



Department for
Communities and
Local Government



Department
for Work &
Pensions

Supported Housing Task and Finish Groups - Final Reports



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Introduction

As part of the Department for Communities and Local Government and Department for Work and Pensions 'Funding for Supported Housing' consultation phase, the Government established four Task and Finish Groups (TFG) to independently consider in detail some of the key issues included in the consultation document, which was published on the Government's website on 21 November 2016 and ran for 12 weeks (closing on 13 February 2017). It invited responses from across the sector, charities, housing developers, businesses, local authorities and the public on a range of different issues – such as how best to ensure fair access to funding, including any 'ring-fenced' money; the likely roles of local authorities, including how best to maintain high standards; providing assurance to developers and investors who create new supply; and the challenges around funding for short-term accommodation including hostels and refuges.

The consultation document is located on the Government's website and can be found at the following link:

<https://www.gov.uk/government/consultations/funding-for-supported-housing>

A summary of the Government's response to the consultation (in November 2016) was published on the Government's website on 31 October (at the same link).

Task and Finish Groups & Terms of Reference

The Government convened four dedicated 'Task and Finish' groups to give detailed consideration to specific issues from the consultation and to consider options for resolving them. Ministers appointed independent chairs and members for each of the four groups from across the supported housing sector. The groups consisted of those who had identified as a specialist interest in a specific group, as well as a wider interest in supported housing.

The TFGs were invited to explore and develop policy options to inform the design of the new supported housing funding model and propose a new approach for managing short-term accommodation. Officials from relevant Government departments also participated as observers.

The chairs wrote independent reports outlining their group's considerations and recommendations. Secretariat was provided by the Department for Communities and Local Government. Each TFG had its own Terms of Reference (ToR) which outlined the key issues for each group to consider.

Task and Finish Group 1 - Fair Access to Funding

This group explored:

- the detailed design of the ring-fence (how this should be defined – e.g. for provision rather than for client groups);
- whether additional protections are needed for particular client groups, including those without existing statutory duties (requiring cross-government consideration); and
- how to ensure all local commissioners can have appropriate access to funding (e.g. Clinical Commissioning Groups and district housing authorities; and who best to hold the funding in two-tier local areas).

Task and Finish Group 2 - Local Roles, Responsibility and Oversight

This group explored two linked issues:

- clarity around expectations for local roles and responsibilities (e.g. what planning, commissioning and partnership arrangements might be necessary locally); and
- what further arrangements there should be to provide appropriate oversight and assurance for Government, service users and taxpayers around ensuring value for money and quality outcome-focussed services (e.g. including transparency and reporting).

Task and Finish Group 3 – New Supply of Supported Housing

This group focussed its consideration on addressing four relevant questions in the consultation document 'Funding for Supported Housing':

- 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?

Task and Finish Group 4 – Short-Term Accommodation

This group explored:

- potential funding models for short-term accommodation (including hostels and refuges). More than one model may be needed to reflect the diversity of this type of provision.

Meetings and Governance

The TFGs met on three/four occasions between January and April 2017. Representatives from certain relevant Government departments and agencies also attended. The chairs of the TFGs also met to share their initial findings and consider any cross cutting issues.

Recommendations

Each TFG has produced an independent report to summarise their groups' considerations and recommendations which are outlined in this paper.

Acknowledgements

The Government would like to thank all the chairs and members of each TFG for their time and commitment. Each group has clearly taken a very thorough approach in considering its ToR and the reports, and all contain constructive recommendations. The groups' findings will continue to be used to develop policy and Ministers would like to express their gratitude to each chair and the members.

Background

Supported housing helps hundreds of thousands of the most vulnerable people across the country. A safe, stable and supportive place to live can be key to improving people's lives, and for many it is a stepping stone to independent living in the longer term. The Government is committed to supporting these people.

The supported housing sector is diverse. People with physical or learning disabilities, drug or alcohol problems, ex-offenders, care leavers, older people, homeless people and those fleeing domestic violence are some of the groups who use this provision. The providers range from small charities to large housing associations and a small number of private sector providers. The Government values the vital role that supported housing plays. It helps many people lead independent lives or turn their lives around and brings savings to other parts of the public sector such as health and social care.

The Government is also committed to protecting and boosting the supply of supported housing whilst also ensuring that it provides value for money and works for those who use it, as well as those who pay for it. On 15 September 2016, in a Written Ministerial Statement from the Secretary of State for Work and Pensions (HCWS 154), the Government announced a new approach to funding housing costs for supported housing which will aim to ensure that the supported housing sector continues to be funded at current levels.

A transcript of the statement can be found at:

<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-09-15/HCWS154/>

The statement said that we expect 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 Local Housing Allowance (LHA) rate. For costs above the level of the LHA rate, the Government expects to devolve in England an amount of funding for disbursement locally. In Wales and Scotland, an equivalent amount will be provided and it will be available for those administrations to decide how best to allocate the funding. In England, the Government also expects to devolve funding to local authorities to provide an additional 'top-up' funding to providers where necessary.

Task and Finish Group 1 - Fair Access to Funding Final Report

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Introduction

1. On 15 September 2016 the Government made an announcement in relation to Housing Benefit: Written Statement – HCWS154. Subsequently a ‘Funding for Supported Housing Consultation Paper’ was published on 21 November 2016. The consultation sought views on the design of the Government’s new funding model for supported housing, as well as views on how funding for emergency and short-term placements should work. Alongside the consultation the Government set up four Task and Finish Groups to consider the key issues raised in the consultation.
2. This is the report of Task and Finish Group 1 on Fair Access to Funding which was tasked to explore:
 - the detailed design of the ring-fence and who should hold the funding;
 - how the funding model design can maximise collaboration between commissioners;
 - whether additional protections are needed for particular client groups, including those without existing statutory duties;
 - how local allocations can match need for supported housing.
3. The group met on three occasions, with its first meeting being held on 13 January 2017 and the last on 20 February 2017. The group has been supported by DCLG officials providing the secretariat, along with officials from Department for Work and Pensions, Department of Health, Home Office and Ministry of Justice. The terms of reference and membership of the group are at Annex A.
4. The group membership was drawn from a wide variety of stakeholder organisations and independently chaired. The conclusions reached in the report may not be those of all the members of the group individually, or their organisations, but attempts to reflect the overall views of the group.

5. In addressing the issues set out in the terms of reference, and to ensure these were seen in context, the group was keen to express its views on the proposed funding model as a whole:
- Concern was expressed that the new proposed funding model, in response to the introduction of Universal Credit, removes the right of a qualifying individual to receive supported housing rental costs.
 - Using the Local Housing Allowance (LHA) rate as the basis for supported housing costs is inappropriate. The vastly different rates across England cannot properly or consistently reflect the costs of providing supported housing.
 - Using the LHA rate is likely to penalise Local Authorities (LAs) and providers which have built supported housing provision at affordable rent levels as opposed to social rents.
 - The new model poses greater risks for LAs and providers who have provided a more adequate number of supported housing units.
 - The model is likely to discourage future supply in areas where, due to the “accident” of geography, the LHA rate is low.
 - A number of people questioned the inclusion of older peoples housing at least until 2022 when DWP’s system to replace housing benefit for older people will be in place.

Executive Summary

6. The introduction of a specific ring-fenced grant should be allocated to upper tier authorities and accompanied by a requirement to produce strategic plans for supported housing following a comprehensive assessment of existing provision and future need. Strategic plans, at the upper tier level, should sit alongside the requirement set out in the Housing White Paper for Planning Authorities to bring forward an adequate supply of accessible housing. The Plans should be designed to meet the key required citizen outcomes, as described in the various statutory outcome frameworks, and be complementary to Health & Wellbeing Strategies, Sustainability and Transformation Plans (STPs), and the key commissioning plans in areas.
7. Supported housing is part of a continuum in supporting people in relation to their wellbeing, independence, and health – a flexible, often preventative approach with the ability to straddle community support, social care, and health. The range of housing and support arrangements required should therefore be integrated into joint commissioning strategies, including Better Care Fund plans.
8. Commissioner members of the group expressed a clear view of their need for flexibility in administering the new arrangements to meet individual and collective need whilst adhering to person centred principles and maximising the opportunities to improve outcomes for people through joint working and integrated solutions. This

needs to be balanced with the need to protect tenants in existing arrangements and the viability of providers and supported housing schemes – especially in relation to older people.

9. Sufficient funding needs to be transferred nationally and at local level to at least sustain existing arrangements together with an agreed method of the funding increasing to meet future need, particularly responding to changing demographics.
10. It is noted that a transition year is planned but given the fundamental changes proposed it is considered the timeframe is very tight and poses significant risks.

Consideration of the key issues

The detailed design of the ring-fence

11. The group recommend the ring-fence should be based on a “lift and shift” model with ring-fenced funding being at least at the current national level and matching current local distribution. This would allow existing tenants to be protected.
12. It is essential that existing vulnerable tenants be protected from the possible loss of tenure. Existing tenants also need to be protected for the duration of their tenancy from the uncertainty and anxiety that could be caused by a prolonged wait for decisions about whether they qualify for top-up funding.
13. The group considered the use of the ring-fenced funding with most suggesting that the guidance should restrict its use to housing related costs only. The ring-fence should be long term with new research to determine the correct level of funding required in each LA area. The figures in the Ipsos Mori report cannot be relied upon for the ring-fence as these were a “snapshot in time” with only a 48% response rate.
14. Allowance must also be made for growth of the fund. Any model must be linked to inflation, take account of fair access for all client groups, and take account of demographic change, including that the disabled population is increasing and living longer.
15. The ring-fence should be held by upper tier LAs but with a requirement to involve Housing Authorities in planning and decision making which would take account of their statutory responsibilities and expertise. Integral to this, each locality should prepare a Supported Housing Strategy which will need to meet the needs of all the various client groups.
16. The group considered whether the ring-fence should be subdivided into allocations for certain individual client groups – “pens and paddocks”. This was not favoured overall as it would be disproportionate and complex to administer.
17. Consideration should be given to utilising the Public Health Grant as a model whereby conditions are laid down on the outcomes that are to be achieved. There should be statutory national guidance stating what Supporting Housing Strategies should cover. LAs should be allowed to pool funds, thus supporting joint commissioning arrangements and integrated working. The guidance should also

support cross boundary arrangements for client groups for whom a local connection for supported housing is not always appropriate, e.g. victims of domestic violence, ex-offenders and those with drug and alcohol problems.

18. Delivery of any new model would be an additional burden on LAs and this will need to be funded by central Government. It needs to be also acknowledged that this system is likely to also have cost implications for providers.
19. There was a clear call from commissioners on the group for flexibility to commission services to optimise resources, support integration, and better meet outcomes, with a strong emphasis on personalisation and person centred approaches. Others recognised the risk in this approach with the potential for inconsistent application, both for providers who needed long term security and protection for existing tenants. There was also seen to be some risks in an outcomes approach which may not take full account of prevention and preventative services.
20. Long-term certainty of funding levels for the ring-fence is seen as essential. Funding in addition to the "lift and shift" of existing spend is necessary to account for the inevitable growth in demand. Without long term certainty the provision of new supply will continue to be stalled and existing provision reduced.

Funding model design and collaboration between commissioners

21. The group recommend local areas should be required to draw up a supported housing strategy. Optimally this should cover five years and include an assessment of supported housing need. A strategy is to be evidence based and a "live document" which will need refreshing/amending over the time period.
22. The group further recommend that the Government produce statutory guidance which sets down the principles and requirements the supported housing strategies should follow. The statutory guidance needs to maintain a balance of being sufficient to protect minority groups whilst not being over prescriptive, so as to allow local areas to take account of their particular circumstances.
23. The guidance would require authorities to draw on joint strategic needs assessments and thereby ensure fair access to funding for all client groups. The guidance should highlight the requirement for preventative approaches, including how it can assist Adult Social Care authorities to meet their preventative responsibilities as set out in the Care Act.
24. It is recommended upper tier authorities should have the lead responsibility for drawing up the strategy but with a duty on others to co-operate for example; lower tiers, housing providers, NHS commissioners and providers, Police & Crime Commissioners. Account will also need to be taken of the need for cross boundary linkages, especially for particular client groups such as victims of domestic abuse. The guidance should promote integration and the grant seen as a 'floor' (i.e. the minimum to be spent) rather than a 'ceiling' when considering the overall spend on supported housing in an area, especially when housing models can support Health & Care strategies more effectively and efficiently. Personalisation and person

centred approaches should be seen as the cornerstone for commissioning services. Joint commissioning should be at the highest level that is appropriate.

25. In further developing these proposals, and any accompanying guidance, it is recommended that Government adopt an approach of co-production with stakeholders including client group representatives.
26. The strategy will need to both support and take account of neighbourhood plans and the requirements in the Housing White Paper for authorities to plan for sufficient housing for older and disabled people. The group is of the view that the strategy should be an opportunity to improve joint planning and commissioning.
27. A further recommendation is that strategies are subject to approval by DCLG and approval would trigger funding drawdown with monitoring linked to outcomes. Consideration should be given by Government to using a similar system to that employed for the Public Health Grant.

Additional protections for particular client groups, including those without existing statutory duties

28. Overall it is felt that protection for client groups should be afforded through the overall duty to undertake a supported housing needs assessment and set out how the need will be met through the strategy, together with a requirement to take cognisance of stakeholder input in the process. Government should give consideration to naming specific groups to be included in the needs assessment, particularly minority groups that are in danger of being excluded such as; those in need of drug and alcohol services, and offenders, however there is a risk that any groups not named may be afforded less attention.
29. In both assessing and meeting the assessed need there should be a duty on agencies to co-operate. The introduction of further ring-fencing ('pens and paddocks') was debated. In some areas, because of the variance in LHA rates the overall grant could be relatively small, and therefore a further ring-fence could mean a disproportionate administrative burden. In addition ring-fenced grants are often seen as ceiling amounts rather than floor amounts, and may not encourage wider 'pooling' and joint commissioning.

Drug and Alcohol and Ex-Offender Client Groups

30. The group recognised there were pros and cons in suggesting additional protections for these client groups. Those who recommend there are statutory duties do so because they believe that without protection groups perceived as "unpopular" can experience disproportionate cuts or withdrawal of support when services are discretionary.
31. Others are of the view that adequate safeguards could be included in the proposal for a needs assessment and the duty to include Police and Crime Commissioners, Prisons, and Probation organisations in the process. In addition, many relevant statutory duties already exist for Local Government and the NHS that can be

brought to bear, such as in relation to the Care Act, Children's Act and Public Health responsibilities.

Victims of Domestic Abuse

32. In considering the issue of fair funding for this client group it was recognised this could be impacted by how the future system would take account of those people needing short-term accommodation – the question being addressed by Task & Finish Group 4.
33. Many of the pros and cons of having additional guidance previously debated were also considered relevant to this client group. It was considered by some that a case can be made for commissioning services in this area at a national level (at present there is no consistent approach across the country and some localities have no provision at all). It is often not appropriate or safe for victims to remain in their originating locality, and this strengthened the view of strategies being required at the upper tier level and provision made for cross boundary arrangements.
34. The locality issue was also seen to be applicable to drug and alcohol and ex-offenders client groups.

Older People

35. The group looked at whether older people should be removed from the model as they were not subject to Universal Credit and direct supported housing payments could be made via a pension credit mechanism.
36. It was recognised that there is a body of opinion that considers older peoples housing should be exempted from the model altogether or at least older peoples housing should be exempt up to 2022 when DWP's system to replace housing benefit for older people is in place.
37. It was also noted however that removing older peoples housing could "empty the system" as older people accounted for 70% plus of the supported housing cohort, the majority of these being in sheltered housing. Older people were also much less likely to have short-term needs - on average a person lives in extra care housing for an average of 3 years and in sheltered housing for much longer.

Directing Available Resources to Meet and Achieve the Best Outcomes

38. The group was clear that the design of the funding model must include provision for future demand and growth, be linked to inflation and have sufficient funding to meet future that need.
39. The new system could include an outcomes framework, or link to the existing statutory outcome frameworks (such as Public Health, Social Care, Children's) which would have the effect of providing a framework for local strategies. As with the Public Health Grant requirements, DCLG could lead the monitoring of returns from authorities as part of grant conditions. The supported housing strategic plans would drive outcomes locally. Monitoring systems would need to be proportionate

and take account of resource implications. An outcomes framework also recognises a one-size-fits-all approach is not appropriate as needs and therefore priorities will be different in different localities.

40. In delivering the required outcomes in the various localities and regions the group was conscious that any guidance should be permissive and not restrictive to those places seeking a collective and collaborative approach to issues. Whilst guidance must be comprehensive, over prescriptive governance structures should be avoided, and recognise the various devolved arrangements that are emerging, that also provide the opportunity for organisations and areas to pool budgets.

41. Delivering best outcomes in an area will also be dependent on partner organisations playing a complementary part, and the proposal in relation to a duty to co-operate should extend to all organisations having a responsibility in relation to vulnerable people.

Recommendations

Recommendation 1 - The ring-fence should be based on a “lift and shift” model with ring-fenced funding being at least at the current national level and matching current local distribution. This would allow existing tenants to be protected.

Recommendation 2 - Local areas should be required to draw up a supported housing strategy. Optimally this should cover five years and include an assessment of supported housing need. A strategy is to be evidence based and a “live document” which will need refreshing/amending over the time period.

Recommendation 3 - The Government produce statutory guidance which sets down the principles and requirements the supported housing strategies should follow. The statutory guidance needs to maintain a balance of being sufficient to protect minority groups whilst not being over prescriptive, so as to allow local areas to take account of their particular circumstances.

Recommendation 4 - Upper tier authorities should have the lead responsibility for drawing up the strategy but with a duty on others to co-operate for example; lower tiers, housing providers, NHS commissioners and providers and Police & Crime Commissioners.

Recommendation 5 - The Government adopt an approach of co-production with stakeholders including client group representatives.

Recommendation 6 - Strategies are subject to approval by DCLG and approval would trigger funding drawdown with monitoring linked to outcomes. Consideration should be given by Government to using a similar system to that employed for the Public Health Grant.

Recommendation 7 - The design of the funding model must include provision for future demand and growth, be linked to inflation and have sufficient funding to meet future need.

Annex A - Task and Finish Group 1 Fair Access to Funding - Terms of Reference and Membership

Terms of Reference

This group will explore:

- the detailed design of the ring-fence (how this should be defined – e.g. for provision rather than for client groups);
- whether additional protections are needed for particular client groups, including those without existing statutory duties (requiring cross-government consideration); and
- how to ensure all local commissioners can have appropriate access to funding (e.g. Clinical Commissioning Groups and district housing authorities; and who best to hold the funding in two-tier local areas).

Issues to be considered include:

1. Identify what existing duties, obligations or financial incentives follow provision for supported housing client groups to determine what degree of current leverage they may have on local commissioning decisions for supported housing.
2. Are additional protections needed for particular client groups (or to re-balance incentives identified above), including those with statutory duties (requiring cross-government consideration)?
3. Are existing statutory duties sufficient for some client groups? Should statutory duties or other statutory provisions be extended and if so how would this work at local level for the commissioning of supported housing?
4. How can we maximise the opportunities for local agencies to collaborate, encourage planning and commissioning across service boundaries? and;
5. How should the above aims be achieved? Should there be central Government guidance covering this? If so what would it cover? Is monitoring of spend by client group required?

Membership of Task and Finish Group 1 - Fair Access to Funding

	Role	Name	Organisation
1	Chair	Neil Revely	Co-chair of Association of Directors of Adults Social Services Housing Policy Network
2	Member	Andy Pike	British Legion
3	Member	Helen Maneuf	Hertford County Council
4	Member	Paula Reid	Homeless Link
5	Member	Bruce Moore	Housing and Care 21
6	Member	Nigel Holmes	Housing Learning and Innovation Network
7	Member	Abigail Gallop	Local Government Association
8	Member	Kerry Tappenden	Medway Council
9	Member	Beatrice Barleon	Mencap
10	Member	Joanne Drew	Nacro
11	Member	Rob Main	Newark and Sherwood District Council
12	Member	Laura Choake	Newcastle City Council
13	Member	Karen Biggs	Phoenix Futures
14	Member	Kristin Dominy	South London and Maudsley Mental Health Trust
15	Member	Lizzie Magnussun	Women's Aid
16	Observer	Darrell Smith	Department for Work and Pensions
17	Observer	Sam Haskell	Department of Health
18	Observer	Stephanie Relf	Department of Health
19	Observer	Ben Bryant	Home Office
20	Observer	Mary Pilgrim National Offender Management Service	Ministry of Justice
21	Secretariat Lead	Corinne Gray	Department for Communities and Local Government

Task and Finish Group 2 - Local Roles, Responsibility and Oversight Final Report

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Issues/Executive Summary

1. This is the report of a Task and Finish Group on Supported Housing, focused on local roles, responsibilities, oversight, and older people's supported housing. The group met on three occasions, with its first meeting being held on 26 January 2017 and the last on 28 February 2017. The group has been supported by DCLG officials providing the secretariat, along with officials from Department for Work and Pensions, Homes and Communities Agency, Ministry of Justice and Public Health England as appropriate.
2. The group was chaired by myself, Councillor Izzi Seccombe, Leader of Warwickshire Country Council, and included representatives chiefly from local government and from providers – the terms of reference and membership of the group are at annex A. My role was to act as an independent Chair rather than as a representative of the Local Government Association. All of the members of the group were asked to participate in the same vein. The group's report is independent of Government; furthermore the conclusions reached in the report may not be those of all the members of the group individually and may not represent the views of the organisations represented. Nevertheless, the conclusions in my report are my summing up to attempt to reflect the overall views of the group. My report as Chair is intended for Ministers at the Department for Communities and Local Government who invited me to look at these matters and the report is submitted on the understanding that it is going to be published.
3. The group was established to help understand what local roles, responsibilities and oversight the Government's proposals for the future funding of supported housing need, with a special focus on older people. The group was asked to explore options on how the new funding model can work in practice, considering:
4. Clarity around expectations for local roles and responsibilities (e.g. what planning, commissioning and partnership arrangements might be necessary locally); and
5. What further arrangements there should be to provide appropriate oversight and assurance for Government, service users and taxpayers around ensuring value for money and quality outcome-focussed services (e.g. including transparency and reporting).
6. The group also looked at how commissioning under the model could support older people's supported housing.

Consideration of the key issues

7. Below is a summary of the group's discussions and consideration. The group's recommendations are in the following section.
8. The group agreed that supported housing funding is an extremely important topic and it is vital that the detail is correct. Although funding levels will be the same at implementation as they would have been in the absence of the Local Housing Allowance (LHA) measure, the reforms are still a substantial change. April 2019 is also a fairly short timeframe for implementation and this brings its challenges, particularly where transitional arrangements and needs assessment are expected. The group sought to understand and provide solutions in light of the impacts on tenants, providers, and local authorities as well as to discuss transitional arrangements.
9. The group believes that joined-up local strategic partnership working amongst local commissioners and authorities would be vital in ensuring strategic planning is well informed and balanced, and implementation is feasible. It should involve coordination between housing, Revenue and Benefits (and local DWP representatives in connection with Universal Credit where appropriate), adult social care and health authorities and commissioners and should also include providers, managing agents and other stakeholders. The group also believes it would make sense to coordinate with existing multi-agency working across housing and social care/health structures wherever possible. But the group is also concerned that seeking a consistent approach across the country could prove challenging, for example in differing areas of the country it might make sense to seek to coordinate with differing multi-agency strategic partnerships.
10. The group believes that further integrating the commissioning process at a local level could be an important means of facilitating outcome-focused commissioning and services for longer term housing for people who also have social care needs. The group is aware that a number of initiatives are already under way on further integration of health and social care services such as the Better Care Fund, NHS England's 2014 Five Year Forward View and the 2015 Spending Review commitment to integrating health and social care further (every part of the country to have an integration plan by 2017, to be implemented by 2020). The group is also conscious that integration of commissioning is extremely challenging. The group is therefore concerned whether, by as soon as April 2019, it would be feasible to seek to achieve anything more than limited further integration.
11. The group believes it would be important for the Government to ensure that local joined-up strategic planning is in place in a consistent manner but has concerns that achieving a one-size-fits-all approach could prove too restrictive to meet differing local circumstances and priorities.
12. A local mapping exercise across the country to map current supported housing against current and future on-going need would be important to aid both Government and local decisions on local allocations, particularly since most sheltered housing for older people is not commissioned (so information on need would not be easily available). It would also assist both short and longer term

strategic planning. The administration of this would need to be kept proportionate and be sufficiently funded by central Government.

13. As regards two-tier local authorities, the expertise in commissioning support and care currently resides at county level and the housing costs involved are intricately linked to such support. But the group is also acutely conscious that the current expertise on housing costs is at district level, and bids will predominantly (if not overwhelmingly) be for housing costs. The group never reached a consensus on which tier should hold the funding. Although there was some support both from local authorities and from providers for a flexible approach in different local authorities. The group agreed that a national framework could ensure that in two-tier areas there was a counterbalance to whichever tier was the lead authority.
14. A national framework of guidance on top-up funding would help encourage consistency and would also reduce burdens on commissioners and providers, provided there is an appropriate level of flexibility to allow for differing local circumstances. The group also believes that the framework should provide for both national and local monitoring. National monitoring by central Government would assist assurance on value for money, that the fund is being used as intended and provide on-going evaluation of the impact of the policy on the supported housing market and its tenants, but it would need to be proportionate. The framework should also provide for local monitoring, by local authorities on providers, but allowing flexibility for local priorities and again should keep requirements on councils and providers proportionate, using existing frameworks where possible.
15. Restricting the fund exclusively to meet housing costs would assist in ensuring that rent and service charges above the LHA rate could be met from the top-up, albeit some in the group question whether there should be some limited scope to allow for flexibility and joined-up commissioning. They suggest there could be more scope for flexibility if the top-up fund were to be pooled with other local support, health and care funding streams but (as noted above as regards integration) the group feel that that would not be feasible in time for April 2019. However, the group did not reach consensus on this. There was also concern that care budgets should not be diverted to pay for rent and that the top-up fund should not be diverted to pay for care.
16. The group's discussions have also recognised that long term contracting or commissioning would reduce the risks faced by providers and could help give developing providers greater confidence to invest in building future new supply schemes. However, some local authorities were concerned by these proposals as long-term commissioning would increase the financial and political risks for commissioners.
17. The group was conscious there was a regulatory gap in particular as regards non-commissioned schemes operating in the 'for profit' sector (if they were not providing the types of care and support regulated by the Care & Quality Commission). But there was strong concern that a high regulatory response could prove burdensome and disproportionate for those already being regulated elsewhere, e.g. housing associations and charities.

Older people's supported housing

18. On older people's housing, we are conscious that about 70% of the supported housing sector comprises of units for older people. The majority of housing for older people is sheltered housing but with a proportion being extra care. Sheltered housing developments are predominantly not commissioned by local authorities (though Extra Care schemes tend to be). As most sheltered housing is not commissioned we consider that local mapping by top-up fund commissioners would be important. Most residents staying in Extra Care housing are in receipt of a care package, and we are also conscious there is a growing demand from councils for Extra Care. We are also conscious that older residents in supported housing might often have multiple needs and could cut across client groups e.g. learning disabilities or ex-offenders.
19. Given the geographical variation in Local Housing Allowance, we are concerned that in some areas bidding for the top-up fund may be very competitive. In such cases, bids for sheltered housing might be considered a lower priority by commissioners because shortfalls in sheltered housing are likely to be financially smaller than shortfalls in other forms of supported housing (where housing management and services are more intensive) and because other forms of supported housing will have more immediate and measurable outcomes. But the group is concerned that such rent shortfalls if not funded from the top-up will need to be met from pensioners own pockets, which is likely to cause hardship and could risk arrears and evictions.
20. As a group we are concerned that for older residents a sense of security is an important element of sheltered housing and that residents ought not to feel worried about rent arrears or eviction. It also feels inequitable that a sheltered housing resident in one area might face such concerns due to benefit shortfalls whereas in another a resident with the same need would have their rent and service charge wholly covered through personal entitlement through the benefit system. The group's real preference would have been for a separate or higher LHA rate for supported or sheltered housing or not to apply the LHA. The group also feel it is premature to include older people under the current proposals given that older people are not part of Universal Credit and that making small payments for sheltered accommodation, where costs tend to only be a bit higher than the LHA, could be disproportionate.

Concerns on top-up model approach

21. The group's recommendations on options to assist the Government in developing the detailed design of the top-up funding model follow in the next section. But the group is also keen to record a number of concerns with the top-up approach.
22. We believe that the local top-up will involve greater risk to providers/councils/residents than relying on personal entitlement through the national benefit system, and that the geographical variance involved will mean some areas will be much more reliant on top-up than others, which will put great financial strain on councils to support rental costs for their vulnerable people in supported housing and will mean some tenants have the security of benefit

entitlement, while others in a different area will have to rely on local discretionary payment. We also have concerns over how long-lived into the future the ring-fence will prove to be.

23. The group's real preference would have been for a separate funding model or for higher LHA rates for older people's sheltered and other supported housing, which were high enough to meet genuine housing costs, or not to apply the LHA rates at all. This is particularly due to the group's concerns about the sharp geographical variances the LHA creates, although long-term certainty for providers, difficulty with adapting to changing levels of need and increased financial risk for local government and providers were also points of concern when it comes to LHA rates.

24. We feel strongly that measures must be put in place and funded by Government to ensure transitional protections for existing claimants at point of transition in April 2019. We also would caution that the Government should not underestimate the delivery challenges, costs and lead times required for authorities and providers to implement the new top-up model effectively and smoothly, nor the legal risks and obstacles they may encounter.

Recommendations

Recommendation 1 - Guidance should mandate joined-up local multi-agency partnership working on commissioning and strategic long-term planning for supported housing, including on future need, building where possible from existing local arrangements, but without being overly prescriptive as to the precise form of such partnerships and such planning, and allowing for flexible tailoring to local circumstances, including devolution progress.

Recommendation 2 - In the timescale for an April 2019 introduction, the initial design of the top-up model should provide protection for existing services currently funded through Housing Benefit, with exploration of integration on commissioning and services seen as a longer term objective.

Recommendation 3 - The Government should urgently involve local commissioners and providers in local mapping to assist in accurately determining local funding allocations from Government in 2019-20 and regularly thereafter to ensure that allocations are informed of changing local demographics, provision and need, over time, including allowing for supply to expand to meet need. The standard methodology for such mapping should be developed in agreement with local authorities and providers.

Recommendation 4 - There should be national guidance to ensure some consistency, particularly where providers operate across wide ranging areas of the country. However, it must not be overly prescriptive and should allow some reasonable scope to allow for flexible tailoring to local circumstances, including devolution progress.

Recommendation 5 - In the short term, the definition of eligible costs to be met from the top-up fund should be restricted to housing costs, i.e. rent, service charges, housing management, repairs and refurbishments. This should be reviewed again in the longer term, if different funding streams can be pooled together with the top.

Recommendation 6 - Guidance should encourage commissioners and developers to explore the possibility of long-term commissioning and contracting wherever feasible.

Recommendation 7 - The Government should strongly encourage commissioners to make block grants to providers rather than to look at personalised entitlement for individual claimants, in order to reduce the administrative complexity involved.

Recommendation 8 - To mitigate some of the uncertainty the proposals introduce into providers' financial models, central Government should consider increasing upfront capital grant subsidy rates for supported housing new supply e.g. from the Affordable Homes Programme, where Local Housing Allowance rates are low.

Recommendation 9 - The framework should provide for both national and local monitoring. National monitoring by central Government should assist assurance on value for money, confirm that it is being used for the intended purpose and that on-going evaluation of the impact of the policy, but must be kept proportionate. The framework should also provide for local monitoring but allowing flexibility for this to be tailored to local priorities and again should ensure that requirements on councils and providers are proportionate.

Recommendation 10 - Any further regulation of supported housing should be as a last resort, bearing in mind that commissioners will be monitoring through the commissioning relationship and that some providers are already being regulated.

Recommendation 11 - The Government should undertake a full impact assessment and should also assess public sector equality duty and other legal challenges that may be encountered in local delivery, including any implications for tenancy agreements. Following implementation, there should also be a review.

Recommendation 12 - There should be transitional protections for existing benefit claimants at midnight Sunday 31 March 2019.

Recommendation 13 - Additional administration procedures and transaction costs must be proportionate. The Government should work with councils to consider new burdens considerations.

Recommendation 14 - The Government should communicate an end to end delivery plan as soon as possible, to assist local government and providers with planning ahead and so that they are sighted on lead-times and reassured these are feasible.

Annex A - Task and Finish Group 2 Local Roles, Responsibility and Oversight - Terms of Reference and Membership

Terms of Reference:

This group will explore options for how the new funding model can work in practice considering:

- clarity around **expectations for local roles and responsibilities** (e.g. what planning, commissioning and partnership arrangements might be necessary locally); and
- what further arrangements there should be to provide appropriate **oversight and assurance** for Government, service users and taxpayers around ensuring value for money and quality outcome-focussed services (e.g. including transparency and reporting).

Issues to be considered include:

1. The local roles and responsibilities in planning, commissioning and partnering considering that the new model will give local authorities an enhanced role in commissioning supported housing in their areas – and ensuring that this does not mitigate against client groups;
2. The potential for integrating services. 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; and the administrative impact on local authorities.
3. Are there any aspects of present commissioning systems which would need to be changed/amended/flexed to maximise benefits from the new model?
4. How will commissioning under the new system support older peoples supported housing?
5. How can we ensure that services are as good as they can be – of high standards, quality provision and focus on user outcomes?
6. Whether regulation is needed and what would be a proportionate amount?
7. Should there be a national monitoring framework or local ones? By client group? By outcomes or spend or both?
8. Ensuring that any oversight system is proportionate and not burdensome to local authorities.

Membership of Task and Finish Group 2 - Local Roles, Responsibility and Oversight

	Role	Name	Organisation
1	Chair	Councillor Isobel Seccombe	Chair of LGA Care and Wellbeing Board
2	Member	Joe Skipp	Ability Housing
3	Member	Joe Oldham	Age UK
4	Member	Sarah Davis	Chartered Institute of Housing
5	Member	Julie Curtis	Clinical Commissioning Group NHS Commission Surrey Heath
6	Member	Kathy Gilmore	Devon and Cornwall Housing Association
7	Member	Diane Barkley	Greater Manchester Combined Authority
8	Member	Nigel Minto	Hackney Council
9	Member	Andrew van Doorn	Housing Association Charitable Trust
10	Member	Abigail Gallop	Local Government Association
11	Member	Alex Sewell	London Councils
12	Member	Sue Ramsden	National Housing Federation
13	Member	Hugh Owen	Riverside Housing Association
14	Member	Alan Caddick	Sunderland City Council
15	Member	Amber Christou	Swale Borough Council
16	Member	Lucy Hadley	Women's Aid
17	Observer	Darrell Smith	Department for Work and Pensions
18	Observer	Robert Dryburgh	Homes and Communities Agency
19	Observer	Liz Spencer	Ministry of Justice
20	Observer	Gill Leng	Public Health England
21	Secretariat Lead	Alan Millward	Department for Communities and Local Government

Task and Finish Group 3 - New Supply of Supported Housing Final Report

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- Consideration of key issues (including recommendations)
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 - National commissioning framework – and need assessments
 - Protection during transition
 - Defining the new model
 - Levels of allocation of funding
 - Geographic differences in Local Housing Allowance rates
- Annex A – Terms of Reference and Membership of the Group

Introduction

1. This is the report of the Supported Housing's Task and Finish Group (TFG) which considered how to give providers, developers and investors greater certainty in order to unblock stalled sites and ensure a pipeline of new supply of supported housing in the future.
2. The terms of reference is at Annex A, however the group unanimously agreed to focus its consideration on addressing four relevant questions in the public consultation 'Funding for Supported Housing'¹:
 - *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?*

¹ <https://www.gov.uk/government/consultations/funding-for-supported-housing>

3. The group met on three occasions, with its first meeting being held on 9 January 2017 and the last on 27 February 2017. The group has been supported by DCLG officials providing the secretariat, along with officials from DCLG, Department for Work and Pensions, Department of Health, the Homes and Communities Agency, Ministry of Justice and NHS England. The terms of reference and membership of the group are at Annex A.

Executive Summary

4. The group considered that the design of any new system needed to:
 - reflect that the purpose of the proposed top-up funding was to meet the additional housing costs of vulnerable people, and not the costs of care and support. Therefore, whatever level this was administered at, it would require knowledge of the local supported housing market and relevant expertise in relation to housing quality and cost. This would be essential to secure both existing and new supply;
 - be funded at a level that is proportionate to the level of need;
 - provide adequate transitional protection for existing tenants;
 - exempt older person's accommodation;
 - contain an element of personal entitlement within the social security system;
 - minimise the risk to providers to maintain and invest in existing supply and build badly needed new homes; and
 - recognise that increased risk means higher-level costs of borrowing which may result in no or very low development, at least in some areas, and particularly for forms of supported housing for which there are almost no residents who'll be covering their own housing costs.

Consideration of key issues

Lack of certainty

5. The group was concerned that the proposed funding model did not provide sufficient certainty around guaranteeing funding at national, local or scheme level, or clarity about scope. This was damaging to new and existing supported housing development and was undermining developer and provider confidence.
6. Members of the group exemplified how uncertainty in the supported housing market was already impacting developers' decisions. Many, much needed new schemes were not being developed. Those which were, had lower quality around building design, leading some to only incorporate generic design to specialist provision, whilst others were reducing communal space. This is likely to mean that it is more difficult to design schemes that meet the needs of a range of service users, and that

design standards will be compromised in order to enable a short-term exit strategy. It was also thought that some existing stock was now being decommissioned.

7. This was adversely affecting consumer confidence and market credibility which, in turn, seemed to be impacting the *future* investment particularly of new schemes. Investors needed significant guarantees that rents for specific schemes would be fully covered in the medium to long term – potentially of 20, 30 or 40 years – or at least a guarantee of “No Change” in the foreseeable future. Without such guarantees, much needed new schemes would either not be developed or would be more expensive to the public purse as the cost of investment would rise given the higher risk and the need therefore for a higher return.
8. The group therefore considered that the Government urgently needed to give immediate assurances that there would be sufficient guarantees of funding for specific schemes, both existing and those in development, in the immediate and long-term. Any new funding model would also need to accommodate inflationary pressures; transitional arrangements to protect existing schemes; changes in local priorities; as well as being flexible to account for ‘new’ needs in the unforeseen future.
9. In addition, the new model needs to be responsive to any further national policy changes, which would include changes to the Local Housing Allowance (LHA). The new model needs to address the issue of securing supply across all parts of the country. In relation to this point, the group were very aware of the potential impact of the significant variation of LHA across different geographical regions. Any new model would need to include flexibility to enable local authorities to incorporate additional services into the system alongside their existing statutory duties especially given constraints to local authority budgets.

Recommendation 1 - In order to boost new, and reignite stalled, supply, there needs to be long-term certainty that rent levels for specific schemes will be funded into the long term and final arrangements for the new model should be urgently clarified.

Recommendation 2 - Any new model must be able to accommodate changing local and national priorities in the future, ensuring that sufficient funding is available to keep-up with changing needs and costs.

National commissioning framework – and need assessments

10. The group supported some form of a national framework but queried its scope. Questions arose about whether a national framework would determine the status of the funding, which in turn would determine the administrative requirements within the local authority. It was suggested that building specifications, particularly for accommodation for specialist groups, was within scope of any national framework.
11. The group also discussed whether there should be a requirement in any nationally determined framework for local authorities to assess local future needs. It was proposed that robust need assessments, and guidelines for conducting those,

would be necessary in any national commissioning framework. Relevant central government departments, such as the Department for Work and Pensions and the Department for Health, may also need to inform any national statement given the relevance of specific client groups (e.g. people with learning disabilities) and to support it over the long term. The question of cross-departmental engagement with this key agenda was a key topic, and was seen to be essential for its local and national success.

12. The group argued that there was potential for a national framework to help secure security of funding for tenants and providers. This framework should work alongside the rules governing the operation of the ring fence. Providers across the group wanted to stress the origin of the funding being transferred to local authorities; at present individuals receive this funding through an entitlement to benefit to cover housing costs. The system should be capable of offering the same level of assurance and should continue to be ring-fenced for spending on housing costs. There are a number of ways that this could be achieved but it is the end result that is important in securing supply.
13. There may be inherent challenges to local authorities of implementing a national framework, not least given the existing hierarchy of local authority plans. The group thought that a national framework would inevitably end up being 'high-level' given the number of local authorities and their varying functions, particularly the boundaries between district and county councils. Care would therefore be needed to ensure that any framework enabled flexibility in meeting different geographical and local needs – but, equally, had sufficient weight as national guidance. Particular regard would need to be given within the framework to the differential responsibilities between upper and lower tier authorities.
14. Whilst concerns were also raised about how a national framework could function within areas of limited or no top-up funding because of geographical differences around the LHA, the group concluded that it would be more beneficial than not to have some form of a national framework. The framework should promote and underpin high standards in relation to quality of provision, personalisation and tenant choice.

Recommendation 3 - Any national framework should have overarching objectives, including robust needs assessment, quality of provision and tenant choice, which are fully informed by local authorities and providers. It should enable councils to respond flexibly to future changes to local needs. The core purpose of this framework should be to deliver security of funding and consistency of supply across the country.

Protection during transition

15. The group was generally concerned about the anxiety and insecurity being caused by the proposals to existing tenants who could potentially lose their tenancy after April 2019 if the local authority does not provide the top-ups in their cases. There was a need for transitional protection for all existing tenants for a number of years while the new system was introduced. There was also a concern around timelines for implementation which it considered inadequate especially as the changes were

currently proposed to be introduced ahead of the timescale for the full implementation of universal credit. Also, the ring-fence was, as yet, for an undesignated period. A longer period of transition than the proposed 'shadow year' (April 2018-April 2019) was considered necessary, especially for local authorities as it could take some time before each council knew their funding allocation and had in place an appropriate administrative system.

16. There was general consensus that there needed to be a decent testing and/or trial period. Whilst the group had concerns that this might lead to more blockages in the pipeline which could continue to adversely affect investor's willingness to fund, it was felt that the high level of uncertainty about whether or not the proposed system would work presented more of a risk, and therefore would block development.
17. Preliminary work on testing the system was imperative. The group strongly advocated transitional protection for existing service users and schemes, and by different groups e.g. by geographical areas. It was also suggested that any different system of funding for short-term services should be piloted before any decision was made.
18. The group considered that achieving the 2019 deadline would be challenging and potentially detrimental in that it would not allow for appropriate piloting.
19. It was suggested that this time-limited testing period could be aligned with the roll-out of Universal Credit.

Recommendation 4 - There needs to be transitional protection for existing tenants for a number of years and time-limited testing, of at least one year, to allow the changes to be piloted and amended as appropriate.

Defining the new model

20. The group was aware of the existing definitions of 'supported housing' which had different purposes across social housing regulation, social housing rent setting, and benefit entitlement for tenants. However, it was concerning that any new definitions for the proposed funding model was, as yet, unknown. The group therefore considered that the new model required urgent defining, including the ring-fence for funding under the new system.
21. The group considered that any new definition should encompass the additional housing costs of providing, managing and maintaining housing for vulnerable people. The group queried whether the level of funding covering eligible service charges under Housing Benefit would be guaranteed under the new regime, recognising that the Universal Credit eligibility is different. This urgently needs to be tested and explored. The group also queried if the top-up money would go to the individual or landlord and, if to the individual, would there be a requirement for the top-up to be means tested. There was a view from some members of the group that top-up funding to the landlord or service provider would be easier to administer.

Recommendation 5 - Early clarity of new and/or expected definitions are essential, recognising that top-ups must be for the additional housing costs of providing, maintaining and managing housing for vulnerable groups.

Levels and allocation of funding

22. The group emphasised the importance of having personal entitlement through the social security system for residents in all forms of supported housing, including transitional housing, as without this, any future development would be almost impossible. The funding for the new system must be proportionate to the level of needs. The group remain very unclear about the exact amount of money that might be administered under a top-up scheme, and what would remain as an element of personal entitlement within the social security system via LHA.
23. The group considered that existing tenancies and schemes would need different treatment to future tenancies. If existing tenancies were provided with specific guarantees, this would help to allay the anxiety being caused to current tenants and their families and might unlock refurbishment programmes for existing stock, ensuring they remained a core part of the supported and sheltered stock. For local authorities and developers this would enable a more targeted discussion about what is new and what funding is available for new supply within the new pot.

Recommendation 6 - Existing tenancies and schemes should have different treatment to future tenancies including being provided with several years' transitional protection.

24. The group was firmly of the view that the new model would need to address concerns around administrative burdens and costs, ensuring simplicity in any new model. This was relevant to all parties (developers, providers, investors) but also to local authorities in administering the top-up. The group generally felt that, on balance, given its responsibility for the broader strategies which supported housing complemented, the Upper Tier would probably be better placed to manage the funding. However, links with housing and homelessness functions in Lower Tier authorities were considered to be critical.

Recommendation 7 - The Upper Tier should hold the funding, however, recognition of sustaining or sharing expertise in administering housing costs at this level is essential.

25. The group remained concerned about how the Government would allocate funding and its capacity to increase to accommodate new supply. The latter would be necessary for providers in order to be confident about developing new supply. Revenue funding certainty was a critical factor for development. For it to have a meaningful impact, funding needed guaranteeing for at least 20 years.
26. The group strongly advocated separating older peoples housing from the current funding proposals. Sheltered housing was a very large part of the supported housing stock but with relatively inexpensive elements. It considered that there

were significant differences in terms of levels of top-up funding required for older peoples homes (particularly sheltered housing) and much of the rest of supported housing.

27. The group considered the case to make special arrangements to secure the supply of specialised supported housing (SSH). This is because SSH applies only to a small number of people with high support needs where the housing has been provided in clear agreement with the local authority and with no or negligible public subsidy. There is a clear definition of SSH and there is already an exemption for SSH from the 1% rent reductions.

Recommendation 8 – Confirmation of an agreed figure of overall funding (for distribution to local authorities) is needed and this must be based on actual existing spend on Housing Benefit in that local area with a top-up to take account of new supply to meet identified need.

Recommendation 9 – To boost investor confidence, funding should be guaranteed for at least 20 years.

Recommendation 10 - In order to secure supply, reduce costs and remove complexity, older persons accommodation should be removed from the model. It also recommends the case for the removal of specialised supported housing be considered in more detail in light of Transforming Care.

Geographic differences in Local Housing Allowance rate

28. The group was very concerned that significant geographic differences in LHA rates was likely to cause long-term problems for both the sustainability and development of supported and sheltered housing in certain parts of the country. It strongly urged that the current rates of LHA were in need of significant revision as the group felt that they did not represent current market rates for general needs housing, and were wholly inadequate for recognising the costs of supported housing.
29. The group further considered that the current approach of freezing LHA suggested that the top-up would need to continue to grow in relation to the effective real value reduction of LHA. It was recognised that a starting point for funding is required, and the LHA could offer that, but not in its current state. Group members reflected that LHA itself had been changed and pushed downwards since its inception, creating further concerns about instability. The new model should reflect quality, choice and value for money, and that it was at a local level that this assessment could best be achieved, against nationally agreed definitions.

Recommendation 11 – Local Housing Allowance rates are reviewed to better reflect current market values and to encompass costs which are specific to supported housing.

Annex A - Task and Finish Group 3 New Supply of Supported Housing - Terms of Reference and Membership

Terms of Reference:

This group will consider options to promote an appropriate balance between local flexibility whilst giving providers, developers and investors greater certainty to unblock stalled sites and ensure a pipeline of new supply of supported housing into the future. It will explore:

- **How to help unblock stalled sites and ensure a pipeline of new supply**, while maintaining flexibility for local commissioners (e.g. looking at what additional assurance can be provided, such as use of a uniform national commissioning framework) beyond the ring-fence for developers and investors; and
- The potential for alternative finance and delivery models for **increasing supported housing supply** through the use of social investments.

Issues to be considered include:

1. Within a localised funding model would it aid providers, developers and investors to have a degree of standardisation of a local top-up?
2. Whether a national statement of expectations or national commissioning framework within which local areas tailor their funding would promote confidence to providers?
3. Are their different assurances needed for smaller/larger providers?
4. Are different assurances needed for providers of different client groups?
5. Exploring the potential for alternative finance and delivery models for increasing supported housing supply through the use of social investments.
6. Is there any other role central government should play?

Membership of Task and Finish Group 3 - New Supply of Supported Housing

	Role	Name	Organisation
1	Chair	Vic Rayner	CEO of National Care Forum
2	Member	Michael Voges	Associated Retirement Community Operators
3	Member	Tom Bennett	Big Society Capital
4	Member	Julie Ogley	Central Bedfordshire Council
5	Member	Andrew Bartlett	Family Mosaic
6	Member	John Galvin	FirstStop
7	Member	Lucy Malarkey	Gentoo (Sunderland Housing Association)
8	Member	Alastair Graham	Golden Lane Housing
9	Member	Deborah Halling	Greater London Authority
10	Member	Paula Broadbent	Keepmoat Homes
11	Member	Pete Gladwell	Legal and General
12	Member	Sue Ramsden	National Housing Federation
13	Member	Shaun Bennett	Oxfordshire County Council
14	Member	Chris Cole	Sanctuary Housing
15	Member	Anna Nevin	Stafford Borough Council
16	Member	Richard Hughes	YMCA
17	Observer	Alex Davis	Department for Communities and Local Government
18	Observer	Darrell Smith	Department for Work and Pensions
19	Observer	Sam Haskell	Department of Health
20	Observer	Will Perry	Homes and Communities Agency
21	Observer	Robert Dryburgh	Homes and Communities Agency
22	Observer	Graham MacKenzie	Ministry of Justice
23	Observer	Amy Swan	NHS England
24	Secretariat Lead	David Agnew	Department for Communities and Local Government
25	Secretariat	Siobhan Ritchie	Department for Communities and Local Government
26	Secretariat	Michelle Cornwell	Department for Communities and Local Government

Task and Finish Group 4 - Short-Term Accommodation

Final Report

Contents

- Executive Summary
- Consideration of key issues (including recommendations)
- Funding Models
- Annex A – Terms of Reference and Membership of the Group

Executive Summary

1. This is the report of the Supported Housing Task and Finish Group on short-term accommodation, which looked at how a new funding model for supported housing can work for short-term provision. The group met on four occasions, with its first meeting being held on 12 January 2017 and the last on 12 April 2017. The group communicated extensively through emails and particular interest groups have met independently and provided further written submissions to the Chair.
2. The group has been supported by DCLG officials providing the secretariat, along with officials from DCLG, Department for Work and Pensions, Home Office, Ministry of Justice, Public Health England, Scottish and Welsh Governments acting as observers. The terms of reference of the group are at Annex A. The group was chaired by Domini Gunn, Director of Health and Wellbeing at the Chartered Institute of Housing.
3. The reason for the establishment of this Task and Finish Group is the announcement made in the Housing Benefit: Written Statement – HCWS154 on 15 September 2016 and the subsequent Funding for Supported Consultation Paper published on 21 November 2016. This consultation sought views on the design of the Government's new housing costs funding model for supported housing, as well as views on how funding for emergency and short-term placements should work.
4. For providers of certain types of short-term accommodation, Universal Credit, which is typically paid monthly, presents challenges. Shorter term accommodation may include provision such as:
 - Domestic abuse refuges;
 - Homeless hostels;
 - Bail hostels;
 - Foyers for young people; and
 - Other supported housing settings where stays may not be the stable housing solution in the longer term.
5. The Government recognises that different funding models for the short-term supported accommodation types set out above may also be applicable to Temporary Accommodation provided by local authorities in discharging their homelessness duties; however the group is not recommending an approach for Temporary Accommodation.

6. This Task and Finish group looked at how best to provide housing costs for short-term stays alongside the monthly assessment and payment in Universal Credit. Challenges include remaining responsive to housing needs at the start of someone's Universal Credit claim while entitlement is determined and first payments are made.

Consideration of the key issues

7. This group included members from Wales and Scotland, to reflect that Universal Credit, as currently proposed, may not be the appropriate funding mechanism for short-term accommodation and therefore alternative options need to be explored that are likely to impact on Scotland and Wales.
8. While the Scottish and Welsh administrations will decide separately their own models for providing housing costs for supported housing, the model chosen for England may impact on Scotland in Wales. This is because any adaptations to the way Universal Credit is paid must be made on a national level.
9. The key issues for this Task and Finish group were:
 - Definition of short-term supported accommodation
 - How Universal Credit can meet the needs of short-term supported housing
 - Key risks and opportunities for a new funding model
 - Proposed timescales for delivery

Definition of short-term supported accommodation

10. The group agreed that a definition of short-term accommodation would be important and helpful in understanding how a new model could work.
11. They discussed whether to base the definition on a specific timeframe, and considered a number of timeframes, including six weeks, three months and up to two years. However, the group agreed it was more useful to frame a definition that better reflected the diversity of provision and complexity of need within client groups, and focussed on the outcomes this type of housing sought to achieve.
12. Therefore, the group developed a description that moved away from the proposal from strictly time-limited crisis provision to one that described support received and desired outcomes.
13. The group agreed it would be better think about short-term supported accommodation through the lens of an individual's journey and outcomes following a crisis which required the need for supported housing until their transition to longer term supported or independent housing. The following working definition was agreed:

Accommodation based services whose purpose is to provide support to enable people to move on into appropriate, sustainable accommodation.

Timescales for the implementation

14. The group members expressed grave concerns over the timescales being proposed for the changes in supported housing funding. Members felt that introducing a shadow year in 2018/19 for implementation of the model for 2019/20 was unrealistic. The group believed that once a mechanism for funding short-term supported housing was decided, Scotland and Wales would need time for consultation on their own funding model.

Recommendation 1 - Implementation of a new funding model for supported housing should be delayed until April 2022. This delay is necessary to ensure the new model is appropriately tested and to allow Scotland and Wales to consult on a short-term model.

Funding Models

15. The group considered a number of funding models, and agreed that there were two options:
16. Funding Model 1: a short-term funding model which would operate within the boundaries of Universal Credit (i.e. a benefits-based model)
17. Funding Model 2: a short-term funding model which would operate outside of Universal Credit (i.e. a non-benefits-based model)
18. The group would like to consider these models in context of the current system of funding supported housing costs. At present, housing costs for supported housing are paid for through Housing Benefit and are based on Department of Work and Pensions regulations and guidance, which outline which service charges are eligible. Where the local authority considers the rent for supported accommodation unreasonably high, they can refer the rent to the rent officer at the Valuation Office Agency.

Current Funding Model	
Strengths	Challenges
<ul style="list-style-type: none"> • Paid to the individual • Paid nationally, with all individuals subject to the same discretion in both long and short-term accommodation • Residents have protection of AST or licence to occupy • Simplicity of one funding mechanism for all housing costs 	<ul style="list-style-type: none"> • Administration costs • Arrears due to chaotic nature of people living in crisis who may struggle to manage their claim • Difficulty with oversight • Disadvantage to work, particularly for those in insecure employment • Will not fit with Universal Credit payments

Funding Model 1 – within the benefits system

19. The group agreed that, despite assertion from Government that adaptations to Universal Credit to meet the needs of short-term supported housing were unlikely, changes to Universal Credit must be considered if they would lead to better outcomes for clients, commissioners and providers.

20. The group sought to ensure there are no system issues that are disproportionately experienced by people in/ or seeking to access short-term accommodation based services, with solutions including:

- Shortening the assessment period
- Paid on either nightly or weekly basis
- Providing a Local Housing Allowance rate for supported housing that recognises the additional costs of providing this type of accommodation. 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, which may require the provision of communal areas and facilities as well as enhanced security.

21. These considerations informed the proposed model of funding.

22. Under this model, tenants' rent up to the Local Housing Allowance rate is paid through Universal Credit, and any additional costs are met through a top-up fund held by local authorities.

23. The group considered that the current LHA thresholds were not adequate to cover the cost of most short-term accommodation and the proposal to use this mechanism for supported housing would place a considerable financial and administrative burden on the proposed top-up fund. There was support for a specific Supported Local Housing Allowance that is more closely aligned to the cost of providing supported accommodation with provision that falls above this threshold being able to apply for the proposed top-up fund.

24. If possible amendments would be made to Universal Credit to allow a shorter assessment time, nightly or weekly payments and payments to two or more landlords.

25. The group agreed this model would require a statutory framework or guidance (such as a supported housing strategy) in place to protect groups who may not be a local priority, such as ex-offenders and people with substance use or alcohol support needs. This guidance would also work to ensure that the needs of people without local connection who had to leave their local area would be considered.

26. The group decided the model would work best where there is a public social partnership whereby the local authority is not solely responsible for commissioning, but would instead work together with providers to assess local need and plan provision. However, it was understood that a lot of work would be needed to achieve this, and therefore this model needs to be tested with a range of client groups in different parts of the country.

Strengths	Challenges
<ul style="list-style-type: none"> • Benefit element is uncapped and demand led • Long and short-term services treated (almost) the same • All client groups are treated in similar way • Local authority oversight on spend above the cap • Services that cost less than the cap aren't disadvantaged when compared to general needs and longer term services • Reduced work disincentives for residents (assuming costs below cap and top-up pot meets costs of those in work) • Residents retain their legal entitlement to benefits (benefit follows the individual) • Residents have protection of Assured Shorthold Tenancy or licence to occupy • Residents take responsibility for paying for their housing using their benefit entitlement and are better prepared for life when they move on • Gives suppliers and providers reliable source of income • Flexible to meet growing demand • A Supported Local Housing Allowance to reflect the higher costs of the accommodation and allied services • Reduces the size of the proposed top-up fund and the associated administrative burden on local authorities 	<ul style="list-style-type: none"> • Complexity of operating within benefit system and localised top-up - providers would need to manage a three-tier funding process (UC applications with DWP, top-up funding locally, support funding locally) • High transactional costs in short-term services due to multiple funding sources and delays in payments from DWP • Short-term services in many geographies will have costs which are likely to significantly exceed the cap and will therefore be highly reliant on the localised top-up fund • Greater reliance on the localised top-up fund in lower value areas if benefit is capped at Local Housing Allowance level • Potentially high levels of uncertainty for some providers and tenants if decisions around the top-up fund are done on a short-term basis • Highly unlikely that any non-commissioned services whose operating costs are above the cap could continue, and will be forced to close • No national oversight or monitoring is implied to ensure outcomes are delivered and national need is met • Risk that providers would charge maximum rent allowable rather than a rent that reflects actual costs • Requires a clear quality & monitoring system to be in place alongside local benchmarking to check value for money

Funding Model 2 – outside the benefits system

27. The overall aim of this model is to simplify the administration of housing costs for transitional supported housing and ensure that Government funding is optimised for its intended purpose and governed in terms of its usage.
28. All funding for short-term supported housing is taken out of Universal Credit in this model to form a single funding stream, paying for housing costs in their entirety. In this model there would be no benefit element paying for housing costs to the individual and local authorities would receive a block grant based on current housing spend for short-term accommodation.
29. Local Authorities would have delegated flexibilities to administer the housing costs funding, initially based on existing Housing Benefit pot, based on local needs and knowledge, as part of a partnership approach.
30. Local governance arrangements would provide robust oversight of provision to meet needs, quality and standards. The outcome will be a less cumbersome, more coordinated system, providing the best possible transitional accommodation and support to those who need it and empower those vulnerable individuals who are able to transition through to employment, training and general needs housing.
31. In addition it is envisaged that a locally run system will encourage co-investment and joint commissioning and enable efficiency savings to be derived from a number of sources by squeezing out transactional and debt costs to commissioners and providers and residents.

Strengths	Challenges
<ul style="list-style-type: none">• Simplicity of one funding mechanism for all housing costs• All client groups are treated in similar way - although the model is particularly focussed on transitional services• Reduced work disincentives for residents (assuming local pot meets costs of those in work)• Reduces transactional costs and debt for providers, LAs and residents• Enables focus on support required during stay• Would allow local authorities and providers to focus on the purpose of funding and supported housing• Can support a range of types of housing• Leads to decisions about what type of housing is needed	<ul style="list-style-type: none">• Dependent on funding from local authority• No individual benefit entitlement (Universal Credit housing cost element) for residents in this type of housing• Potentially high levels of uncertainty for tenants and providers if schemes are subject to short-term local decisions• Providers have great suspicion about the funding formula applied for block grant, and in particular that it will be based on current levels of spend and not meet actual demand• As support costs vary across services this could lead to local authorities applying a generic approach to commissioning

Recommendation 2 - This group has identified two models of funding for short-term accommodation, one that is funded within the benefits system and one that is funded outside the benefits system. Both funding models should be set out clearly within the Green Paper to be consulted upon more widely.

Recommendation 3 - Both models identified by this group to be piloted to evaluate strengths and challenges. These pilots should also be used to better understand the nature of the sector and collect data on costs to inform benchmarking.

Understanding the size and scale of short-term accommodation

32. The group is recommending two models are piloted to evaluate each model's strengths and weaknesses, and believe that this would afford opportunity to better understand the costs of the sector as a whole and gather data to benchmark services.
33. The group believe that many of the current assumptions about the size and scale of the supported housing sector are based on the Government commissioned [Supported Accommodation Review](#).² However, the group has concerns about the robustness of some of the figures contained in the review.
34. Given the importance of sizing the pot accurately, both for the protection of those currently resident in supported housing schemes and for the future sustainability of the sector, the group would like further analysis to be undertaken before a new funding system is introduced. This should include further work to accurately assess the costs of the sector and current levels of need. This would provide a robust evidence base for decisions around how funding will be allocated, how the transition between systems will be managed to ensure maximum security for clients and the wider sector, and how funding will grow over time to meet future need.

Future sustainability of the funding model

35. Whatever funding option is chosen, the group believe it is imperative that there is a smooth transition for existing supported housing, and that between now and implementation there is the potential to increase capacity to meet demand for increased provision. In order to achieve this and to minimise the risk to the provision of supported housing, it will be important to create a link between existing and planned services and future funding allocation well in advance of the implementation date.

² Imogen Blood & Associates, Housing & Support Partnership and Ipsos Mori (2016), *Supported accommodation review*, <https://www.gov.uk/government/publications/supported-accommodation-review>

36. The group expressed great concern around the security and sustainability of any ring-fence initially placed around the top-up for the new funding model. This was based on their experience with Supporting People funding, a programme of funding which paid for support costs which had its ring-fence removed in England and Scotland.

Recommendation 4 - Further work is required to size any new funding regime and this should include data analysis of supply, needs and the costs for a range of client groups. This would assist and support the desired objectives of ensuring supply to meet identified needs; provide benchmarking for the cost of provision for different types of service; and provide a framework to demonstrate cost and quality of provision. There are concerns that the analysis done to inform the proposals that informed this consultation is not representative of the sector as a whole.

Annex A - Task and Finish Group 4 Short-Term Accommodation - Terms of Reference and Membership

Terms of Reference:

This group will consider options for funding models to best support the provision of short-term accommodation which is compliant/workable with the benefit system going forward and ensures providers receive appropriate, timely funding and, where relevant, assurance to underpin delivery of new supply.

It will explore:

- potential **funding models for short-term accommodation** (including hostels and refuges). More than one model may be needed to reflect the diversity of this type of provision.

Issues which might be considered include:

1. What type of accommodation should be included? Should this be defined?
2. Would one model cover all client groups? If not how many should there be? What are the problems with the present system and how could new models overcome these?
3. What would the detail of optimum models look like?
4. How would these fit with the benefit system?
5. How would models support outcomes such as incentives to work?

Membership of Task and Finish Group 4 - Short-Term Accommodation

	Role	Name	Organisation
1	Chair	Domini Gunn	Chartered Institute of Housing
2	Member	Paul Langley	CHC Cymru
3	Member	Nicola Drinkwater	Clinks
4	Member	Ram Paul	Derbyshire County Council
5	Member	David Eastwood	Greater London Authority
6	Member	Jules Oldham	Homeless Action Scotland
7	Member	Paula Reid	Homeless Link
8	Member	Rose Doran	Local Government Association
9	Member	Jenny Allen	National Housing Federation
10	Member	Tracy Blackwell	Refuge
11	Member	Jeremy Hewer	Scottish Federation of Housing Associations and Coalition of Care and Support Providers
12	Member	Yvette Burgess	Scottish Federation of Housing Associations and Coalition of Care and Support Providers
13	Member	Jo Ozga	Scottish Women's Aid
14	Member	Tony Cooke	South Norfolk Council
15	Member	Jean Templeton	St Basils
16	Member	Sylvia Tijnstra	St Mungo's
17	Member	Gwendolyn Sterk	Welsh Women's Aid
18	Member	Sian Hawkins	Women's Aid
19	Observer	Val Keen	Department for Communities and Local Government
20	Observer	Darrell Smith	Department for Work and Pensions
21	Observer	Hannah Buckley	Home Office
22	Observer	Antony Lowe	Ministry of Justice
23	Observer	Jez Stannard	Public Health England
24	Observer	Angela O'Brien	Scottish Government
25	Observer	Tim Margetts	Welsh Government
26	Secretariat Lead	Cathy Page	Department for Communities and Local Government
27	Secretariat	Grace Gedge	Department for Communities and Local Government

Summary list of each group's recommendations

Task and Finish Group 1 – Fair Access to Funding

Recommendation 1 - The ring-fence should be based on a “lift and shift” model with ring-fenced funding being at least at the current national level and matching current local distribution. This would allow existing tenants to be protected.

Recommendation 2 - Local areas should be required to draw up a supported housing strategy. Optimally this should cover five years and include an assessment of supported housing need. A strategy is to be evidence based and a “live document” which will need refreshing/amending over the time period.

Recommendation 3 - The Government produce statutory guidance which sets down the principles and requirements the supported housing strategies should follow. The statutory guidance needs to maintain a balance of being sufficient to protect minority groups whilst not being over prescriptive, so as to allow local areas to take account of their particular circumstances.

Recommendation 4 - Upper tier authorities should have the lead responsibility for drawing up the strategy but with a duty on others to co-operate for example; lower tiers, housing providers, NHS commissioners and providers and Police & Crime Commissioners.

Recommendation 5 - The Government adopt an approach of co-production with stakeholders including client group representatives.

Recommendation 6 - Strategies are subject to approval by DCLG and approval would trigger funding drawdown with monitoring linked to outcomes. Consideration should be given by Government to using a similar system to that employed for the Public Health Grant.

Recommendation 7 - The design of the funding model must include provision for future demand and growth, be linked to inflation and have sufficient funding to meet future need.

Task and Finish Group 2 – Local Roles, Responsibility and Oversight

Recommendation 1 - Guidance should mandate joined-up local multi-agency partnership working on commissioning and strategic long-term planning for supported housing, including on future need, building where possible from existing local arrangements, but without being overly prescriptive as to the precise form of such partnerships and such planning, and allowing for flexible tailoring to local circumstances, including devolution progress.

Recommendation 2 - In the timescale for an April 2019 introduction, the initial design of the top-up model should provide protection for existing services currently funded through Housing Benefit, with exploration of integration on commissioning and services seen as a longer term objective.

Recommendation 3 – The Government should urgently involve local commissioners and providers in local mapping to assist in accurately determining local funding allocations from Government in 2019-20 and regularly thereafter to ensure that allocations are informed of changing local demographics, provision and need, over time, including allowing for supply to expand to meet need. The standard methodology for such mapping should be developed in agreement with local authorities and providers.

Recommendation 4 - There should be national guidance to ensure some consistency particularly where providers operate across wide ranging areas of the country. However, it must not be overly prescriptive and should allow some reasonable scope to allow for flexible tailoring to local circumstances, including devolution progress.

Recommendation 5 - In the short term, the definition of eligible costs to be met from the top-up fund should be restricted to housing costs, i.e. rent, service charges, housing management, repairs and refurbishments. This should be reviewed again in the longer term, if different funding streams can be pooled together with the top-up.

Recommendation 6 - Guidance should encourage commissioners and developers to explore the possibility of long-term commissioning and contracting wherever feasible.

Recommendation 7 - The Government should strongly encourage commissioners to make block grants to providers rather than to look at personalised entitlement for individual claimants, in order to reduce the administrative complexity involved.

Recommendation 8 – To mitigate some of the uncertainty the proposals introduce into providers' financial models, central Government should consider increasing upfront capital grant subsidy rates for supported housing new supply e.g. from the Affordable Homes Programme, where Local Housing Allowance rates are low.

Recommendation 9 - The framework should provide for both national and local monitoring. National monitoring by central Government should assist assurance on value for money, confirm that it is being used for the intended purpose and that on-going evaluation of the impact of the policy, but must be kept proportionate. The framework should also provide for local monitoring but allowing flexibility for this to be tailored to local priorities and again should ensure that requirements on councils and providers proportionate.

Recommendation 10 - Any further regulation of supported housing should be as a last resort, bearing in mind that commissioners will be monitoring through the commissioning relationship and that some providers are already being regulated.

Recommendation 11 – The Government should undertake a full impact assessment and should also assess public sector equality duty and other legal challenges that may be encountered in local delivery, including any implications for tenancy agreements. Following implementation, there should also be a review.

Recommendation 12 - There should be transitional protections for existing benefit claimants at midnight Sunday 31 March 2019.

Recommendation 13 - Additional administration procedures and transaction costs must be proportionate. The Government should work with councils to consider new burdens considerations.

Recommendation 14 – The Government should communicate an end to end delivery plan as soon as possible, to assist local government and providers with planning ahead and so that they are sighted on lead-times and reassured these are feasible.

Task and Finish Group 3 – New Supply of Supported Housing

Recommendation 1 - In order to boost new, and reignite stalled, supply, there needs to be long term certainty that rent levels for specific schemes will be funded into the long term and final arrangements for the new model should be urgently clarified.

Recommendation 2 - Any new model must be able to accommodate changing local and national priorities in the future, ensuring that sufficient funding is available to keep-up with changing needs and costs.

Recommendation 3 - Any national framework should have overarching objectives, including robust needs assessment, quality of provision and tenant choice, which are fully informed by local authorities and providers. It should enable councils to respond flexibly to future changes to local needs. The core purpose of this framework should be to deliver security of funding and consistency of supply across the country.

Recommendation 4 - There needs to be transitional protection for existing tenants for a number of years and time-limited testing, of at least one year, to allow the changes to be piloted and amended as appropriate.

Recommendation 5 - Early clarity of new and/or expected definitions are essential, recognising that top-ups must be for the additional housing costs of providing, maintaining and managing housing for vulnerable groups.

Recommendation 6 - Existing tenancies and schemes should have different treatment to future tenancies including being provided with several years' transitional protection.

Recommendation 7 - The Upper Tier should hold the funding, however, recognition of sustaining or sharing experience in administering housing costs at this level is essential.

Recommendation 8 - Confirmation of an agreed figure of overall funding (for distribution to local authorities) is needed and this must be based on actual existing spend on Housing Benefit in that local area with a top-up to take account of new supply to meet identified need.

Recommendation 9 - To boost investor confidence, funding should be guaranteed for at least 20 years.

Recommendation 10 - In order to secure supply, reduce costs and remove complexity, older persons accommodation should be removed from the model. It also recommends the case for the removal of specialised supported housing be considered in more detail in light

of Transforming Care.

Recommendation 11 – Local Housing Allowance rates are reviewed to better reflect current market values and to encompass costs which are specific to supported housing.

Task and Finish Group 4 – Short-Term Accommodation

Recommendation 1 - Implementation of a new funding model for supported housing should be delayed until April 2022. This delay is necessary to ensure the new model is appropriately tested and to allow Scotland and Wales to consult on a short-term model.

Recommendation 2 - This group has identified two models of funding for short-term accommodation, one that is funded within the benefits system and one that is funded outside the benefits system. Both funding models should be set out clearly within the Green Paper to be consulted upon more widely.

Recommendation 3 - Both models identified by this group to be piloted to evaluate strengths and challenges. These pilots should also be used to better understand the nature of the sector and collect data on costs to inform benchmarking.

Recommendation 4 - Further work is required to size any new funding regime and this should include data analysis of supply, needs and the costs for a range of client groups. This would assist and support the desired objectives of ensuring supply to meet identified needs; provide benchmarking for the cost of provision for different types of service; and provide a framework to demonstrate cost and quality of provision. There are concerns that the analysis done to inform the proposals that informed this consultation is not representative of the sector as a whole.