

The Work and Pensions Committee and the Communities and Local Government Committee joint inquiry into the Government's funding reform for supported housing



Submitted by MHA

Liz Jones

Head of Policy and Research

MHA

Email: liz.jones@mha.org.uk

Tel: 01332 221921

Who is MHA?

MHA is an award-winning charity providing care, accommodation and support services for older people throughout Britain. We are one of the most well-respected care providers in the sector and amongst the largest charities in Britain, providing services to older people for more than 70 years. We want to tackle isolation and loneliness among older people by connecting older people in communities that care.

MHA delivers a range of high quality services to 17,000 individuals:

- 4,350 older people living in 84 care homes - residential, nursing and specialist dementia care
- 2,500 older people living independently in 72 retirement living communities with flexible support and personalised care, with a further ten sites in development
- 10,000 older people supported through 66 Live at Home services in the community.

Our services are delivered by 7,000 dedicated staff and enhanced by the commitment of 5,500 volunteers.

MHA recognises that loneliness is an increasing challenge that affects many of us as we age and it is manifested physically, emotionally and spiritually. Our ambition is to ensure that every older person can be connected within a community of their choice so they can live an independent and fulfilled later life as they age.

MHA is pleased to respond this inquiry. We have 1,209 units of sheltered housing accommodation for rent or shared ownership in England. We know that, as a minimum, 26% of residents in these units are in receipt of Housing Benefit, as it is paid directly to us. The percentage may be much higher as residents may claim their Housing benefit themselves and then pay it to us.

The 1,209 units are spread across 52 schemes in England as rental or shared ownership properties. Within these 52 schemes, 31 schemes have at least one person claiming housing benefit which is paid directly to us.

The average shortfall across our rental and shared ownership units, is approximately £24 per week, although this includes a range of shortfalls from £80 in Southampton down to £2.60 in Somerset.

Key points

- We do not believe that the current proposals will provide a cost effective and affordable mechanism to support sheltered housing tenants. Our comments relate specifically to sheltered housing because it is distinct from other 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 and the current pressures on health and social care to give an integrated approach.
- Funding to support the housing costs of older people should be administered nationally.
- We do not think the proposals recognise the value that sheltered housing offers.
- The proposals risk uncertainty and anxiety for many older people living in sheltered housing.
- Local Authorities do not want this additional burden.
- For some larger providers, this will create uncertainty about the future of existing sheltered housing schemes and limitations on the development of new schemes to meet the increasing need.

Inquiry questions

1. Whether separate funding models are needed for:

- a. refuges and other short-term supported housing services – N/A*
- b. sheltered housing services for the elderly (these services would require a higher cap)*

We concur with the bigger providers of sheltered housing that if change to the system is needed, there should be a separate model.

Given the current pressures on housing and the growth in our ageing population, it is important that policy change supports housing choice for older people both in terms of suitable design and planning for later life. Sheltered housing has a crucial role to play in this, in both meeting community needs and reducing pressure on health and social care.

We also agree that this not the appropriate time to implement such changes for sheltered housing 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 care cost and the impact on health and social care. 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.

Although we are a smaller provider of sheltered housing, these changes have significant implications for all providers and their residents, especially the larger providers of sheltered housing and we have sympathy with their view that these changes threaten the sector's ability to maintain the current specialist housing.

2. How the localised funding pot for supported housing would work, including:

- a. how it will be ring-fenced*
- b. which factors should be used to determine local allocations*

We assert that this is not an appropriate funding model for sheltered housing. However, if it is introduced, it will be vital that the ring-fence remains in perpetuity. Given the pressures on Local Authority budgets and previous experiences of devolved budgets, if the ring-fence is removed this will inevitably lead to a rapid reduction in the top-up funding for sheltered housing residents.

We agree with the Local Government Association¹ and the big providers that support for housing costs for older people should be administered nationally. This could be through Pension Credit in a similar way to the administration of Universal Credit for younger people. This would allow definitions of sheltered housing and controls on service charges that will be met and reasonable levels for these charges reflecting the true cost.

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. Local Authorities should receive a 'top-up' fund sufficient to meet the initial demand and with capacity to respond to future demand.

3. How existing supported and sheltered housing tenants will be protected following their transfer in April 2019.

The current proposals do not appear to offer any protection for existing residents. A ring-fence will protect the top-up funding that Local Authorities receive, but existing tenants will see a shortfall in their Housing Benefit payments and face uncertainty until the Local Authorities have made decision about commissioning their accommodation and funding the gap.

In addition, rent levels are set nationally by the Social Housing regulator, so they can't change. Service charges reflect actual costs of delivering the service, so they can't change and most older people have a very limited ability to adjust their regular income, unlike working age people.

If the proposals are implemented we would support transitional protection at existing levels of payment for a period of at least 5 years for existing tenants who would see the impact of adverse commissioning decisions.

4. The effects of uncertainty about the new funding model on tenants and development in the supported housing sector.

We need as much certainty as possible so we don't unnecessarily worry older and vulnerable people.

These proposed changes have a wider potential impact on all residents of sheltered housing, not just those in receipt of Housing Benefit. This is because if the proposed Housing Benefit plus local top-up fail to cover the full cost of the sheltered housing service, then providers may have to look at changing level of services currently provided. This would impact on self-funders as well as those in receipt of Housing Benefit. For example, if a Scheme Manager service could become unviable due to a shortfall in the ability of residents reliant on Housing Benefit to meet the full cost, it could be reduced or withdrawn, which would impact on all residents.

5. Whether the new system should be piloted before its full implementation.

If the proposed changes are indeed implemented, we would strongly support piloting to test the administration of the system. A pilot would need to run for at least 5 years if it was going to start to understand the impact of commissioning decisions.

¹ [Building our homes, communities and future](#), Local Government Association, January 2017

However, we reiterate that the funding to support sheltered housing is removed from these proposals to allow a more integrated solution across welfare reform and health and social care.

6. *Whether the new system will resolve the shortfall in supported housing placements over the long term.*

We cannot comment on this for supported housing in general, however in relation to sheltered housing it seems highly unlikely that this proposed system will do anything to help the development of more sheltered housing. This is because there is nothing in the proposals for top-up funding to increase over time, so it will fall to Local Authorities to make decisions about what is affordable to them and this will surely be driven by the geographical differences between the Local Housing Allowance rate and sheltered housing charges.

7. *Whether the new system will ensure that the varied rate of the LHA cap will not adversely affect tenants and providers in low-value parts of the country.*

The proposed system seems likely to create an inconsistency across the country, given the big variations in Local Housing Allowance compared to the full cost of sheltered housing. This makes the ring-fencing of the top-up funding for Local Authorities even more important along with safeguards to ensure that current tenants are protected. The bureaucracy of these proposed changes should also be considered as individual Local Authorities will need to administer the new system, something they do not welcome, illustrated by Lord Gary Porter, Chair of the Local Government Association, speaking at the Conservative Party conference he said *“If anybody is talking about giving us [local government] new duties, they need to go away and they need to go away very quickly. You cannot solve problems by making councils have duties to do things. You have to give us the means to will the outcome.”*²

There is a potential postcode lottery inherent in these changes, which means that they do not offer an effective method to avoid adverse impact on tenants and providers in low-value part of the country.

8. *What alternatives there are to the LHA cap, such as a supported housing cap and a sheltered housing cap.*

We agree with the bigger providers of sheltered housing that older people should be removed from the Local Housing Allowance cap proposals completely. The proposals bring older people prematurely into the remit of the current welfare reforms even though they were explicitly excluded from other welfare reform provisions.

Tenants should be supported to meet the true costs of providing sheltered housing through a nationally administered model, as recommended by the Local Government Association for payments which could be delivered through Pension Credit. This would allow clearer definitions of sheltered housing together with controls on the services charges that will be met, providing guidance on reasonable levels for these charges which reflect the true cost.

² <http://www.insidehousing.co.uk/business/lga-chief-hits-out-at-supported-housing-duty-proposal/7017043.article>

Should Government seek to proceed with the current proposals, there should be a specific cap for sheltered housing that reflects the true cost of the additional facilities provided which contribute to the preventative nature of the housing. We would support more discussion with the sector to explore how sheltered housing is targeted at people with a range of needs to ensure that its preventative contribution is recognised and maximised.

9. The relative effects of different funding model options on tenants.

While the mechanics of the model are not entirely clear from a tenant point of view, we assume that Local Authorities would need to put in place clear arrangements for tenants or providers to obtain the top-up funding once the Local Housing Allowance Cap is enforced.

Potential risks to current tenants include not being able to get sufficient top-up funding if the ring-fence isn't strong enough or if the Local Authority decides it doesn't wish to continue to commission the service.

The average shortfall across our rental and shared ownership units is approximately £24 per week, although this includes a range of shortfalls from £80 in Southampton down to £2.60 in Somerset. It is also worth noting that, potentially, residents in six of our schemes may not be affected as the current LHA rate is sufficient to cover their rent and service charges, although though it does depend on how the changes are actually implemented. These schemes are in Bath, Banbury and London. This highlights the geographical variation risks we have already highlighted.

However, focussing on the financial implications misses the other risks to current and future tenants in terms of access to affordable and suitable housing for later life, which offers a wider range of benefits such as reduced isolation, more active networks, downsizing to free up homes for families and promoting independence and resilience. Enabling older people to make positive decisions to move to properties that support healthy ageing can reduce cost pressures on health and care services.

Overall we are sceptical that these proposed changes will result in "a more coherent approach in commissioning needs across housing, health and social care" as asserted in the consultation document (p.17). As MHA is also an adult social care provider, we have first-hand experience of the enormous variation in approaches to health and social care integration in the 128 Local Authority areas that we work in, in our care homes. These proposals need to be backed up by thoroughly considered guidance and outcomes framework covering integration.

10. What steps should be taken to mitigate the effects of the 1% rent cut.

We have planned for the 1% rent reduction and while this does reduce our planned income we recognise the benefits to residents.

We see the Government proposals regarding the funding of sheltered housing as a much greater threat to residents. This is not the appropriate time to implement such changes for sheltered housing 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.

11. How the LHA cap will affect pensioners.

These proposals have a potential financial impact for pensioners, which vary by geography. They present uncertainty, which may cause anxiety and fear about losing their home or having to navigate new complex bureaucratic systems. They potentially undermine the drive for housing choice and active planning for later life. They fail to recognise the significant value that sheltered housing brings in terms of maintaining independence and reducing the risk of needing high cost health and social care services, such as preventable visits to A&E or moving to a care home.

12. Whether housing benefit acts as a disincentive to work.

We do not think housing benefit acts as a deterrent to work, but rather supports, in our residents' cases, the option to continue some level of work.