future need. This will also help to provide certainty for providers that reductions in funding from Housing Benefit or Universal Credit due to LHA rates, can be met elsewhere as well as to give greater assurance to developers of new supported housing supply.

"While we are confident that this model will meet the needs of the majority of the sector, we recognise some particular challenges may remain for very short term accommodation, including hostels and refuges. We will work with the sector to develop further options to ensure that providers of shorter term accommodation continue to receive appropriate funding for their important work. Whilst the mechanism may be different, funding for this type of accommodation will benefit from the same protection as supported housing in general."

Key Issues and Questions

The Government has identified five key issues and questions as follows.

**AWICS Ltd., PO Box 17, Appleby in Westmorland, Cumbria. CA16 6YL. Tel: 017683-51498.
Mobile: 07502-142658. Twitter @AdrianWaite. E-Mail: adrian.waite@awics.co.uk. Web: www.awics.co.uk**

**Managing Director: Adrian Waite MA CPFA CIHM FInstLM
Registered office: c/o Butterworths Solicitors, 3 Walker Terrace, Gateshead, Tyne & Wear, NE8 1EB.
Company Number: 3713554. VAT Registration Number: 721 9669 13.**

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

As different types of supported housing provision and services are commissioned by different bodies locally, such as Clinical Commissioning Groups and district housing authorities; the Government considers that it will be important to ensure that funding streams are better aligned so they can deliver their respective commissioning objectives. The Government's proposal is that local authorities will administer the local top-up, and in two tier areas, there is a case for the upper-tier local authority to hold the funding as they tend to be responsible for commissioning the bulk of supported housing services.

The Government proposes to ring-fence the top-up fund to ensure it continues to support vulnerable people. They propose that the ring-fence should be set to cover expenditure on a general definition of supported housing provision, rather than there being separate ring-fenced pots for different client groups.

The Government recognises that many people who rely on supported housing have multiple and complex needs and supported housing services often address a combination of these needs (e.g. homelessness, mental health issues and substance misuse problems) and therefore, breaking down funding between different client groups becomes complicated and could limit flexibility for local areas to manage changing circumstances. However, some stakeholders have raised concerns with government that certain vulnerable groups could be overlooked, or groups could be prioritised for funding at the expense of others despite the Equalities legislation. The Government therefore wishes to understand what, if any, statutory provision could be made to provide reassurance, including what potential role additional statutory duties for local authorities in England could play, particularly in terms of protecting provision for specific vulnerable groups within the context of the overall ring-fence.

The Government's consultation questions are:

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

The proposal to devolve funding to County Councils rather than to District Councils in two-tier areas would be consistent with the treatment of Supporting People funding and could provide a closer link between the provision of supported housing and adult social care. However, it could be seen as marginalising the role of District Councils that are the principal housing authorities for their areas.

The Government is clearly looking for increased partnership working at the local level, presumably making greater use of the private sector. It will be interesting to see the extent to which local authorities and housing providers embrace this approach.

I would have thought that the idea of devolution is to allow local authorities to use their discretion in the allocation of funds, but the government is suggesting that there should be some measures in place to ensure that all client groups are adequately funded. Presumably the fear is that funding will be focused on providing supported housing to groups that the public may regard as the 'most deserving' while provision for other groups may be under-funded. It will be interesting to see the extent to which local authorities and housing providers argue for local discretion and accountability or for central protection of budgets for certain groups.

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

The Government considers that the new model will give local authorities in England an enhanced role in commissioning supported housing in their areas. In addition, local partnerships could combine this funding with existing care, support and supervision funding to commission services. This could be helpful in encouraging local authorities to consider all supported housing funding in the round. It should incentivise efficiencies and join up existing care and support funding, helping with health and social care integration across the life course.

The Government states that it will consider what level of new burdens funding would be appropriate to enable local authorities to fulfil their new role.

The Government's consultation questions are:

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

These questions provide local authorities and others with an opportunity to present their views on how the new approach may be implemented and managed and to identify the resource implications.

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

The Government considers that supported housing is of vital importance to vulnerable people and they want to continue to work with providers to ensure that services are as good as they can be. They want to build on the work of excellent providers to drive all quality and value for money up to the level of the best. They consider that these reforms, giving local areas greater control and strategic oversight, represent the first step towards that goal, whilst giving the sector the necessary certainty over the total amount of funding available nationally.

The Government also wants quality and a focus on individual outcomes to play a greater role in how we fund the sector.

The Government's consultation question is:

- 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?

This question provides local authorities and others with an opportunity to address how value for money could be achieved in the new system.

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

Providers have told the Government that within a localised funding model they would prefer a degree of standardisation with regards to the administration of a local top-up as well as the underpinning framework for reaching a funding decision – for example, via a national statement of expectations or a national commissioning framework. This is particularly important for larger providers who operate across many different local areas and would welcome a degree of standardisation and consistency. However, it is important to balance this against the need to preserve flexibility for local areas to design the delivery of the top-up in their area in a way which best meets the needs and circumstances of supporting vulnerable people in their areas.

The Government's consultation questions are:

- 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?
- 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?
- 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?
- 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?

There appears to be some tension between the government's stated objective of devolving responsibility to local authorities for determining how supported housing should be funded and the wish of large-scale providers and developers for consistency across England. These providers and developers will include private organisations as well as housing associations, local authorities and voluntary bodies. It will be interesting to see how respondents to the consultation propose to reconcile these two approaches and what approach the Government will ultimately take.

There is also an opportunity for respondents to propose transitional arrangements or to offer views on other aspects of the government's proposals.

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

The Government is confident that the local top up model will meet the needs of most the sector, but recognise some challenges, such as the monthly payment of Universal Credit, may remain for very short term accommodation, including hostels and refuges. They intend to work with the sector to develop further options to ensure that providers of shorter term accommodation continue to receive appropriate funding for their important work. Whilst the mechanism or mechanisms (if more than one model is necessary) may be different, funding for this type of accommodation will benefit from the same protection as supported housing in general.

The Government's consultation question is:

- 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?

The Government does not have a specific proposal here. This creates an opportunity for the sector to make their own suggestions.

Task and finish groups

There will be four task and finish groups working across these key issues outlined through this consultation that will include membership from key stakeholders and partners from across the sector and from across Government departments and the devolved administrations where appropriate. This work will run in tandem with this consultation exercise and report back to Government. The task and finish groups will cover the following:

- Fair access to funding (issue I above);
- Local roles & responsibilities including ensuring value for money, quality and appropriate oversight (combining issues II and III above): exploring how the new model should work in practice and how to assure quality;
- Ensuring new supply of supported housing (issue IV above): looking at how to provide assurance and certainty for developers as well as maintaining local flexibility for commissioners; and
- Short term accommodation (issue V above): developing options for a workable and sustainable funding model or models for short term accommodation.

Timetable

This consultation will run for twelve weeks until 13th February 2017. There will then be a Green Paper on the detailed arrangements for the local top-up model and approach to short term accommodation in the spring. A final package will be announced in autumn 2017 to allow time for transitional arrangements to be made ahead of the new model commencing on 1st April 2019. The timetable can be summarised as follows:

Timetable	Delivery phase
Nov 2016 To Feb 2017	Consultation: consultation document
Nov/Dec/Jan/Feb	Stakeholder engagement and task and finish groups
Spring 2017	Green Paper on detailed model(s) and funding distribution consideration
Autumn 2017	Announce detailed funding model(s) and local authority funding allocations
April 2018	Shadow year arrangements in place on detail and allocation of funding to allow full transition to new model
April 2019	Commencement of new funding model(s)

Conclusions

The government's announcement of September 2016 confirmed that the rent reductions in England will apply to most supported housing and that housing benefit and the housing element of universal credit will be capped at local housing allowance rates. However, there will be some exceptions and a new funding regime for housing support. The consultation document 'Funding for Supported Housing' begins the consultation process alongside a programme of task and finish groups working with the sector on key design components of the model and designing a new approach for short term accommodation.

While the framework for the new funding model has been set, this consultation seeks views on key system design elements to ensure the model(s) will work for tenants, commissioners, providers and developers. The specific issues that the government wishes to resolve through this consultation include fair access to funding; clarifying expectations for local roles and responsibilities; confirming what further arrangements there should be to provide oversight and assurance; exploring the appropriate balance between local flexibility and provider certainty; and gathering views on developing a workable funding model(s) for short term accommodation, including hostels and refuges.

The consultation paper provides more detail than was made available in the statement in September but still leaves the following questions unanswered:

- Will the total funds allocated to local authorities and the devolved administrations be sufficient, especially bearing in mind that need is increasing?
- If funds are not adequate will authorities be able to top-up the budget from their own resources?
- How will the funds be allocated between authorities?
- How long will the ring-fence last?
- Will there be sufficient funding for local authorities and housing associations to be able to provide the supported housing that is required including extra care elderly housing?
- What will be the position of tenants under 35 who will be protected from the shared accommodation rate while they are in supported housing. However, what will happen when they want to move into social or private rented housing and their housing benefit does not cover their rent?

Experience with Discretionary Housing Payments and Supporting People may lead cynics to suggest that funding will decline over time despite needs increasing and that eventually the ring-fence will be removed leading to significant reductions in funding. However, the government's proposals are to continue with the current level of funding and to ring-fence it.

Presumably answers to most of these questions will be included in the Green Paper in the Spring. However, in view of the continued uncertainty it is not clear whether providers will be able to commit to new projects or to investment in existing projects in the meantime. Clearly it is important for local authorities, housing associations and others with an interest in supported housing to respond to this consultation.

Adrian Waite
November 2016

All You Want to Know About Local Authority Housing Finance 2017

March / September 2017

We are holding our 2017 series of 'All You Want to Know About Local Authority Housing Finance' from March to September. This series of seminars is designed to give an introduction and overview to this important subject and is fully up to date with all developments.

This seminar is designed for people who are not experts in housing finance, but who need to understand the basics and achieve an overview of what is going on. It is suitable for councillors, housing managers, tenant representatives, finance staff who have limited experience of local authority housing finance and others who realise that an understanding of housing finance can place them at an advantage!

Do you think that a working knowledge of local authority housing finance would put you and your colleagues in a position of advantage?

The session will answer the following questions:

- How does the Housing Revenue Account work?
- How does the Housing General Fund work?
- How does the Housing Capital Programme work?
- What is going on in the world of local authority housing finance?
- What are the Financial Opportunities and Threats for Local Authority Housing?

The session is fully up to date and refers to recent government policies on the funding of supported housing, the sale of high value council homes, annual reductions in social and affordable rents of 1%, voluntary near market rents for tenants on high incomes, welfare reform, the Welfare Reform and Work Act, the Housing and Planning Act; and the implications of 'Brexit'. The session is accompanied by a very useful hundred-page book that is designed for reference after the session entitled:

“All You Want to Know About Local Authority Housing Finance 2017”

Venues and Dates:

London: Novotel Hotel, Waterloo – 8th March 2017.

North: Novotel Hotel, Leeds – 22nd March 2017.

London: Novotel Hotel, Waterloo – 27th September 2017.

For further information or to make a booking please click here:
<http://www.awics.co.uk/lahfin17.asp>

About 'AWICS'

'AWICS' is a management consultancy and training company. We specialise in providing support in finance and management to clients in local government and housing in England, Scotland and Wales. We are well known for our ability to analyse and explain complex financial and management issues clearly.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide support to clients from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

For more information about our services and us please visit our website at www.awics.co.uk or contact Adrian Waite at Adrian.waite@awics.co.uk.

Services that we offer include:

- Management Consultancy – <http://www.awics.co.uk/ManagementConsultancy.asp>
- Interim Management – <http://www.awics.co.uk/interimmanagement.asp>
- Regional Seminars — <http://www.awics.co.uk/Seminars2016.asp>
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**AWICS Ltd., PO Box 17, Appleby in Westmorland, Cumbria. CA16 6YL. Tel: 017683-51498.
Mobile: 07502-142658. Twitter @AdrianWaite. E-Mail: adrian.waite@awics.co.uk. Web: www.awics.co.uk**

**Managing Director: Adrian Waite MA CPFA CIHM FInstLM
Registered office: c/o Butterworths Solicitors, 3 Walker Terrace, Gateshead, Tyne & Wear, NE8 1EB.
Company Number: 3713554. VAT Registration Number: 721 9669 13.**