



House of Commons  
Communities and Local  
Government and Work and  
Pensions Committees

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**Future of supported  
housing**

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**First Joint Report of the Communities  
and Local Government and Work and  
Pensions Committees of Session  
2016–17**

*Twelfth Report of the Communities and Local  
Government Committee of Session 2016–17*

*Tenth Report of the Work and Pensions  
Committee of Session 2016–17*

*Report, together with formal minutes  
relating to the report*

*Ordered by the House of Commons  
to be printed 25 April 2017*

## Communities and Local Government Committee

The Communities and Local Government Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Communities and Local Government.

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## Work and Pensions Committee

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## Work and Pensions Committee staff

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# Contents

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<b>Summary</b>	<b>3</b>
<b>Introduction</b>	<b>4</b>
<b>1 Value and Quality</b>	<b>7</b>
The value of supported housing	7
Financial considerations	7
Quality of life	8
Quality of provision	9
Systems for monitoring oversight	10
<b>2 Government's funding proposals</b>	<b>14</b>
Local Housing Allowance	15
Using the LHA rate for supported housing	15
Impact on supply and service provision	18
Impact on tenants	20
An alternative mechanism	20
Top-up Funding	22
Calculating the top-up	24
Administrative capacity	27
Piloting	28
<b>3 Short-term supported housing</b>	<b>30</b>
Alternative funding mechanisms for short-term accommodation	30
Refuges	32
Barriers to employment	34
Barriers to moving back into general needs accommodation	37
<b>Conclusion</b>	<b>40</b>
<b>Conclusions and recommendations</b>	<b>41</b>
<b>Formal Minutes</b>	<b>46</b>
<b>Witnesses</b>	<b>48</b>
<b>Published written evidence</b>	<b>49</b>
<b>List of Reports from the Communities and Local Government Committee during the current Parliament</b>	<b>52</b>
<b>List of Reports from the Work and Pensions Committee during the current Parliament</b>	<b>54</b>



## Summary

More than 700,000 people in the UK benefit from the support and supervision provided within the supported housing sector. The vast majority of provision is sheltered accommodation for older people, but this sector also includes housing for people with learning and physical disabilities, individuals at risk of homelessness, refuges for women and children at risk of domestic violence, and many other client groups. During our inquiry, we heard directly from supported housing residents, who told us how much they valued the independence and improved quality of life afforded to them by this provision.

In September 2016, the Government announced proposals for a new funding model for supported housing, which would operate from April 2019. Under the new model, core rent and service charges would be funded through Housing Benefit or Universal Credit up to the level of the applicable Local Housing Allowance (LHA) rate. For costs above the LHA rate, the Government would devolve ring-fenced top-up funding for disbursement by local authorities.

The supported housing proposals sit within the remit of both the Communities and Local Government Committee and the Work and Pensions Committee. In order to respond to the Government's proposals, we launched a joint inquiry to scrutinise the Government's funding proposals and recommend how they might be improved.

We support the Government in seeking to find a long-term, sustainable funding mechanism that ensures quality, provides value for money, and which protects and boosts the supply of supported housing. But we share the concerns expressed across the sector that the funding proposals, as they stand, are unlikely to achieve these objectives. In particular, we frequently heard that the LHA rate was an inappropriate starting point for a new funding mechanism for supported housing.

Although recommendations for alternative structures are less forthcoming, we propose the Government introduces a Supported Housing Allowance, banded to reflect the diversity of provision in the sector and sufficient to ensure supported housing tenants will only require recourse to top-up funding in exceptional circumstances. We further recommend that emergency accommodation is funded through a locally administered grant system, while refuges—which operate as a national network—should have a separate funding mechanism that reflects their unique role.

Our recommendations seek to complement the Government's proposals, and to enable delivery of our common goal of a sustainable, long-term funding solution for supported housing that boosts the provision of high quality homes, while providing greater local control over spending and value for money.

## Introduction

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1. Supported Housing provides support to people in an environment that maximises their independence. Approximately 716,000 people live in supported housing in the UK, each of whom requires a level of support that is not available in general needs accommodation, but would find a more intensive care environment unduly limiting.<sup>1</sup> This is a form of provision that is deeply valued by those who live in it. Tessa Bolt, a supported housing tenant, told us:

Having support at home helps me to live independently, to learn new skills like cooking and keeping my home clean and tidy, and to enjoy my home and feel safe.<sup>2</sup>

2. There is no statutory definition of supported housing. The Government described supported housing as, “... any housing scheme where housing is provided alongside care, support or supervision to help people live as independently as possible in the community”.<sup>3</sup> David Orr, Chief Executive of the National Housing Federation, explained that the sector was for people who “are at that point in their lives vulnerable and need a bit of support to be able to live independently”.<sup>4</sup> The considerable level of diversity within the sector makes it difficult to provide a comprehensive definition that encompasses all types of support. The large majority of supported housing provision—approximately 71 per cent, according to the Government’s Supported Accommodation Review—is for older people with support needs.<sup>5</sup> A significant proportion, however, is for tenants with much broader requirements. These include:

- People with learning and physical disabilities (approximately 9 per cent);
- Individuals and families at risk of or recovering from homelessness (9 per cent);
- People with mental health problems (5 per cent); and
- Refuges for women and children at risk of domestic abuse (1 per cent).

3. Supported housing plays a vital role for the people who benefit from this provision. Zhan McIntryre, Policy Lead at the Scottish Federation of Housing Associations, warned against us underestimating the importance of supported housing:

It is also important to say that supported housing saves lives. That is not hyperbole... Without the supported housing that is provided by many of our members, the individuals have admitted that they probably would have ended up dead or taken steps to end their own lives.<sup>6</sup>

This message was reinforced by Merida, a survivor of domestic violence who lived in a women’s refuge with her children and granddaughter.<sup>7</sup> She told us:

As regards my emotional state and the way I was at that time, I needed a lot of support and, if I had not had the support I got, I think I would not be here now.

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1 716,000 tenants identified in the [Supported Accommodation Review](#), DCLG and DWP, November 2016

2 Q40 (Tessa Bolt)

3 [Funding for Supported Housing: Consultation](#), DCLG and DWP, November 2016

4 Q7 (David Orr, National Housing Federation)

5 [Supported Accommodation Review](#), DCLG and DWP, November 2016, page 39

6 Q2 (Zhan McIntryre, Scottish Federation of Housing Associations)

7 Q47 (Merida)

4. Until 2003, supported housing was funded primarily through Housing Benefit or, for long leaseholders, through Income Support. In 2003, the Supporting People programme was launched across the UK, bringing together several funding streams, including support funded through the Housing Benefit system, into a single grant for local authorities for the funding of non-housing related costs. Housing-related costs continued to be funded through Housing Benefit. In 2009, the ring-fence around the Supporting People fund was removed in England and Scotland, but retained in Wales. This led to considerable variation in the commissioning and funding of supported housing across the UK. Since 2011, and the publication of the Coalition Government’s proposals for *Housing Benefit Reform - Supported Housing*, the Government has been looking at ways to reform the funding mechanism for supported housing. Under the system that operates today, the majority of supported housing tenants have their rent met in full by Housing Benefit. Funding for additional supervision, support and care services is typically paid through local authority adult social care services, housing and homelessness budgets.

5. In the Summer Budget 2015, the Government announced rent reductions for social housing landlords of 1 per cent in each year for four years from April 2016—which was subsequently delayed until April 2017—as well as the intention to cap the amount of rent that would be paid for tenants in social housing at the Local Housing Allowance (LHA) level. In September 2016, the then Secretary of State for Work and Pensions announced that the application of LHA rates would be delayed until 2019/20 and would be introduced alongside a new funding mechanism, under which local authorities would receive ring-fenced funding to meet the shortfall between LHA rates and the full cost of provision.<sup>8</sup> In addition, the Government announced that a separate funding model could be developed for short-term accommodation, such as hostels and refuges.

6. We heard different views as to whether there was a strong case for reforming the current funding mechanism for supported housing. Bromford, a social enterprise providing affordable housing and specialist housing support services, expressed the view that there is little wrong with the current funding arrangements.<sup>9</sup> By contrast, Support Solutions UK told us the funding system for supported housing was “dysfunctional to the point of virtual collapse”.<sup>10</sup> Sian Hawkins, Campaigns and Public Affairs Manager at Women’s Aid, said there was “a real crisis in terms of the funding model as it is at the moment”.<sup>11</sup>

7. In its consultation, the Government made clear its view that, “doing nothing is not an option”.<sup>12</sup> In particular, it observed that, “The current system for funding supported housing is not well designed to ensure effective oversight of quality or control of spending to ensure value for money”.<sup>13</sup> The Departments told us they wanted to implement a new funding mechanism that would protect and boost the supply of supported housing, bring greater local focus on outcomes, oversight and cost control, and increase the role that quality, individual outcomes and value for money play in the funding model.<sup>14</sup>

8 15 HC Deb, 15 September 2016, col [HCWS154](#) [Commons written ministerial statement]

9 Bromford ([FSH0063](#))

10 Support Solutions UK ([FSH0045](#))

11 Q76 (Sian Hawkins, Women’s Aid)

12 [Funding for Supported Housing: Consultation](#), DCLG and DWP, November 2016, para 3

13 Department for Communities and Local Government and the Department for Work and Pensions ([FSH0105](#))

14 *Ibid*



8. The supported housing proposals sit within the remit of both the Communities and Local Government Committee and the Work and Pensions Committee. In order to respond to the Government's plans, we launched a joint inquiry to scrutinise the funding proposals and recommend how they might be improved. In addition, we wanted to use this opportunity to take a broader view of the supported housing sector, looking at whether the industry provided good value for money and how tenants viewed the quality of the support they received.

9. This Report has three chapters. The first considers the value of supported housing, both the extent to which it delivers cost savings to the wider public sector and its impact on residents' quality of life. It moves on to consider whether the quality of provision is of a high standard, and how oversight mechanisms might be improved. The second chapter focuses on the Government's funding proposals, and considers whether the LHA rate is an appropriate starting point for a new funding model, how the top-up funding should operate, and whether the new funding mechanism should be piloted in advance of its nationwide roll-out. The final chapter examines issues associated with short-term accommodation, including whether an alternative funding mechanism would be necessary and whether Housing Benefit and Universal Credit create barriers to finding work or leaving supported housing when residents are ready to do so.

10. Over the course of our inquiry, the Committee took oral evidence from a wide range of stakeholders from the supported housing sector. We also held a round-table event with supported housing tenants, carers and providers at Arlington Conference Centre in March. We are grateful to all of those who gave oral evidence and provided informal briefings, and to those who submitted written evidence. We are especially grateful to the six supported housing tenants who provided helpful evidence during our public session on Tuesday 7 March.

# 1 Value and Quality

11. This inquiry was an opportunity both to examine the Government's funding proposals, and also to look at the supported housing sector more widely. In this Chapter, we look at whether the supported housing sector offers value for money and the extent to which it brings cost savings to other parts of the public sector. In addition, we examine the quality of provision in the sector and whether regulatory mechanisms should be improved, especially in England.

## The value of supported housing

### *Financial considerations*

12. The Government's Supported Accommodation Review estimated the annual cost of supported housing covered by housing benefit to be £4.12 billion in 2015.<sup>15</sup> A further £2.05 billion was spent on additional supervision, support and care services, with funding typically from local authority adult social care services, housing and homelessness budgets. This indicates a total public expenditure on supported housing of approximately £6.17 billion in 2015.

13. Rents in the supported housing sector are higher than in general needs accommodation. The Government's 2014/15 analysis of average rents in supported housing showed the average cost of supported housing for older people was £127 per week, although this ranged between £50 and £600 per week.<sup>16</sup> For working-age people it was £214 per week, ranging from £133 per week for people with physical disabilities to £277 per week in refuges for women at risk of abuse. Zhan McIntyre said, while it was difficult to provide a comprehensive list of reasons why supported housing rents were higher in this sector, these included 24-hour staffing of some facilities, the installation and monitoring of CCTV, high turnover rates in the accommodation and repair costs, and enhanced fire monitoring and safety equipment.<sup>17</sup>

14. While supported housing is more expensive than general needs accommodation, it generates substantial cost savings for other parts of the public sector. Marcus Jones MP, Minister for Local Government, told us the net benefit of providing supported housing to the wider public sector was estimated to be £3.5 billion per year.<sup>18</sup> Caroline Nokes MP, Parliamentary Under-Secretary of State for Welfare Delivery, particularly emphasised the significant cost savings to the social care budget that arose from supported housing.<sup>19</sup>

15. Cost savings were also highlighted by a number of industry stakeholders. Zhan McIntyre highlighted the important role the sector has to play in delivering and supporting outcomes in other public services, such as the NHS and the criminal justice system.<sup>20</sup> The National Housing Federation told us, for older tenants, the annual saving to the taxpayer, through reduced reliance on health and social care services, was estimated to be £3,000

15 [Supported Accommodation Review](#), DCLG and DWP, November 2016, page 3

16 [Supported Accommodation Review](#), DCLG and DWP, November 2016, page 117 and Q202 (Peter Searle, Department for Work and Pensions)

17 Q6 (Zhan McIntyre, Scottish Federation of Housing Associations)

18 Q179 (Marcus Jones MP, Department for Communities and Local Government)

19 Q179 (Caroline Nokes MP, Department for Work and Pensions)

20 Q2 (Zhan McIntyre, Scottish Federation of Housing Associations)

per person.<sup>21</sup> For people with learning disabilities and mental health issues, the saving was between £12,500 and £15,500. The Associated Retirement Community Operators (ARCO) said people in extra-care housing cost the NHS 38 per cent less than the average population in general needs accommodation.<sup>22</sup> Gillian Connor, Head of Policy and Development at Rethink Mental Illness, told us the costs of supported housing compared favourably to the cost of NHS provision, highlighting that a stay on an acute ward in the NHS could amount to many multiples of the cost of the average daily rent for working age people in supported housing.<sup>23</sup>

### Quality of life

16. One of the clear messages we heard during our inquiry was that ‘value for money’ was more than the quantifiable cost savings that supported housing generates for other parts of the public sector. Value for money was also about how public funds have been used to improve the quality of life for vulnerable people. The Minister for Welfare Delivery recalled one of her first ministerial visits to a foyer in Newcastle for young people, where there was a strong emphasis on ensuring tenants had the skills they needed to find employment.<sup>24</sup> This focus on life skills was also emphasised by providers. Frank Czarnowski, Chief Executive at West Kent Housing Association, said that helping tenants to live independently was a key part of his organisation’s work, with a particular emphasis on basic tasks, such as working with families, helping people get onto suitable schemes, and supporting them in claiming benefits.<sup>25</sup> Anne Lawn, Head of Operations at Sense, told us:

In supported living, the whole focus is on the outcomes for the person and the small achievements, which to you or I are not huge achievements. If someone makes a cup of tea for the first time, someone who really has high support needs and is both deaf and blind, we celebrate those things. That is the value for money.<sup>26</sup>

17. We also heard stories of how supported housing had given residents a level independence they did not have before. Joe Coffin, a supported housing tenant who described himself as being partially sighted with severe co-ordination issues, told us that, since moving into supported housing five years ago, he was “now able to do things I want to do, when I want to do them”.<sup>27</sup> Mencap highlighted the story of Gary, from London, who moved out of registered care after 20 years, and into supported housing with Golden Lane Housing:

Since the move he’s in control of his own life and the staff are flexible and work around what he wants to do. He’s now in charge and makes decisions about what he wants to do and when. He often says, “That’s my flat, that’s my keys”, it’s wonderful. The freedom Gary is experiencing has made a positive change. It feels like a different life altogether. He likes planning what he is going to do, whether it’s shopping or going out for dinner.<sup>28</sup>

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21 National Housing Federation ([FSH0007](#)), para 1  
 22 Associated Retirement Community Operators ([FSH0089](#))  
 23 Q63 (Gillian Connor, Rethink Mental Illness)  
 24 Q179 (Caroline Nokes MP, Department for Work and Pensions)  
 25 Q100 (Frank Czarnowski, West Kent Housing Association)  
 26 Q64 (Anne Lawn, Sense)  
 27 Q40 (Joe Coffin)  
 28 Mencap ([FSH0037](#))

18. Supported housing also provides a sense of community that is often vital in preventing loneliness. ARCO said residents in supported housing were less likely to experience loneliness and social isolation, with 82 per cent of residents in retirement communities reporting they hardly or never felt isolated.<sup>29</sup> They noted that supported housing communities often acted as hubs for the local community, providing gyms, cafes, GP surgeries and libraries. John Wood, a sheltered housing resident from Sutton Coldfield, told us:

It is very important that you know there is always a neighbour. My wife goes and has a cup of tea with the old dear next door, who is older and frailer, so the support from other people in the unit is important as well.<sup>30</sup>

19. Supported housing has an important preventative function too. John Wood said when he and his wife moved into supported housing, they had very few support needs, but he knew this would not last indefinitely.<sup>31</sup> He told us the additional support provided in sheltered accommodation enabled him to use the pull-cord system in his home when his wife collapsed. Joe Coffin also highlighted the on-call system in his home as a key benefit of supported housing.<sup>32</sup> Gillian Connor highlighted how supported housing enabled recovery workers to prompt residents to take their medication and ensure that the circumstances and the environment were conducive to them doing so, which was important in preventing future relapses and helping residents recover from or manage their illnesses.<sup>33</sup>

20. There was also evidence that supported housing could help to extend lives. Cass Business School recently reported that retirement villages increased the longevity of women by up to five years, compared to the general population.<sup>34</sup> By looking at data from the Whitely Homes Trust, a retirement village in Surrey, the study found that, through combating the effects of low economic means, poorer health and social well-being, women could expect to live as long as the wealthiest portion of the population, despite coming from the most deprived quintile.

## Quality of provision

21. During our formal evidence sessions and round-table event with supported housing tenants, carers and providers, we heard a number of positive accounts of the quality of care in supported housing. Merida, a survivor of domestic violence who lived in a women's refuge, said she felt the quality of facilities and care were of a high standard, she had everything she needed as soon as she arrived, and the staff were "wonderful".<sup>35</sup> John Wood, a sheltered housing resident, told us he particularly valued the sense of security in his home, with controlled entry and CCTV cameras to protect tenants.<sup>36</sup>

22. However, some tenants were dissatisfied with the quality of support they were receiving or have received in the past. Tessa Bolt told us that, while she was very happy

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29 Associated Retirement Community Operators ([FSH0089](#))

30 John Wood (Q44)

31 Q44 (John Wood)

32 Q42 (Joe Coffin)

33 Q71 (Gillian Connor, Rethink Mental Illness)

34 [Living in a retirement village can increase female life expectancy](#), Cass Business School, 20 February 2017

35 Q47 (Merida)

36 Q47 (John Wood)

in her current home, two years previously she was supported by a different organisation, which did not provide an acceptable level of support. She said they made her feel like “a dog on a lead”, discussing her future and wellbeing with other professionals without her consent, and determining where she would live without speaking to her family.<sup>37</sup> Robert Davidson, a supported housing tenant who was made homeless in London eight years ago, told us he was very unhappy with the level of support he currently receives:

I receive no support whatsoever, and quite the contrary. My life is a constant struggle to receive even the most basic standards of reasonable treatment from my landlords.<sup>38</sup>

23. Joe Oldman, Policy Adviser at Age UK, noted the variation in experience for supported housing tenants, and told us there was a big difference between those schemes that were supporting, caring and adhering to high standards, and those that were not.<sup>39</sup> He explained that many residents in poorly-run schemes were frightened to make complaints, fearing repercussions from providers.<sup>40</sup> There was a lack of advocacy for people who wanted to make complaints about the problems they were experiencing and a culture of not taking those complaints seriously or looking to improve the quality of provision.

### **Systems for monitoring oversight**

24. The Minister for Welfare Delivery highlighted that one of the main objectives for reforming the funding system for supported housing was to ensure greater oversight of service provision.<sup>41</sup> The Government’s consultation paper noted that current funding arrangements had enabled some providers to set up provision outside local commissioning structures or scrutiny mechanisms, such that it was “not well designed to ensure effective oversight of quality or control of spending to ensure value for money”.<sup>42</sup> Reflecting on the need for greater oversight in the sector, the Minister told us, “We know that much of the sector is absolutely excellent and is providing great support, but for those parts that are not, there needs to be a mechanism to oversee that”.<sup>43</sup>

25. Different systems of oversight currently exist in England, Scotland and Wales. In England, supported housing is monitored through a combination of:

- The Homes and Communities Agency (HCA), for Registered Providers;
- Local authorities, where there was commissioned care and support funding; and
- The Care Quality Commission (CQC), where personal care services were provided within supported housing (although this did not include the regulation of support services in supported housing).<sup>44</sup>

26. In Wales, local authorities had a greater role in the oversight of service provision due to the continued existence of the ring-fence around the legacy Supporting People fund,

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37 Q46 (Tessa Bolt)

38 Q43 (Robert Davidson)

39 Q64 (Joe Oldman, Age UK)

40 Q61 (Joe Oldman, Age UK)

41 Q184 (Caroline Nokes MP, Department for Work and Pensions)

42 [Funding for Supported Housing: Consultation](#), DCLG and DWP, November 2016, para 31

43 Q185 (Caroline Nokes MP, Department for Work and Pensions)

44 [Supported Accommodation Review](#), DCLG and DWP, November 2016, page 73

which ensured service providers remained accountable to the local authorities providing their funding. In addition, the Welsh Government regulated Registered Social Landlords, and Care and Social Services Inspectorate Wales (CSSIW) regulated supported housing services where personal care is also provided, although not for support services in supported housing.

27. In Scotland, supported housing is regulated by the Care Inspectorate. In 2001, the Scottish government introduced a policy and funding framework which covered, for the first time, regulation of housing support services. The Care Inspectorate monitored quality through the National Care Standards for Housing Support Services, which were based on the principles of “dignity, privacy, choice, safety, realising potential and equality and diversity”, and “focus on the quality of life that the person using the service actually experiences”.<sup>45</sup> In addition, further oversight is provided through:

- The Scottish Housing Regulator, which regulates Registered Social Landlords;
- Local authorities, where there was commissioned care and support funding; and
- The Scottish Social Services Council (SSSC), the regulatory body for the social care workforce, to which front-line staff in supported housing will be required to register from 2020.

The Minister for Welfare Delivery told us, “the oversight arrangements in Scotland are better than they are in England and more robust”.<sup>46</sup>

28. In addition, many providers have their own systems for monitoring the quality and value for money of the service they provide. Jane Ashcroft told us that Anchor benchmarked their provision against two other providers of supported housing—Hanover and Housing & Care 21.<sup>47</sup> They also conducted customer satisfaction and resident feedback surveys, and held regular meetings with tenants. Anne Lawn told us Sense used their own quality assurance framework, and encouraged the families of tenants to obtain feedback from social workers and advocates.<sup>48</sup> Frank Czarnowski said many organisations continued to use the Supporting People quality assessment framework as a set of principles on which to base their own internal monitoring systems.<sup>49</sup>

29. Local authorities in England told us that, aside from services that are directly commissioned, there is nothing to compel providers to adhere to a local authority’s strategic ambitions or its quality guidelines.<sup>50</sup> Councillor Kendrick explained that in Kirklees, a charity or organisation which was found to be providing supported housing would be asked to use the council’s quality assessment framework, to which some were happy to agree, but others were not.<sup>51</sup> The local authorities emphasised that just because a provider was not following the councils’ quality guidelines, this did not mean they were providing a poor service; indeed, many unregulated providers had been responsible for important innovations and new approaches that have ultimately been adopted by local

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45 National Care Standards: Housing Support Services, Scottish Government, October 2009

46 Q189 (Caroline Nokes MP, Department for Work and Pensions)

47 Q63 (Jane Ashcroft, Anchor)

48 Q61 (Anne Lawn, Sense)

49 Q110 (Frank Czarnowski, West Kent Housing Association)

50 Q173 (Councillor Rennison, London Borough of Hackney)

51 Q174 (Councillor Kendrick, Kirklees Council)

authorities.<sup>52</sup> It was, however, difficult for local authorities to determine or enforce this. Liz Slater, Service Lead at Southampton City Council, believed that one of the benefits of reforming the funding mechanism for supported housing was that it would “lead to a higher degree of scrutiny for those less formal arrangements that exist locally”.<sup>53</sup>

30. Local authorities and most supported housing providers told us they did not want to see a new regulatory body established for supported housing.<sup>54</sup> Anne Lawn said, while the inspection regimes for the different types of services could be joined up better, she “did not want to see some sort of monster created”.<sup>55</sup> However, there was wider support for a new national quality framework for supported housing. Charlotte Norman, Chief Executive at St Vincent’s Housing Association, took the view that a revised and refreshed national framework was timely and would be a positive outcome from this process.<sup>56</sup> The YMCA told us a new national regulatory framework for supported housing should be developed to supplement the new funding model, which would look at: access and allocations, assessment of needs, support and pathway planning, resident involvement and empowerment, security and safeguarding, housing standards, health and safety, governance and financial viability.<sup>57</sup> John Glenton also welcomed the idea of a new national framework for supported housing:

I would welcome a national framework that was really clear in terms of how supported housing will be funded and regulated in the future. It is also important to take into account what is already there ... I would not want more regulation on top of existing regulation, which would mean we could be triply regulated.<sup>58</sup>

**31. Most supported housing is exceptionally good value for money, providing significant cost savings for the wider public sector, while maximising quality of life for tenants. However, while the majority of this provision is of a very high standard, some tenants told us there were schemes of a disappointingly poor quality. This can have especially damaging consequences for the most vulnerable tenants. There is currently limited oversight of the quality of provision in some areas, especially in England, and the Government is right to focus on this issue in its funding proposals. We agree with the Minister for Welfare Delivery that the oversight arrangements in Scotland are better than they are in England, and believe lessons can be learned from the Scottish system to make the system of oversight in England simpler and more robust.**

***32. The Government should establish a set of national standards to enable monitoring of the quality of provision in all supported housing in England and Wales. These should have a specific emphasis on improving the quality of life that tenants experience in supported housing. All providers should be registered with their local authority, whether or not their services have been commissioned locally. Local authorities should undertake annual inspections of all supported housing schemes in their area to ensure a minimum standard of provision.***

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52 Q173 (Cllr Rennison, London Borough of Hackney), Q174 (Cllr Kendrick, Kirklees Council) and Q175 (Liz Slater, Southampton City Council)

53 Q170 (Liz Slater, Southampton City Council)

54 Q176 (Liz Slater, Southampton City Council, and Cllr Rennison, London Borough of Hackney)

55 Q62 (Anne Lawn, Sense)

56 Q111 (Charlotte Norman, St Vincent’s Housing Association)

57 YMCA (FSH0034)

58 Q111 (John Glenton, Riverside)

***33. Tenants must be able to make complaints about the quality of the service they are receiving without fear of the consequences. However, current redress mechanisms in England are unsatisfactory and require a thorough review by the Government. The Government should ensure tenants are appropriately and adequately supported in seeking redress where the quality of the service they receive is inadequate.***



## 2 Government's funding proposals

34. In September 2016, the Government announced its proposals for a new funding model for supported housing, which would operate from April 2019.<sup>59</sup> A consultation on the design of the model was launched on 21 November 2016 and concluded on 13 February 2017, attracting more than 600 responses.<sup>60</sup> The Government is now evaluating the feedback to its consultation and expects to publish a Green Paper after the General Election.

35. Under the new model, core rent and service charges would be funded through Housing Benefit or Universal Credit up to the level of the applicable Local Housing Allowance (LHA) rate. For costs above the LHA rate, the Government would devolve ring-fenced top-up funding for disbursement by local authorities. The Government committed to ensuring that Devolved Administrations would receive top-up funding at the same level as it would otherwise have been in 2019/20, and agreed not to apply the Shared Accommodation Rate to people living in the supported housing sector. In addition, the Government decided that the one per cent rent reduction in England would apply for the remaining three years of the policy, from April 2017.

36. The Government identified a number of objectives for its funding proposals. The Minister for Welfare Delivery told us, "Much of this is driven by the need for greater oversight and value for money".<sup>61</sup> The Departments said they wanted to "consider new approaches to transparency and oversight in order to achieve consistent quality and to demonstrate to the taxpayer the value of the considerable public investment in these services".<sup>62</sup> In addition, the Departments told us they wanted to encourage strategic commissioning based on local need, to create a stronger link between supply and demand in every area, and "both protect and boost the supply of supported housing".<sup>63</sup> The Departments were also keen to ensure the new funding mechanism worked within the existing structures of Universal Credit.<sup>64</sup> The Minister for Local Government told us cost savings were not an objective for the funding proposals: "... the cost envelope as such is the same cost envelope as the current system would have been in 2019/20".<sup>65</sup>

37. The proposals were met with concern by many providers, charities, local authorities and supported housing tenants. While the National Housing Federation told us there was not "the width of a cigarette paper between us and the Government on the objective" for its changes, many stakeholders believed the Government was unlikely to achieve these objectives by pursuing the funding model it had proposed.<sup>66</sup> Indeed, some organisations told us the Government's proposals were likely to do significant damage to the sector. Havant Housing Association said:

The current... proposal is the most serious threat to the supported housing sector in its history and this threat should not be underestimated.<sup>67</sup>

59 [Funding for Supported Housing: Consultation](#), DCLG and DWP, November 2016

60 Q187 (Marcus Jones MP, Department for Communities and Local Government)

61 Q184 (Caroline Nokes MP, Department for Work and Pensions)

62 DCLG and DWP ([FSH0105](#))

63 *Ibid*

64 *Ibid*

65 Q235 (Marcus Jones MP, Department for Communities and Local Government)

66 Q39 (David Orr, National Housing Federation)

67 Havant Housing Association ([FSH00026](#))

38. **We agree with the Government that it is necessary to find a long-term, sustainable funding mechanism that ensures quality, provides value for money, and which protects and boosts the supply of supported housing. However, we are concerned the Government’s funding proposals, as they stand, are unlikely to achieve these objectives.**

## Local Housing Allowance

39. The Local Housing Allowance (LHA) was introduced for new claimants living in the deregulated private sector from 7 April 2008, as the way in which the rent element of Housing Benefit would be calculated.<sup>68</sup> The LHA is a flat rate allowance for different sizes of properties within a Broad Market Rental Area (BMRA), determined by the Valuation Office Agency and comprising two or more distinct but adjoining areas of residential accommodation. Since April 2011, LHA rates have been set at the 30th percentile of local market rents within each BRMA. In addition, LHA rates are subject to national caps. During the Spending Review and Autumn Statement 2015, the Government announced its intention to restrict the level of Housing Benefit, or the housing element of Universal Credit, claimed by tenants in social housing to the LHA rate. The Government’s funding proposals for supported housing, announced in September 2016, further reflected this intention.

### *Using the LHA rate for supported housing*

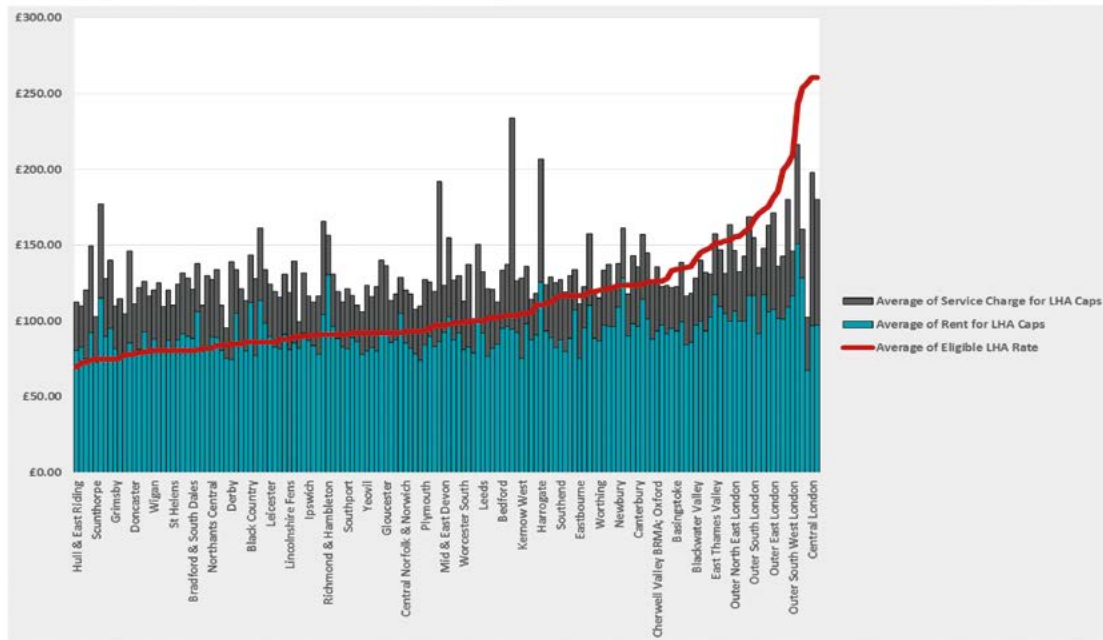
40. LHA rates vary considerably across the country. The 2017–18 LHA rates for a one-bedroom property in England vary from £69.73 per week in Hull and East Riding to £260.64 in Central London and Inner North London.<sup>69</sup> Consequently, the extent to which supported housing providers in different areas would need to rely on top-up funding administered by local authorities also varies considerably. Riverside, a charitable housing association with supported housing in 90 local authorities in England, told us that for their properties, under the proposed funding system, the proportion of rental income relying on discretionary local authority top-up ranged from zero per cent in London to 58 per cent in the North East, where 95 per cent of tenancies were likely to be affected.<sup>70</sup> In addition, they shared data from five supported housing providers—Riverside, St Mungos, Housing and Care 21, Hanover, and Home Group—showing the current average rent and service charges by BRMA, with a comparison to the LHA rate in each area.

68 [The reform of Housing Benefit \(Local Housing Allowance\) for tenants in private rented housing](#), House of Commons Library, December 2013

69 [Local Housing Allowance \(LHA\) rates applicable from April 2017 - March 2018](#), Valuation Office Agency, 31 January 2017

70 The Riverside Group Ltd ([FSH0009](#)), para 2.6

**Figure 1: Average rent/service charges by BRMA, and 1 bed LHA rate (Riverside, St Mungos, Housing and Care 21, Hanover, and Home Group)**



Source: The Riverside Group Ltd

41. The Minister for Welfare Delivery told us this funding system was chosen because it provided flexibility to take account of the diversity within the supported housing sector.<sup>71</sup> She said there was “absolutely” a connection between the LHA rate and the cost of supported housing in different areas, which she said was influenced by land and building costs.<sup>72</sup> The Minister told us the LHA rate was a fair reflection of the core rental costs of supported housing in each area:

There is certainly a read-across in relation to rental values and the cost of developing a certain size of accommodation. Naturally, there is an additional cost with supported housing, particularly in terms of the wider maintenance of the particular housing involved, the caretakers’ costs and all those types of things. In terms of the model that is being put forward, the core cost is reflected in the LHA rate. The fact that there is undoubtedly an additional cost is reflected in the top-up that is going to be provided [ ... ] The top-up has been brought in so that we can provide the additional costs of support.<sup>73</sup>

42. David Orr told us that while he accepted the principle of a cap on the cost of supported housing, the LHA rate was “not a competent starting point” for a new funding mechanism for supported housing.<sup>74</sup> He said the LHA was a reflection of the specific circumstances of the private rented market for general needs housing, which “bears no relationship of any kind to the way that supported housing is provided or the cost of that provision” and that the Government might as well refer to what it costs to rent a shop.<sup>75</sup>

71 Q190 (Caroline Nokes MP, Department for Work and Pensions)

72 Q192–193 (Caroline Nokes MP, Department for Work and Pensions)

73 Q197–8 (Caroline Nokes MP, Department for Work and Pensions)

74 Q19 and Q21 (David Orr, National Housing Federation)

75 Q19 and Q35 (David Orr, National Housing Federation)

43. This message was repeated in the oral and written evidence we received, as well as at our round-table event with supported housing tenants and providers. Gillian Connor told us the Government’s proposals did “not feel like the right starting point” and that it was “almost akin to underpaying a waiter or waitress on the assumption that they will make it up with tips”.<sup>76</sup> BCHA, a specialist housing provider, said the LHA was “not an appropriate measure” because it did not reflect the actual cost of provision or “allow for the higher service charges essential to providing safe and quality buildings for supported housing”.<sup>77</sup>

44. We heard from a number of providers that, despite the large regional variations in LHA rates, the cost of supported housing provision was very similar across the country. Frank Czarnowski told us West Kent Housing Association had recently built five new extra care schemes across Kent on public land—which was provided for free—and that the construction costs and running costs had been very similar. He said the charges to residents varied by approximately 9 per cent between the cheapest and most expensive provision, but by contrast the LHA rate within Kent varied by 70 per cent. John Glenton explained how the LHA cap would affect two Riverside schemes, in London and Hull. He told us it demonstrated why the Government’s proposals were “not fair”:

We have a project in Westminster, which I was at today. For Westminster, the LHA cap is £260 a week. It costs us around £220 a week to deliver that housing function with the housing charges. We have the same type of service doing the same work with a similar contract in Hull. It costs us the same money or £10 less a week to deliver in Hull. The local authority LHA cap is £69 a week in Hull. That means we would need to find top-up funding of £450,000 a year to run that same service.<sup>78</sup>

It might seem counterintuitive that supported housing in Westminster costs nearly the same as in Hull, but John Glenton told us this was because Riverside—and many other providers—already owned their buildings and the only additional running cost in London was needing to pay a location allowance due to the higher cost of living in the capital. Other costs, such as building maintenance, security and electricity, were largely consistent across the country.<sup>79</sup> Framework Housing Association supported this analysis, telling us, “the geographical disparity in LHA rates is a problem because the main driver of cost is staffing, not bricks and mortar” and that this applied even more to specialist supported housing, such as hostels, than to sheltered housing for older people.<sup>80</sup>

45. John Glenton went on to explain how the variation in LHA rates would create unwelcome incentives for providers to focus future investment in areas where the LHA rates were high, while avoiding areas where there would be a greater reliance on top-up funding, describing the disincentive that would be created as “perverse”.<sup>81</sup> Jane Ashcroft explained that providers would struggle to secure the investment they needed from lenders in areas where there was too great a reliance on local top-up funding, as there would be less certainty around anticipated future income.<sup>82</sup> This was reinforced by David Orr, who

76 Q73 (Gillian Connor, Rethink Mental Illness)

77 BCHA ([FSH0082](#))

78 Q112 (John Glenton, Riverside)

79 Q117 (John Glenton, Riverside)

80 Framework Housing Association ([FSH0091](#))

81 Q117 (John Glenton, Riverside)

82 Q72 (Jane Ashcroft, Anchor)

told us providers would be incentivised to invest in high-value areas where the LHA cap was high, and that it would be “enormously difficult” to provide housing in areas such as Hull and Middlesbrough, where the cap was low.<sup>83</sup>

**46. The Local Housing Allowance (LHA) rate is an inappropriate starting point for a new funding mechanism for supported housing. The LHA rate is a measure for general needs housing in the private rented sector and bears no necessary relationship to the cost of providing supported housing. The Government proposed its new funding model on the basis that there was a correlation between the LHA rate and the cost of providing supported housing in different areas. However, the evidence we have received strongly suggests there is no such correlation. For many providers, especially those who own their properties outright, the cost of provision is remarkably consistent across the country. The Government’s proposals mean some areas will have a far greater reliance on a local top-up than others, which could create a disparity in the supply of homes and services offered in different parts of the country.**

### *Impact on supply and service provision*

47. There is currently a shortfall in provision of supported housing. David Orr told us there were approximately 17,000 fewer supported housing units than needed, which was likely to double to over 35,000 places by 2020/21.<sup>84</sup> He added that, without immediate Government intervention, the shortfall in sheltered accommodation for older people could be 240,000 by 2030.<sup>85</sup> The Associated Retirement Community Operators said the sector needed to be expanded urgently and that standing still would incur significant additional costs to the public purse in future.<sup>86</sup>

48. The Government told us they recognised the “vital importance of ensuring that providers are able to develop new, much needed, supported housing”.<sup>87</sup> They said they already had a strong track record in boosting the supply of supported housing, pointing to the 18,000 new supported homes that were delivered in England between 2011 and 2015, with a further 2,500 starts in the year up to December 2016.<sup>88</sup> At the last Spending Review, £400 million of funding was made available to deliver up to 8,000 new specialist affordable homes through the Shared Ownership and Affordable Homes Programme and 6,000 specialised homes through the Care and Support Specialised Housing fund.<sup>89</sup>

49. The Government told us the new funding mechanism was designed to “protect and boost the supply of supported housing”.<sup>90</sup> The Minister for Local Government acknowledged that stakeholders had expressed concerns relating to the Government’s proposals and that they needed greater clarity, but added:

At this point, we are not aware of any definitive information of people exiting the sector, as such, but we very much want to keep a close eye on

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83 Q21 (David Orr, National Housing Federation)

84 Q2 (David Orr, National Housing Federation) and [Strengthening the case for supported housing: the cost consequences](#), National Housing Federation website, February 2017

85 Q13 (David Orr, National Housing Federation)

86 Associated Retirement Community Operators ([FSH0089](#))

87 DCLG and DWP ([FSH0105](#))

88 DCLG and DWP ([FSH0105](#)) and Q219 (Caroline Nokes MP, Department for Work and Pensions)

89 DCLG and DWP ([FSH0105](#))

90 Ibid

that. We certainly do not want that to be the outcome of the work that we are doing.<sup>91</sup>

50. However, we heard a number of providers were already reducing investments and expecting to have to close services due to uncertainty around the Government's funding proposals. John Glenton told us Riverside had already put developments on hold, including one in Colchester for people leaving the armed forces and an extra care scheme in Rochdale, due to insufficient security around future funding.<sup>92</sup> Charlotte Norman told us that across the 118 supported housing providers within the PlaceShapers national network, 2,000 new supported housing homes had been put on hold across a range of extra care and learning disability schemes.<sup>93</sup> Golden Lane Housing said their plans to raise over £100 million through social finance had been shelved. They reported their existing and potential future investors were now much less likely to invest in supported housing, unless they were able to do so on different terms to reflect the increased risk; increasing the cost of provision and reliance on the local top-up funding.<sup>94</sup>

51. We also heard from providers who told us the Government's funding proposals would require them to close services, or change the nature of the services they currently provide. While Jane Ashcroft told us most of the larger providers of sheltered housing would "continue to do everything in [their] power to continue to provide services", Anne Lawn said the Government's proposals "possibly will not allow people to continue."<sup>95</sup> Denise Hatton, Chief Executive at YMCA England, said that concerns around the local allocation of funding could lead to a "significant number" of YMCA projects needing to close, with only those for people with lower-level support needs remaining open in the longer term.<sup>96</sup>

**52. We are concerned the Government does not seem to be aware of the impact its funding proposals are already having on the supported housing sector. The evidence we received is clear that some providers are reconsidering their investment plans in light of concerns around the long-term reliability of funding, with many others fearing they will be forced to reduce existing levels of provision. It is a further indication that the Government is not meeting its stated objectives, in this case to protect and boost the supply of supported housing. On the contrary, current shortfalls in provision are expected to become substantially worse over the next decade without immediate Government intervention.**

***53. It is essential that the Government's funding proposals do not threaten the future supply of supported housing. The Government should undertake an assessment of the final funding proposal to assess its impact on the future provision of supported housing. This information should be provided to the successor Work and Pensions Committee and Communities and Local Government Committee in the new Parliament.***

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91 Q181 and Q238 (Marcus Jones, Department for Communities and Local Government)

92 Q113–4 (John Glenton, Riverside)

93 Q128 (Charlotte Norman, St Vincent's Housing Association)

94 Golden Lane Housing ([FSH0064](#)). Further evidence of investments being cut back or put on hold provided by Havant Housing Association, Liz Slater (Southampton City Council), Essex County Council, and many others.

95 Q72 (Jane Ashcroft, Anchor, and Anne Lawn, Sense)

96 Q81 (Denise Hatton, YMCA England)

### Impact on tenants

54. In September 2016, the Government announced that its proposed funding mechanism would apply to existing tenants, as well as new tenants, from April 2019.<sup>97</sup> Charlotte Norman told us this had been “slipped in” and, while solutions might be found for new supply, this was more difficult for existing tenants.<sup>98</sup> AmicusHorizon told us the proposals would create anxiety for “this most vulnerable group”, both while the funding model was being developed, and permanently, unless strong safeguards were put in place around the funding of schemes.<sup>99</sup> Anchor said the proposals would “effectively rob many older people of the certainty of a home for life”, replaced with a home for as long as the life of each contract and any subsequent grace period.<sup>100</sup> They told us this was likely to cause significant anxiety to tenants of any age, but especially for those in their eighties or nineties. We also heard directly from concerned supported housing tenants, such as Tessa Bolt, who told us she feared funding changes could limit what she was able to do:

Any cuts in housing benefit would put my current housing in jeopardy, as I would not be able to make up any shortfall in the rent from benefits and live the life I do now. I would not have the money to do some activities I currently do, if my money was all spent on housing or care costs.<sup>101</sup>

55. The funding proposals could also have an impact on future tenants. Denise Hatton told us that if YMCA were forced to close its more complex, high-level provision, many vulnerable young people—including those coming out of the criminal justice system or who have problems with drug addiction—would potentially not have the support they needed.<sup>102</sup> Lisa Hubbard, Senior Support Officer at Working Chance, also told us many ex-offenders, who might be under a 12-week curfew or have a Home Detention Curfew (HDC) tag, would be required to remain in custody if they were not able to find accommodation in supported housing.<sup>103</sup> Zhan McIntyre said uncertainty around the funding proposals could lead to many older people choosing to stay in their own homes, leading to more intensive and expensive treatment in hospital or care homes later in life.<sup>104</sup>

### An alternative mechanism

56. We heard a number of suggestions for how the Government’s proposals might be improved. Many stakeholders, such as PlaceShapers, told us there should be multiple funding mechanisms to reflect the diversity of need and provision in the sector.<sup>105</sup> Riverside told us there was a particularly strong case for a separate funding mechanism for sheltered accommodation for older people. They feared local authorities would not prioritise support for sheltered housing when distributing top-up funding, given its inherently preventative nature; in addition, preventative services do not provide the measurable outcomes that many commissioners seek.<sup>106</sup> Anchor, Hanover and Housing & Care 21 said there should

97 [‘LHA cap’ will apply to existing supported housing tenants](#), Inside Housing, 21 September 2016

98 Q127 (Charlotte Norman, St Vincent’s Housing Association)

99 AmicusHorizon housing association ([FSH0088](#))

100 Anchor ([FSH0058](#))

101 Q52 (Tessa Bolt)

102 Q82 (Denise Hatton, YMCA England)

103 Q84 (Lisa Hubbard, Working Chance)

104 Q32 (Zhan McIntyre, Scottish Federation of Housing Associations)

105 PlaceShapers ([FSH0011](#))

106 The Riverside Group Ltd ([FSH0009](#))

be a nationally administered system for older people, with support funded through pension credit, which would allow clearer definitions of sheltered housing together with controls on services charges.<sup>107</sup> Similarly, the Local Government Association (LGA) believed older people should receive housing benefit and an additional support payment through their pension credit, while other vulnerable people should receive housing benefit alongside a grant from local authorities to meet additional rent and support costs.<sup>108</sup>

57. Other stakeholders recommended a funding mechanism that retained the principle of a cap, but with adjustments; what some stakeholders called a ‘Supported Housing Allowance’. AmicusHorizon called for locally-set enhanced LHA rates for both sheltered and extra care housing, so that those residents would not require recourse to local top-up funding.<sup>109</sup> The National Housing Federation also told us there should be an additional element paid, above the LHA cap, in certain regions where the cap was particularly low, and that this should be paid through the benefits system.<sup>110</sup> Elaborating on this, David Orr said he would “have maybe three bands of supported housing allowance”, assessing the cost of supported housing and creating a cap relevant to the nature of each type of provision.<sup>111</sup> He told us a Supported Housing Allowance could be provided at no extra cost to the Treasury, but was instead a different way of distributing the same money without the need for “additional and unhelpful bureaucracy”.<sup>112</sup>

58. Framework Housing Association outlined their vision for how a Supported Housing Allowance—what they called a “Sheltered Housing Local Housing Allowance”—might work. They told us there could be both a fixed element, reflecting the costs of provision that did not vary between areas, and a variable one, reflecting differences in the cost of land in each areas.<sup>113</sup> They recommended that local top-up funding should be reserved only for the intensive housing management costs incurred in higher-cost supported housing for people with complex needs.

59. However, the Minister for Welfare Delivery told us there was a risk to introducing a system of banding in the supported housing funding mechanism.<sup>114</sup> She said such a system could lead to a situation in which there was an under-supply in the most expensive bands and an over-supply in the least expensive, creating an incentive for providers to look to the most cost-effective bands.

**60. Stakeholders in the supported housing sector identified clear principles they thought should underpin a new funding mechanism. It should:**

- **Reflect the actual cost of provision, which is largely consistent across the country;**
- **Incentivise investment in all regions equally, not only the highest-value areas;**

107 Anchor, Hanover and Housing & Care 21 (FSH0010), para 12

108 [Building our homes, communities and future](#), Local Government Association, December 2016, page 33

109 AmicusHorizon Housing Association (FSH0088), para 6

110 National Housing Federation (FSH0007), with further detail available in: [A proposal for a strong and sustainable future for supported and sheltered housing](#), National Housing Federation, June 2016

111 Q24 (David Orr, National Housing Federation)

112 Q22 (David Orr, National Housing Federation)

113 Framework Housing Association (FSH0091)

114 Q237 (Caroline Nokes MP, Department for Work and Pensions)



- Be sophisticated enough to reflect the diversity of provision in the sector, recognising that costs vary substantially and a funding mechanism that works well for older people might not be appropriate for those with more complex needs;
- Not introduce uncertainty into the long-term housing arrangements of vulnerable people.

With these principles in mind, we propose an alternative basis for the Government's new funding mechanism for supported housing.

61. *The Government should introduce a Supported Housing Allowance, with a system of bandings for different types of provision and a cap within each band. The Supported Housing Allowance would be calculated according to a formula made up of two elements: a fixed amount that reflects the cost of provision, which is consistent between geographical areas; and a smaller, variable amount that reflects differences in land values in each area. The Government should work with the sector to identify bandings that adequately reflect the diversity of provision and variation in costs in the sector.*

62. *The Supported Housing Allowance should be sufficient to ensure supported housing tenants only require recourse to locally-administered top-up funding in exceptional circumstances. To meet the Government's objective for greater oversight of quality and value for money in the sector, tenants should only be eligible for the Supported Housing Allowance if they live in accommodation registered for regular inspection by their local authority.*

63. *A capital grant scheme should be introduced for new supported housing developments. This would mean that, even when the cost of land varied between high and low value areas, core rent and service charges for new accommodation would remain largely consistent with existing supported housing stock. Reducing the cost differences between old and new supported housing would simplify the funding mechanism, permitting greater oversight of costs and value for money, while reducing risk for providers and encouraging additional investment in the sector. The provision of public land for new supported housing, as highlighted by West Kent Housing Association (Paragraph 44), is a form of capital grant scheme that could benefit the sector.*

64. *A Supported Housing Allowance would refocus the funding mechanism towards the actual costs of providing supported housing, as opposed to where it is being provided. It would better reflect the fact that the cost of provision is broadly similar in different areas, reducing the large disparities that exist in the LHA rate and limiting disincentives for providers to focus new provision in areas where the LHA rate is highest. We believe a Supported Housing Allowance could be achieved at no additional cost to the Government.*

## Top-up Funding

65. The Government's proposals require local authorities to be responsible for the administration of new ring-fenced funding, to be used for supported housing costs above the LHA rate.<sup>115</sup> Funding would be provided at the same level it otherwise would have

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115 [Funding for Supported Housing: Consultation](#), DCLG and DWP, November 2016

been in 2019/20. It is through the top-up fund that the Government hoped to drive more strategic commissioning based on local need and create a strong alignment between supply and demand for all areas.<sup>116</sup> It would also provide the basis for greater local oversight of quality and value for money in each area, although the Minister acknowledged that a top-up might not be necessary in some areas due to high LHA rates.<sup>117</sup>

66. While it is our preference that the vast majority of supported housing tenants would not require recourse to a locally-administered top-up fund, it is nevertheless important to consider how the top-up should operate if the Government does proceed with its funding proposals, and what safeguards would be needed to give confidence to stakeholders in the sector.

67. The reliability of the ring-fence was central to many stakeholder concerns around the Government’s funding proposals. We heard this uncertainty was causing providers to put developments on hold in areas likely to rely more heavily on the top-up fund.<sup>118</sup> Reflecting the views of many stakeholders we heard from during this inquiry, David Orr told us, “No one trusts ring-fences”.<sup>119</sup> He said this was reasonable given past experience with the Supporting People fund, which had its ring-fence removed in 2009 after only six years, and led to some local authorities reducing expenditure on supported housing by 50 per cent. Local authority cuts have been particularly damaging in some areas. Sian Hawkins reported that a local authority in Devon cut 100 per cent of funding for women’s refuges in its area, without any safeguarding mechanism or accountability framework.<sup>120</sup>

68. With many new investments being made on the basis of 30-year loans, the lack of long-term funding security was a cause of considerable concern for providers in the sector.<sup>121</sup> A number of providers—including Anchor, Hanover and Housing & Care 21, Rethink Mental Illness and Havant Housing Association—told us the ring-fence should be guaranteed in perpetuity.<sup>122</sup> Others urged the Government to enshrine the ring-fence in law, such that it could only be removed by an Act of Parliament, and not through secondary legislation.<sup>123</sup>

69. There were also concerns around the degree of flexibility local authorities should have in the administration of the top-up fund. While the LGA—which is normally opposed to ring-fenced funding—said it understood “the Government’s reasoning in this exceptional case”, most local authorities sought as much flexibility within the ring-fence as possible.<sup>124</sup> Essex County Council told us the ring-fence should be sufficient in flexibility and scope to allow local authorities to work with providers to develop a range of options and provide supported housing that encourages movement within the system and get more people into mainstream accommodation.<sup>125</sup> Southampton City Council also urged a degree of flexibility, and recommended that there be only one ring-fence, as opposed to ring-fences

116 DCLG and DWP ([FSH0105](#))

117 Q191 (Caroline Nokes MP, Department for Work and Pensions)

118 Q117 (John Glenton, Riverside), Q72 (Jane Ashcroft, Anchor), and Q21 (David Orr, National Housing Federation)

119 Q23 (David Orr, National Housing Federation)

120 Q77 (Sian Hawkins, Women’s Aid)

121 Q127 (Charlotte Norman, St Vincent’s Housing Association)

122 Anchor, Hanover and Housing & Care 21 ([FSH0010](#)), para 14; Q74 (Gillian Connor, Rethink Mental Illness); and Havant Housing Association ([FSH0026](#)), para 15

123 Framework Housing Association ([FSH0091](#))

124 [Local Government Association Briefing: Effect of Government proposals on supported housing](#), LGA, 29 November 2016

125 Essex County Council ([FSH0090](#)), para 1.11

within the overall ring-fence, so that funding could be interchanged between client groups depending on fluctuating demand.<sup>126</sup> Councillor Viv Kendrick told us Kirklees Council was concerned there would be insufficient flexibility for local authorities to be inventive and innovate in how they commission supported housing.<sup>127</sup>

70. Other stakeholders, however, urged the Government not to give local authorities too much flexibility in the administration of the fund. Knightstone—a housing provider in Somerset and the West of England—warned that local authorities should not have exclusive control over the top-up.<sup>128</sup> They urged input from the police, probation, prisons and other local services into the decision making process, because they feared local authorities would prioritise services that had the greatest benefits to its own services and budgets, such as adult social care, at the expense of budgets controlled by other agencies.

71. Some stakeholders—including Housing for Women—called for new statutory duties to compel local authorities to continue to fund all client groups through the top-up, including those traditionally less well-served.<sup>129</sup> Gillian Connor told us some statutory duties would be necessary to underpin the new ring-fence, given the risk of “very vulnerable people who may well fall down the cracks”.<sup>130</sup> However, local authorities were opposed to new statutory duties. Kirklees Council cautioned that were new statutory duties to be introduced, potentially only those included would continue to receive funding in a crisis, leaving less funding for preventative services.<sup>131</sup> Essex County Council told us statutory duties could be avoided with a robust ring-fence, and that local authorities already had considerable wellbeing duties that link to supported housing.<sup>132</sup>

**72. We are aware of the lack of enthusiasm from local authorities for a ring fence that is insufficiently flexible to allow them to be innovative and respond appropriately to demand. However, providers were clear that the ring-fence must be sufficiently robust to provide reassurance to investors and protect traditionally less well served client groups. Governments are unable to bind their successors and it is therefore difficult to provide a truly long-term guarantee for any ring-fence—an inherent consequence of the ring-fence based funding mechanism proposed by the Government—but it is important to investors that certainty is provided for as long as possible.**

**73. *The Government should guarantee the ring-fence around local authority top-up funding for supported housing for the duration of the next Parliament, and provide a clear indication of its desire for the fund to remain in the long-term. The Government should review existing guidance and statutory duties to ensure they are comprehensive enough to ensure no vulnerable groups are left behind under the new funding mechanism.***

### Calculating the top-up

74. Concerns were raised not only around the reliability of the local authority ring-fence, but also that the level of central funding provided to local authorities would be both sufficient and secure in the long-term. A number of proposals were made for how

126 Southampton City Council (FSH0071)

127 Q163 (Councillor Viv Kendrick, Kirklees Council)

128 Knightstone (FSH0018)

129 Housing for Women (FSH0069), para 4

130 Q74 (Gillian Connor, Rethink Mental Illness)

131 Kirklees Council (FSH0030), para 2.3

132 Essex County Council (FSH0090), para 1.10

current and future need should be calculated. Under the Government's current proposals, differences in LHA rates would have to be taken into consideration, with areas with very low LHA rates requiring substantially higher top-up funding than those where the LHA rate were high—an inherent consequence of the Government's chosen funding model. However, 'Greater Manchester Housing providers and local authorities' emphasised the importance of not relying solely on the LHA rate, and recommended making use of deprivation data and other census material to assess age and other levels of need.<sup>133</sup> A number of stakeholders—including the National Housing Federation, Anchor, Hanover and Housing & Care 21—told us the basis of the local allocation should be the existing costs found in schemes currently funded through Housing Benefit, using data from providers on actual rent and Housing Benefit eligible service charges.<sup>134</sup> Essex County Council highlighted there were already examples of existing plans that could be used to form the basis of the evidence of need, such as Local Plans, Strategic Housing Market Assessments and Joint Strategic Needs Assessments.<sup>135</sup> They suggested introducing tiers of need or bandings based on the types and levels of support required, which could provide greater accuracy in estimating support needs and funding requirements, while recognising the considerable number of variables in local need and that a one-size-fits-all approach would not be appropriate. They also emphasised the importance of local knowledge being utilised in making the calculations, with future need requiring ongoing consultation with local authorities and their partners.

75. We heard that, in predicting future need, some forms of provision would be more easily estimated than others. Councillor Viv Kendrick told us estimating future need for sheltered accommodation for older people would be relatively straightforward, through looking at demographic data that many local authorities already had.<sup>136</sup> However, it was not possible to predict with the same level of accuracy domestic violence and associated levels of future need for women's refuges.<sup>137</sup> Similarly, Liz Slater explained the difficulties in estimating future levels of homelessness and rough sleeping.<sup>138</sup>

76. Of particular concern was the lack of knowledge needed to accurately predict current and future need, inconsistencies relating to how data was collected, and the short timescales proposed by the Government for making the calculations necessary for its new funding proposals. Harrow Council explained how local authorities were likely to have different levels of insight into local provision, as the extent to which local services were commissioned by councils varied.<sup>139</sup> In addition, Councillor Rebecca Rennison told us, "we all currently collect, use and produce our data, very helpfully, in different ways" and that while local authorities could provide estimates to the Government, it would be hard to say whether these would be accurate.<sup>140</sup> With the Government expected to make its assessment of funding allocations in the Autumn, Kent County Council urged the Government to allocate more time to local authorities to make the necessary assessments, telling us:

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133 Greater Manchester Housing providers local authorities ([FSH0086](#))

134 National Housing Federation ([FSH0007](#)), para 23, and Anchor, Hanover and Housing & Care 21 ([FSH0010](#)), para 15

135 Essex County Council ([FSH0090](#)), para 1.12

136 Q163 (Councillor Viv Kendrick, Kirklees Council)

137 Q165 (Councillor Viv Kendrick, Kirklees Council)

138 Q165 (Liz Slater, Southampton City Council)

139 Harrow Council ([FSH0039](#))

140 Q156 (Councillor Rebecca Rennison, London Borough of Hackney)

Since [2009] councils have taken different approaches to fund supported housing. Taking stock of this national variation, identifying the gaps in funding... and ensuring that authorities begin the new regime on an equal footing will take considerable, detailed appraisal, assessment and analysis with local partners prior to any implementation... The current timescale presents risks to local authorities.<sup>141</sup>

77. Local authorities were concerned by the risks of miscalculating current and future need, and consequential underfunding of supported housing provision. Essex County Council told us there was a nervousness that local authorities would be left subsidising an underfunded duty and having to balance supported housing development alongside other needs.<sup>142</sup> They recommended the Government agree to a multi-annual settlement for funding supported housing—a minimum of five years—which would give investors and local authorities confidence in the long-term viability of the sector. Southampton City Council agreed that any funding formula should project forwards over a minimum of five to ten years, to allow for local authorities' medium term financial cycles and long-term commissioning plans.<sup>143</sup>

78. Councillor Rebecca Rennison told us that, if a local authority were underfunded, this would have a knock-on effect for neighbouring authorities, who would be left to pick up additional costs.<sup>144</sup> The London Borough of Lambeth said not providing sufficient funding for supported housing would lead to social care pressures elsewhere and an increase in costs to the public purse, with vulnerable people put at significant risk.<sup>145</sup> Harrow Council agreed, telling us funding shortfalls or expectations that local authority general funds might be diverted in such circumstances, would likely lead to a fall in the quality and quantity of provision, with consequences for health, social care and general well-being.<sup>146</sup>

**79. It is vitally important local authorities are given the time and resources to collate the information they need to accurately estimate current and future allocations of top-up funding for supported housing. The dangers of miscalculating requirements or having inconsistent approaches to data collection are severe and would put vulnerable people at risk, as well as leading to higher costs for the wider public sector.**

**80. *The Government should ensure local authorities have sufficient guidance, time and resources to collect the necessary data for the review of current and future need in their areas, even if this requires retaining the current arrangements for a longer period of time. Central funding of the top-up should be guaranteed for at least the duration of the next Parliament, to provide greater certainty to local authorities' funding cycles and long-term commissioning plans. Funding levels should be kept under regular review to ensure the top-up fund keeps pace with increases in the cost of provision and changes in local demand for different services.***

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141 Kent County Council ([FSH0066](#))

142 Essex County Council ([FSH0090](#)), para 1.12

143 Southampton City Council ([FSH0071](#))

144 Q159 (Councillor Rebecca Rennison, London Borough of Hackney)

145 London Borough of Lambeth ([FSH0047](#)), para 12

146 Harrow Council ([FSH0039](#))

## *Administrative capacity*

81. PlaceShapers, along with a number of stakeholders, told us they were concerned local authorities would not have the capacity to effectively distribute the top-up funding.<sup>147</sup> Harrow Council reinforced this message, telling us they were “particularly concerned that the resources, capacity and expertise needed to implement this new model are lacking or at risk in many local authorities”.<sup>148</sup> Bromford reported that many upper tier local authorities no longer had the necessary expertise to administer the funding, and there was a risk they would not understand the role of top-up funding in meeting essential housing costs.<sup>149</sup>

82. Of particular concern was the lack of clarity around what the extra costs and required expertise would be.<sup>150</sup> Liz Slater told us that, while Southampton City Council was well prepared in relation to the skills required, they could not be certain they had the correct resources until the funding model was operational.<sup>151</sup> Councillor Viv Kendrick explained that IT systems would need to be upgraded and data would need to be cleansed, while councils who currently have their own working practices would need to agree a more consistent way of managing the funding.<sup>152</sup>

83. Despite this, local authorities seemed confident they would be able to administer the new top-up funding, provided they were given sufficient additional funding to set up the necessary infrastructure and hire staff to carry out the new commissioning and oversight responsibilities. Rebecca Rennison told us, “Yes, we can do it... We currently place people in that housing and negotiate their housing benefit anyway, so it is a switch in what we do, but it is not something that is entirely new to us”.<sup>153</sup> Liz Slater and Councillor Viv Kendrick told us there were benefits that could arise from taking on the top-up funding, such as improvements in commissioning practices, but emphasised that sufficient funding needed to be provided to ensure local authorities were able to take on this additional responsibility.<sup>154</sup> In addition, we heard it was important that the funding was in addition to existing money for funding supported housing. John Glenton told us he was concerned that money which should be spent on supported housing would instead be used to fund the administration of the new funding model.<sup>155</sup>

84. We also heard different views as to how funding and administrative responsibilities should be allocated within two-tier authorities. The Minister for Welfare Delivery said county councils had considerable experience in commissioning health and social care services, while district and borough authorities currently administered housing benefit.<sup>156</sup> She said councils had different views around where the top-up funding should sit. This was also reflected in the evidence we received, with South Gloucestershire Council telling us that the responsibility for administering top-up funding and operating joint commissioning boards should rest with county councils and unitary authorities.<sup>157</sup>

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147 PlaceShapers ([FSH0011](#))

148 Harrow Council ([FSH0039](#))

149 Bromford ([FSH0063](#)), para 3.2

150 Q151 (Councillor Rebecca Rennison, London Borough of Hackney)

151 Q151 (Liz Slater, Southampton City Council)

152 Q153 (Councillor Viv Kendrick, Kirklees Council)

153 Q150 (Councillor Rebecca Rennison, London Borough of Hackney)

154 Q150 (Liz Slater, Southampton City Council, and Councillor Viv Kendrick, Kirklees Council)

155 Q126 (John Glenton, Riverside)

156 Q223 (Caroline Nokes MP, Department for Work and Pensions)

157 South Gloucestershire Council ([FSH0081](#))

85. **Local authorities are confident they will be able to administer the new top-up funding, if they are given sufficient additional funding to carry out the new commissioning and oversight responsibilities. The Government will also need to carefully consider how funding and administrative responsibilities should be allocated within two-tier authority areas, given the existing division of responsibilities for administering housing benefit and commissioning health and social care services. *The Government should consult with local authorities to ensure they have the resources they need to administer the top-up funding. This should be separate from, and in addition to, the funding provided for disbursement to tenants in supported housing.***

## Piloting

86. The majority of witnesses told us the Government’s proposals should be piloted before being implemented more widely. The National Housing Federation strongly recommended piloting the new model, telling us a smooth transition was essential to avoid “jeopardising the lives of tens of thousands of vulnerable people, and putting local health and social care services under pressure”.<sup>158</sup> PlaceShapers agreed a pilot would be necessary, urging a similar model to that used during the roll-out of Universal Credit; a phased implementation with published rollout dates, with pauses while lessons were learned from pilot areas.<sup>159</sup>

87. Havant Housing Association recommended the pilot be focused on areas where housing costs were significantly higher than the LHA rates, as well as in a range of high and low value areas across the country.<sup>160</sup> Local authorities were also keen for the new mechanism to be piloted. Councillor Rebecca Rennison told us the London Borough of Hackney had strongly advocated for a piloting period, so that there would be greater clarity over the financial resources and expertise that would be needed to manage the new top-up funding appropriately.<sup>161</sup> Liz Slater agreed, telling us a phased approach would help to protect residents, while allowing local authorities to learn what they needed prior to the full implementation of the new funding mechanism.<sup>162</sup> Anchor, Hanover and Housing & Care 21 told us any pilot should run for at least five years, so that it could adequately understand the impact of the new system on commissioning decisions.<sup>163</sup> Similarly, Bromford told us a short-term pilot would not be able to meaningfully test the medium- to long-term strength of any ring-fence, or the impact on existing or new supply of supported housing, and a longer-term pilot would be necessary.<sup>164</sup>

88. The Departments told us they wanted there to be a “smooth and effective transition” to its new funding model in April 2019.<sup>165</sup> The Minister for Welfare Delivery said there would be a “shadow year” from April 2018, during which a system would be in place that could operate in parallel with the current system, so that local authorities could have oversight of the funding that would be available and how they could manage them when the new model was implemented a year later.<sup>166</sup> In addition, the Minister for Local Government

158 National Housing Federation ([FSH0007](#)), para 17

159 PlaceShapers ([FSH0011](#))

160 Havant Housing Association ([FSH0026](#))

161 Q151 (Councillor Rebecca Rennison, London Borough of Hackney)

162 Q151 (Liz Slater, Southampton City Council)

163 Anchor, Hanover and Housing & Care 21 ([FSH0010](#)), para 17

164 Bromford ([FSH0063](#)), para 6.1

165 DCLG and DWP ([FSH0105](#))

166 Q223 (Caroline Nokes MP, Department for Work and Pensions)

told us he was very carefully considering calls for pilots to be run during 2018, although this was not currently the Government's intention.<sup>167</sup> While pilots would require a full evaluation of the new funding mechanism, a shadow year would have a greater focus on whether the administration of the system worked. The Minister emphasised that, whether or not pilots were run during the shadow year, the Government wanted to ensure the new funding mechanism was ready for implementation at the start of 2019/20.<sup>168</sup>

***89. There is a strong case for piloting the new funding model prior to a phased implementation. The Government has proposed significant changes to the way in which supported housing is funded, which will require considerable adjustment by both providers and local authorities. The Government must prioritise ensuring its new model works, protecting vulnerable residents, over and above meeting any self-imposed delivery deadlines.***

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167 Q225–6 (Marcus Jones MP, Department for Communities and Local Government)

168 Q226 (Marcus Jones MP, Department for Communities and Local Government)



### 3 Short-term supported housing

90. In this chapter we consider some of the issues associated with short-term and emergency supported housing. First, we look at whether there is a strong case for an alternative funding mechanism for this type of provision. We also explore whether Housing Benefit and Universal Credit created a barrier to employment for people in short-term supported housing. Finally, we consider whether there were any barriers to people moving back into general needs accommodation when they were ready.

#### Alternative funding mechanisms for short-term accommodation

91. Supported housing is an umbrella term that incorporates many different types of provision, from long-term sheltered accommodation for older people, to very short-term emergency housing for people who have been made homeless or women fleeing domestic violence. Many stakeholders have suggested, therefore, that different types of provision might benefit from different funding mechanisms. Havant Housing Association told us, “This is not one market and any belief that one decision can produce one solution for supported housing as a whole is unrealistic”.<sup>169</sup> Similarly, John Glenton told us:

People who want to... move into a sheltered scheme where there is a community that can help them in all kinds of ways, around health and wellbeing, isolation and loneliness, need security that their rent is going to be paid. That should absolutely be treated in a different way to someone who is in a night shelter or women’s refuge for three to six months.<sup>170</sup>

The Government also acknowledged this in its consultation, saying, “We recognise a different approach may be needed for short term accommodation, including hostels and refuges”.<sup>171</sup>

92. The Salvation Army urged the Government to define what it meant by short-term supported housing.<sup>172</sup> They noted, for example, that the Supporting People programme defined ‘short-term’ as any service supplying accommodation for up to two years, arguing that such a definition offered a much-needed flexibility to providers. They called on the Government to introduce a separate funding model for supported housing services provided for up to two years. PlaceShapers also emphasised the importance of flexibility, but argued that, rather than a definition focusing on a maximum period of stay, the Government should instead focus on the intended use of the accommodation, and called on the Government to remove housing costs from Universal Credit for all non-permanent housing.<sup>173</sup> Support Solutions UK told us the phrase ‘short-term’ was unhelpful because it reinforced the primacy of budget management over meeting need.<sup>174</sup> They noted that a person who arrived with a short-term need might also require longer-term support, and argued that the system should not be so complicated that the provider has to go to multiple funding sources to meet additional needs. Definitions of client groups did not correspond to the length of the interventions needed to assist them and that it would be

169 Havant Housing Association (FSH00026)

170 Q127 (John Glenton, Riverside Group)

171 [Funding for Supported Housing: Consultation](#), DCLG and DWP, November 2016

172 The Salvation Army (FSH0023), paras 4–13

173 PlaceShapers (FSH0011)

174 Support Solutions UK (FSH0045)

wrong to assume that homeless people, for example, had short-term support needs, while all older people and those with disabilities needed longer-term support. The Minister for Local Government told us the Government was looking at a definition for short-term accommodation very carefully and that they would, “... provide some parameters, whether that would be as per particular sectors or a wider definition for “short-term accommodation”.”<sup>175</sup>

93. We heard that very short-term supported housing was at a particular disadvantage under Universal Credit.<sup>176</sup> St Mungo’s highlighted that 20 per cent of their residents in 2015 and 2016 had stayed for less than thirty days.<sup>177</sup> With payment for Universal Credit calculated on a monthly basis, and money taking at least five weeks to arrive, providers were unlikely to receive rent owed from residents who moved out of accommodation before their first payment, or between two monthly payments. The Minister for Welfare Delivery acknowledged this and told us the Government was “keen to remove the very short-term accommodation from this model, because we can see that it does not work and is not going to work”.<sup>178</sup>

94. BCHA told us that 57 per cent of their tenants moved away within the first three months of their support start date, and providers needed greater assurances that their rental costs would be met.<sup>179</sup> They told us that a system of direct payment to providers would be a more appropriate funding mechanism for very short-term accommodation, with a flexible approach of weekly or fortnightly payments. Direct payments to providers for emergency accommodation were supported by a number of organisations, including Framework Housing Association, who told us it was frustrating to need to “argue over and over again for measures that should be uncontroversial”.<sup>180</sup> They recommended that housing payments should only be made directly to residents once this had been agreed with the provider as part of an individual support plan.

95. Some providers called for a national funding mechanism for short-term supported housing. Bromford told us payments should be made directly to providers on a scheme-by-scheme basis, rather than to individuals, to ensure services were available when people need them.<sup>181</sup> The LGA suggested that a separate grant for councils for the commissioning of short-term crisis accommodation could remove the need to rely on the Housing Benefit received by individual tenants.<sup>182</sup> Hestia Housing Support, a London-based charity working with adults and children in crisis, called for a centrally commissioned and funded model for emergency accommodation, similar to the commissioning of Approved Premises by the Ministry of Justice and the commissioning of housing for Victims of Human Trafficking by the Home Office.<sup>183</sup> Emmaus—an organisation that provides both short-term and long-term accommodation—recommended that it, along with other similar hybrid organisations, should also sit outside the new funding mechanism and instead be funded within a national framework.<sup>184</sup>

175 Q217 (Marcus Jones MP, Department for Communities and Local Government)

176 For example, Scottish Federation of Housing Associations ([FSH0057](#)), para 3.5

177 St Mungo’s ([FSH0054](#)), para 4.7 and 4.8

178 Q231 (Caroline Nokes MP, Department for Work and Pensions)

179 BCHA ([FSH0082](#))

180 Framework Housing Association ([FSH0091](#))

181 Bromford ([FSH0063](#))

182 [Local Government Association Briefing: Effect of Government proposals on supported housing](#), LGA, 29 November 2016

183 Hestia Housing Support ([FSH0040](#))

184 Emmaus UK ([FSH0062](#))

96. Some, however, cautioned against implementing multiple, complex funding mechanisms for different types of supported housing. Octavia Housing warned against the implementation of “numerous or complicated funding models that will necessitate increased administration and associated costs for both commissioners and providers”, and believed that there should instead be a “simple” funding model.<sup>185</sup> Similarly, Dr Jonathan Hobson, an expert in supported housing from the University of Gloucestershire, told us:

One of the issues that we found a lot of organisations are concerned about is complexity. The smaller providers really struggle to deal with the complexity of these issues. They do not have the staff; they do not have the expertise. We have seen smaller providers falling out of the market and being replaced by larger providers... a lot of these smaller providers have a lot of local knowledge, can be very reflective on local needs and sometimes more targeted in what they do. They are struggling with the demands of working out how they are going to provide this service.<sup>186</sup>

**97. The Government is right to consider an alternative funding mechanism for very short-term accommodation, given the emergency nature of that provision and the inability of Universal Credit to reflect short-term changes in circumstance. The Government should consider a system of grants paid to local authorities so they are able to commission emergency accommodation in their areas. Local authorities should pay providers directly, so services are available when they are needed.**

## Refuges

98. Refuges are a distinct service that make up just one per cent of the supported housing sector.<sup>187</sup> There are 269 refuge service providers in England, providing 3,649 bed spaces across the country and sanctuary for many of the 12,000 women and 12,000 children who are forced to flee their homes each year due to domestic violence. Women’s Aid told us that women were the primary focus for the provision of refuge accommodation as they were more likely to experience coercive control, financial abuse and sexual violence, and were at greater risk of domestic homicide. Refuges are able to offer women and their children:

... a planned programme of therapeutic and practical support from staff and access peer support from other residents. This will include: access to information and advocacy; emotional support; access to specialist support workers (e.g. drugs/alcohol misuse, mental health, sexual abuse); access to recovery work; access to support for children (where needed); practical help; key work & support planning (work around support needs including e.g. parenting, finances and wellbeing); safety planning; and counselling.<sup>188</sup>

Specialist support is also provided for Black Minority Ethnic (BME) women, deaf women and women with learning disabilities. Women and their children typically remain in a refuge for between 17 and 25 weeks, although one in five stay for less than a month.

99. In March 2016, the Government launched a four-year strategy for ending violence against women and girls. It aimed to ensure, “no victim is turned away from accessing

185 Octavia Housing ([FSH0031](#))

186 Q29 (Dr Jonathan Hobson, University of Gloucestershire)

187 Women’s Aid ([FSH0055](#))

188 Ibid

critical support services delivered by refuges, rape support centres and FGM and forced marriage units” by 2020.<sup>189</sup> Through this strategy, the Government committed to providing £80 million of dedicated funding to provide core support for refuges and other accommodation-based services, with specific provision for women from BME backgrounds and services for the most vulnerable with complex needs.

100. Women’s Aid said the Government had “shown solid leadership and a clear approach to responding to, tackling and reducing domestic abuse”.<sup>190</sup> However, they told us the Government’s proposed funding model for supported housing had “the potential to undermine this Government’s efforts” and the target that no woman be turned away from a refuge was at risk of not being delivered. In 2014–15, two-thirds of the 18,249 referrals for women and children were declined by refuges, of which a quarter were due to a lack of available bed space and 10 per cent were because the service was unable to meet the particular additional support needs of the women or their children.<sup>191</sup> Sian Hawkins said there was “a real crisis in terms of the funding model as it is at the moment”, with a loss of 17 per cent of refuge provision between 2010 and 2014 due to local authority budget cuts and poor commissioning practices. We heard the Government’s proposals for a new funding mechanism were likely to exacerbate these problems: 67 per cent of refuges would close if the Government implemented its proposals in full, while 87 per cent would not be able to continue with their current level of service provision.<sup>192</sup>

101. Women’s Aid told us refuges faced unique challenges within the supported housing sector, which made the current and proposed future funding mechanisms unsuitable for this type of provision. In particular, Sian Hawkins emphasised the importance of the national network that underpinned the provision of women’s refuges across the country.<sup>193</sup> She highlighted that 77.6 per cent of women in refuges travelled from another local authority area to access a refuge in 2015, with migration tending to balance evenly across the country.<sup>194</sup> However, the current and future proposed funding models placed too much focus on local commissioning, such that many local authorities had imposed caps—often to a level of 90 per cent—on the number of non-local women able to access a refuge. Merida, a survivor of domestic violence who lived in a women’s refuge, told us she was also aware local authorities would assess whether a person had ‘local connections’ to an area as a criterion to determine whether to rehouse someone. She explained, “In a case of domestic violence, local connections are very, very dangerous. In nine chances out of 10, your abuser knows your friends and your connections, so it is easy for them to locate you”.<sup>195</sup>

102. Women’s Aid told us that the present and proposed future funding mechanism also incentivised local authorities to commission generic, lower-cost providers that would deliver “one-size fits all” short term accommodation provision, as opposed to specialised care for abused women and their children.<sup>196</sup> They feared some non-commissioned

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189 [Strategy to end violence against women and girls: 2016 to 2020](#), Home Office, 8 March 2016, page 28

190 Women’s Aid ([FSH0055](#))

191 Q95 (Sian Hawkins, Women’s Aid) and Women’s Aid ([FSH0055](#))

192 Q84 (Sian Hawkins, Women’s Aid)

193 Q76 (Sian Hawkins, Women’s Aid) and Women’s Aid ([FSH0055](#))

194 Q93–4 (Sian Hawkins, Women’s Aid)

195 Q54 (Merida)

196 Women’s Aid ([FSH0055](#))

provision, often offering specialised services for BME women and other marginalised groups, might no longer be financially viable under the new funding mechanism, if local authorities decided not to include them in their allocations for top-up funding.

103. As with other forms of emergency and short-term accommodation, refuges also faced funding challenges associated with Universal Credit.<sup>197</sup> With a significant proportion of women choosing only to stay in refuges for short periods of time, the average waiting time for Universal Credit payment was not workable for many residents and created significant difficulties for refuges seeking to cover their costs. In addition, there were also concerns that the new funding model did not reflect how women with no recourse to public funds, such as those with an insecure immigration status—which accounted for just under five per cent of all women in refuges—would be able to seek financial support.

104. Women’s Aid told us a separate funding model was required for refuges, reflecting the national nature of the provision and ensuring that women and their children have access to specialised support.<sup>198</sup> They urged the Government to implement a clear accountability process for local authorities and others commissioning refuges, requiring them to implement services that met the specific needs of women and children fleeing abuse, including specific minority groups, such as BME women and children, disabled women and children, and those who have no recourse to public funds. In particular, Women’s Aid called on the Government to make a commitment that no refuge service would close or have to turn away women and children as a result of the new model of funding.

***105. Refuges for women and children have unique challenges within the supported housing sector. This should be reflected in a distinct model of funding, separate to the arrangements for other forms of supported housing. In particular, it is essential that refuges are able to operate as a national network, unrestrained by admission restrictions imposed by individual local authorities and with appropriate coverage across the country. The Government should work with Women’s Aid and refuge providers to devise a separate funding mechanism for this sector, likely to require a nationwide plan for the provision of refuges, facilitated through Government grants to local authorities. The Government should reconfirm its target that “no victim is turned away from accessing critical support services delivered by refuges” by 2020.***

## Barriers to employment

106. We heard claims that Housing Benefit and Universal Credit created an additional barrier to work for people in higher-cost supported housing that people in lower-cost general needs accommodation did not face to the same extent.<sup>199</sup> The Government agreed that the legacy system of Housing Benefit and tax credit contained cliff edges, hours rules, earnings limits and other features which acted as a barrier to work, or to working and earning more.<sup>200</sup> However, the Departments said Universal Credit had been designed with income tapers that provided clear work incentives. The Minister for Welfare Delivery explained that, from April 2017, the Universal Credit taper rate would increase such that

197 Ibid

198 Ibid

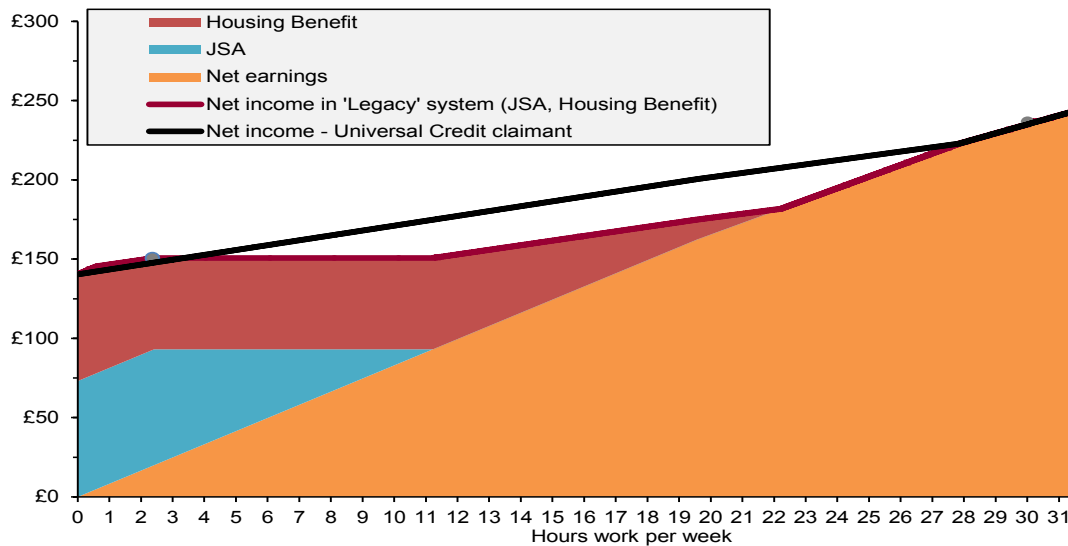
199 During the Communities and Local Government’s inquiry into ‘Homelessness’ in late 2016, they heard evidence that some supported housing tenants living in a hostel had been advised against seeking employment, as they would become liable to cover their rent costs which would be more than their income. See: [Homelessness](#), Communities and Local Government Committee’s 3rd Report of 2016–17, Paras 94–97

200 Department for Communities and Local Government and the Department for Work and Pensions ([FSH0105](#))

claimants would be able to keep 37p of their benefits for every £1 earned.<sup>201</sup> She told us the move to Universal Credit was an important change that enabled people to move into work and not face a cliff edge or loss of benefits. In addition, Universal Credit would not be reduced until recipients physically get their pay, so tenants would not be disadvantaged in the month between starting work and being paid.

107. Analysis undertaken by the House of Commons Library supported the Government’s view. It showed that Universal Credit would leave supported housing tenants better off by taking work, although the incentives were less clear under the legacy system of Job Seekers Allowance (JSA) and Housing Benefit. Library modelling looked at the work incentives for a single person aged 25 or over with no children in 2019/20, with rental costs for a single room covered at the Local Housing Allowance (LHA) rate, and who started a new job earning the National Living Wage. This analysis showed that Universal Credit was more generous than the legacy system had been between four and 27 hours worked, because Universal Credit did not replicate the severe pound-for-pound deduction of JSA. In addition, the legacy system left claimants with less net income if they worked between three and 12 hours than they would otherwise have been had they not been employed at all. The analysis demonstrated, therefore, that while the legacy system of JSA and Housing Benefit may have been a barrier to work for people in supported housing looking for part-time work, Universal Credit was not.

**Work incentives for a single person aged 25 or over, 2019–20 (£ per week, nominal terms)**  
 Single aged 25 or over, no child, rental costs for single room covered at illustrative LHA rate, earning the National Living Wage



**Notes:** National Living Wage projected to be £8.30 per hr in 2019–20

Source: House of Commons Library calculations based upon announcements in Summer Budget 2015, Autumn Statement 2015, Budget 2016 and Autumn Statement 2016

108. Those who suggested the benefits system was a barrier to work, such as Bromford, mainly cited inefficiencies within the system—such as its inability to cope with regular changes in circumstance, or long waiting times for claims.<sup>202</sup> Many organisations also argued the taper rates were still too high. David Orr told us high taper rates were “like a

201 Q241 (Caroline Nokes MP, Department for Work and Pensions)  
 202 Bromford ([FSH0063](#))

very high level of tax on starting a new job”.<sup>203</sup> Similarly, Framework Housing Association told us the problem was not that a claimant would be worse off in work, but that they were “not much better off”, and that the incentives could be improved with lower taper rates.<sup>204</sup>

109. Most stakeholders, however, agreed with the Government that Universal Credit was not a barrier to work. Charlotte Norman said it was a “misconception” to suggest benefits created a barrier to work, and that PlaceShapers—the national network of more than 100 community based housing associations, of which St Vincent’s is a member—had helped 60,000 people into work over the last five years, including supported housing tenants.<sup>205</sup> Anne Lawn told us her organisation had carried out research into whether benefits disincentivised people from finding work, and found that they did not; they actively supported them in doing so. Emmaus—a federation of independent charities and social enterprises which provide work for 750 formerly homeless people in 28 supported communities across the UK—told us Housing Benefit did not act as a disincentive to work, citing their own tenants who were already involved in meaningful work in social enterprises, as a condition of the provision of accommodation and support.<sup>206</sup> However, Emmaus did warn that the implementation of Universal Credit could undermine their support model, as it required tenants to look for and take jobs before they were ready to do so.

110. We saw the support and guidance provided by One Housing to tenants at Arlington in Camden during our visit in March 2017. We were told residents were provided with one-to-one information, advice and guidance sessions, opportunities to obtain industry-recognised qualifications, support with job searching, applications and employability skills services, and on-going support when they start work. In the 2016–17 financial year, Arlington supported 720 residents into training, 142 into volunteering positions and 228 into employment, with companies including Marks & Spencer, Ocado, John Lewis and Premier Inn.<sup>207</sup>

111. We heard similar views from supported housing tenants. Tessa Bolt told us she would be very keen to find work and had meetings with an employment advisor every six months.<sup>208</sup> Merida expressed her view that there was nothing in Universal Credit that stopped a person going to work, and that tenants in her refuge were always encouraged to find employment.<sup>209</sup> She acknowledged, however, that there was a perception amongst some women that they would not be better off in work, and that this required better information and education.

112. The Government believed that, while it was possible claimants might fear they would be worse off by taking work, this was an issue of perception, and claimants would be mistaken if they feared they lose housing support in its entirety, rather than it being reduced in the gradual and tapered way that is in fact the case.<sup>210</sup> The Minister for Welfare Delivery told us it was important the Government challenged this perception, and there would be an important role for DWP work coaches in conveying this message to supported housing

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203 Q17 (David Orr, National Housing Federation)

204 Framework Housing Association ([FSH0091](#))

205 Q139 (Charlotte Norman, St Vincent’s Housing Association)

206 Emmaus UK ([FSH0062](#)), para 12

207 Arlington ([FSH0112](#))

208 Q49 (Tessa Bolt)

209 Q48 (Merida)

210 Department for Communities and Local Government and the Department for Work and Pensions ([FSH0105](#))

residents.<sup>211</sup> She urged providers to encourage their residents to enter the job market and find more work once they had taken those first steps. She also suggested that improved joint working between the Department for Communities and Local Government (DCLG) and the Department for Work and Pensions (DWP) would also help to support claimants into work.

**113. Many supported housing residents are unlikely to be looking for work. However, a significant number of supported housing residents are of working age and keen to find employment. It is important, therefore, that the benefits system does not create barriers or disincentives to finding work for people who wish to do so. While the legacy system of Job Seekers Allowance and Housing Benefit—with its cliff edges, hours rules, and earnings limits—may have acted as a barrier to work for people in supported housing, especially those looking for part-time work, Universal Credit has largely removed many of the main disincentives. *The Government should ensure providers are aware that supported housing tenants claiming Universal Credit will not be worse off if they seek employment. On the contrary, a job should be seen as an important milestone towards independence and self-sufficiency.***

### Barriers to moving back into general needs accommodation

114. Supported housing is a valuable resource in high demand. It is important, therefore, that residents who are ready to move into general needs accommodation are able to do so. Zhan McIntyre told us one of the main barriers for people looking to leave supported housing was a lack of suitable general needs accommodation, such as one or two-bedroom flats, for people to move into.<sup>212</sup> While the lack of general needs accommodation is highly relevant and a key barrier for many people looking to leave supported housing, the provision of new homes is a complex policy area that would be impossible to consider in the necessary depth within the scope of our inquiry. It is, however, addressed in more detail within the scope of the Communities and Local Government Committee's inquiry into 'Capacity in the homebuilding industry'.<sup>213</sup>

115. One issue raised a number of times by stakeholders in the supported housing sector were the barriers faced by younger people arising from provisions in the benefits system. Dr Jonathan Hobson told us the problem was particularly acute for people under 35, due to funding restrictions that applied to that age group.<sup>214</sup> In particular, Gillian Connor highlighted the extension of the Shared Accommodation Rate (SAR) to under 35s in 2018 as a concern, noting the case of a young man in supported housing with her organisation who was ready to leave supported housing, but who had decided against moving out because the SAR rate would require him to move into unsuitable shared accommodation that could put his recovery at risk.<sup>215</sup>

116. Concerns were also raised about recently announced changes to benefits rules that would mean future claimants of universal credit aged 18 to 21 years old would not receive housing support from April 2017.<sup>216</sup> We were told that this might place a further barrier

211 Q245 (Caroline Nokes MP, Department for Work and Pensions)

212 Q17 (Zhan McIntyre, SFHA)

213 [Capacity in the homebuilding industry](#), Communities and Local Government Committee, 2016–17

214 Q18 (Dr Jonathan Hobson, University of Gloucestershire)

215 Q68 (Gillian Connor, Rethink Mental Illness)

216 [The Universal Credit \(Housing Costs Entitlement for claimants aged 18 to 21\) \(Amendment\) Regulations 2017](#)



on the ability of younger people to move out of supported housing when they were ready. However, the Minister for Welfare Delivery argued there was a very long list of exemptions to this policy, saying:

I am confident that any young person who cannot return to the family home will be exempt from this policy, in addition to those who have been victims of domestic violence, those who are working 16 hours a week or the equivalent in UC, those who have been in the care system and anyone doing an apprenticeship. There is a long list of exemptions.<sup>217</sup>

She told us the new restriction would only apply to people “who are making a lifestyle choice to leave home” and were actually “able to live with their parents or their family”.<sup>218</sup>

117. We also heard that recent budget cuts had made it harder to provide floating support in general needs accommodation. Sense told us the closure in July 2015 of the Independent Living Fund (ILF)—discretionary Government funding provided to approximately 18,000 disabled people to enable them to live in the community, rather than in more intensive care—had made it more difficult to help people to live more independently in their own homes.<sup>219</sup> Gillian Connor said the fall in Supporting People funding in recent years had also made it harder to help supported housing tenants move into general needs accommodation.<sup>220</sup> She told us many of the individuals her organisation supported had very high needs, requiring at least 10 hours a week of home care, but that often only one or two hours a week were being offered by local authorities, which was not sufficient. Anne Lawn suggested the higher costs associated with sheltered housing were often smaller than what would be the cost of providing the necessary level of home care to elderly people in a general needs environment.<sup>221</sup>

**118. It is important that people are able to leave supported housing when they are ready to do so, for their own independence and to free up valuable space for other vulnerable people. Lack of appropriate general needs accommodation and of funding to give people a necessary level of support in their own homes are key barriers to helping people move on. For younger people, benefits restrictions further limit their choices as they look to leave supported housing.**

**119. *The Government should ensure the benefits system does not discourage people from leaving supported housing when they are ready to do so. Benefits restrictions that may be justified in the private rented sector should not be applied to those looking to leave supported housing. The Government should therefore extend the exemption from the Shared Accommodation Rate to younger tenants wishing to leave supported housing. We also recommend that 18 to 21 year olds leaving supported housing be eligible for Housing Benefit, unless in the view of the supported housing provider, it is appropriate for them to return home. This would give them a greater choice of appropriate accommodation and encourage them to move out of supported housing more quickly when they are ready, freeing up valuable housing for other vulnerable people. We further recommend***

217 Q246 (Caroline Nokes MP, Department for Work and Pensions)

218 Q254 and Q247 (Caroline Nokes MP, Department for Work and Pensions)

219 Q69 (Anne Lawn, Sense)

220 Q69 (Gillian Connor, Rethink Mental Illness)

221 Q66 (Anne Lawn, Sense)

*that, in response to this report, the Government clearly set out how 18 to 21 year olds leaving supported housing will be assessed for eligibility for Housing Benefit against existing exemptions.*

## Conclusion

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120. During our inquiry, we met some of the 700,000 people who live in supported housing across the UK, from older people and those with learning and physical difficulties, to survivors of domestic violence. All had a very similar message: supported housing gives them the dignity of independence, while ensuring they have the support they need. It is a cost-effective system, which the Government acknowledges saves in the region of £3.5 billion per year, through lower costs for the NHS, social care and criminal justice systems. It is also a system in considerable demand, with a reported 17,000 shortfall in supported housing places; a figure that could double within the next three years without Government intervention.

121. The Government has chosen to reform the funding mechanism for this vital sector, citing the need for improved oversight of quality and value for money, greater strategic commissioning based on local need, and a desire to integrate the system within the existing structures of Universal Credit. We support these objectives, but have asked the Government to reflect on whether its proposed funding mechanism is best placed to meet them. In particular, we have been concerned by reports of providers choosing to postpone or cancel investment decisions, as well as increased levels of anxiety amongst vulnerable tenants who fear they may no longer have the guarantee of a home for life. Stakeholders have made suggestions for an improved funding mechanism that would have greater focus on the actual cost of provision, and be sophisticated enough to reflect the considerable diversity of provision in the sector.

**122. Our recommendations seek to improve the Government's proposals, and make sure it is able to deliver on its ambition to create a sustainable, long-term funding solution for supported housing that boosts the provision of high quality homes, while providing a better life for tenants.**

## Conclusions and recommendations

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1. Most supported housing is exceptionally good value for money, providing significant cost savings for the wider public sector, while maximising quality of life for tenants. However, while the majority of this provision is of a very high standard, some tenants told us there were schemes of a disappointingly poor quality. This can have especially damaging consequences for the most vulnerable tenants. There is currently limited oversight of the quality of provision in some areas, especially in England, and the Government is right to focus on this issue in its funding proposals. We agree with the Minister for Welfare Delivery that the oversight arrangements in Scotland are better than they are in England, and believe lessons can be learned from the Scottish system to make the system of oversight in England simpler and more robust. (Paragraph 31)
2. *The Government should establish a set of national standards to enable monitoring of the quality of provision in all supported housing in England and Wales. These should have a specific emphasis on improving the quality of life that tenants experience in supported housing. All providers should be registered with their local authority, whether or not their services have been commissioned locally. Local authorities should undertake annual inspections of all supported housing schemes in their area to ensure a minimum standard of provision.* (Paragraph 32)
3. *Tenants must be able to make complaints about the quality of the service they are receiving without fear of the consequences. However, current redress mechanisms in England are unsatisfactory and require a thorough review by the Government. The Government should ensure tenants are appropriately and adequately supported in seeking redress where the quality of the service they receive is inadequate.* (Paragraph 33)
4. We agree with the Government that it is necessary to find a long-term, sustainable funding mechanism that ensures quality, provides value for money, and which protects and boosts the supply of supported housing. However, we are concerned the Government's funding proposals, as they stand, are unlikely to achieve these objectives. (Paragraph 38)
5. The Local Housing Allowance (LHA) rate is an inappropriate starting point for a new funding mechanism for supported housing. The LHA rate is a measure for general needs housing in the private rented sector and bears no necessary relationship to the cost of providing supported housing. The Government proposed its new funding model on the basis that there was a correlation between the LHA rate and the cost of providing supported housing in different areas. However, the evidence we have received strongly suggests there is no such correlation. For many providers, especially those who own their properties outright, the cost of provision is remarkably consistent across the country. The Government's proposals mean some areas will have a far greater reliance on a local top-up than others, which could create a disparity in the supply of homes and services offered in different parts of the country. (Paragraph 46)
6. We are concerned the Government does not seem to be aware of the impact its funding proposals are already having on the supported housing sector. The evidence we received is clear that some providers are reconsidering their investment plans

in light of concerns around the long-term reliability of funding, with many others fearing they will be forced to reduce existing levels of provision. It is a further indication that the Government is not meeting its stated objectives, in this case to protect and boost the supply of supported housing. On the contrary, current shortfalls in provision are expected to become substantially worse over the next decade without immediate Government intervention. (Paragraph 52)

7. *It is essential that the Government's funding proposals do not threaten the future supply of supported housing. The Government should undertake an assessment of the final funding proposal to assess its impact on the future provision of supported housing. This information should be provided to the successor Work and Pensions Committee and Communities and Local Government Committee in the new Parliament.* (Paragraph 53)
8. Stakeholders in the supported housing sector identified clear principles they thought should underpin a new funding mechanism. It should:
  - Reflect the actual cost of provision, which is largely consistent across the country;
  - Incentivise investment in all regions equally, not only the highest-value areas;
  - Be sophisticated enough to reflect the diversity of provision in the sector, recognising that costs vary substantially and a funding mechanism that works well for older people might not be appropriate for those with more complex needs;
  - Not introduce uncertainty into the long-term housing arrangements of vulnerable people.

With these principles in mind, we propose an alternative basis for the Government's new funding mechanism for supported housing. (Paragraph 60)

9. *The Government should introduce a Supported Housing Allowance, with a system of bandings for different types of provision and a cap within each band. The Supported Housing Allowance would be calculated according to a formula made up of two elements: a fixed amount that reflects the cost of provision, which is consistent between geographical areas; and a smaller, variable amount that reflects differences in land values in each area. The Government should work with the sector to identify bandings that adequately reflect the diversity of provision and variation in costs in the sector.* (Paragraph 61)
10. *The Supported Housing Allowance should be sufficient to ensure supported housing tenants only require recourse to locally-administered top-up funding in exceptional circumstances. To meet the Government's objective for greater oversight of quality and value for money in the sector, tenants should only be eligible for the Supported Housing Allowance if they live in accommodation registered for regular inspection by their local authority.* (Paragraph 62)
11. *A capital grant scheme should be introduced for new supported housing developments. This would mean that, even when the cost of land varied between high and low value areas, core rent and service charges for new accommodation would remain largely*

*consistent with existing supported housing stock. Reducing the cost differences between old and new supported housing would simplify the funding mechanism, permitting greater oversight of costs and value for money, while reducing risk for providers and encouraging additional investment in the sector.* The provision of public land for new supported housing, as highlighted by West Kent Housing Association (Paragraph 44), is a form of capital grant scheme that could benefit the sector. (Paragraph 63)

12. A Supported Housing Allowance would refocus the funding mechanism towards the actual costs of providing supported housing, as opposed to where it is being provided. It would better reflect the fact that the cost of provision is broadly similar in different areas, reducing the large disparities that exist in the LHA rate and limiting disincentives for providers to focus new provision in areas where the LHA rate is highest. We believe a Supported Housing Allowance could be achieved at no additional cost to the Government. (Paragraph 64)
13. We are aware of the lack of enthusiasm from local authorities for a ring fence that is insufficiently flexible to allow them to be innovative and respond appropriately to demand. However, providers were clear that the ring-fence must be sufficiently robust to provide reassurance to investors and protect traditionally less well served client groups. Governments are unable to bind their successors and it is therefore difficult to provide a truly long-term guarantee for any ring-fence—an inherent consequence of the ring-fence based funding mechanism proposed by the Government—but it is important to investors that certainty is provided for as long as possible. (Paragraph 72)
14. *The Government should guarantee the ring-fence around local authority top-up funding for supported housing for the duration of the next Parliament, and provide a clear indication of its desire for the fund to remain in the long-term. The Government should review existing guidance and statutory duties to ensure they are comprehensive enough to ensure no vulnerable groups are left behind under the new funding mechanism.* (Paragraph 73)
15. It is vitally important local authorities are given the time and resources to collate the information they need to accurately estimate current and future allocations of top-up funding for supported housing. The dangers of miscalculating requirements or having inconsistent approaches to data collection are severe and would put vulnerable people at risk, as well as leading to higher costs for the wider public sector. (Paragraph 79)
16. *The Government should ensure local authorities have sufficient guidance, time and resources to collect the necessary data for the review of current and future need in their areas, even if this requires retaining the current arrangements for a longer period of time. Central funding of the top-up should be guaranteed for at least the duration of the next Parliament, to provide greater certainty to local authorities' funding cycles and long-term commissioning plans. Funding levels should be kept under regular review to ensure the top-up fund keeps pace with increases in the cost of provision and changes in local demand for different services.* (Paragraph 80)
17. Local authorities are confident they will be able to administer the new top-up funding, if they are given sufficient additional funding to carry out the new commissioning

and oversight responsibilities. The Government will also need to carefully consider how funding and administrative responsibilities should be allocated within two-tier authority areas, given the existing division of responsibilities for administering housing benefit and commissioning health and social care services. *The Government should consult with local authorities to ensure they have the resources they need to administer the top-up funding. This should be separate from, and in addition to, the funding provided for disbursement to tenants in supported housing.* (Paragraph 85)

18. *There is a strong case for piloting the new funding model prior to a phased implementation. The Government has proposed significant changes to the way in which supported housing is funded, which will require considerable adjustment by both providers and local authorities. The Government must prioritise ensuring its new model works, protecting vulnerable residents, over and above meeting any self-imposed delivery deadlines.* (Paragraph 89)
19. The Government is right to consider an alternative funding mechanism for very short-term accommodation, given the emergency nature of that provision and the inability of Universal Credit to reflect short-term changes in circumstance. *The Government should consider a system of grants paid to local authorities so they are able to commission emergency accommodation in their areas. Local authorities should pay providers directly, so services are available when they are needed.* (Paragraph 97)
20. *Refuges for women and children have unique challenges within the supported housing sector. This should be reflected in a distinct model of funding, separate to the arrangements for other forms of supported housing. In particular, it is essential that refuges are able to operate as a national network, unrestrained by admission restrictions imposed by individual local authorities and with appropriate coverage across the country. The Government should work with Women's Aid and refuge providers to devise a separate funding mechanism for this sector, likely to require a nationwide plan for the provision of refuges, facilitated through Government grants to local authorities. The Government should reconfirm its target that "no victim is turned away from accessing critical support services delivered by refuges" by 2020.* (Paragraph 105)
21. Many supported housing residents are unlikely to be looking for work. However, a significant number of supported housing residents are of working age and keen to find employment. It is important, therefore, that the benefits system does not create barriers or disincentives to finding work for people who wish to do so. While the legacy system of Job Seekers Allowance and Housing Benefit—with its cliff edges, hours rules, and earnings limits—may have acted as a barrier to work for people in supported housing, especially those looking for part-time work, Universal Credit has largely removed many of the main disincentives. *The Government should ensure providers are aware that supported housing tenants claiming Universal Credit will not be worse off if they seek employment. On the contrary, a job should be seen as an important milestone towards independence and self-sufficiency.* (Paragraph 113)
22. It is important that people are able to leave supported housing when they are ready to do so, for their own independence and to free up valuable space for other vulnerable people. Lack of appropriate general needs accommodation and of funding to give

people a necessary level of support in their own homes are key barriers to helping people move on. For younger people, benefits restrictions further limit their choices as they look to leave supported housing. (Paragraph 118)

23. *The Government should ensure the benefits system does not discourage people from leaving supported housing when they are ready to do so. Benefits restrictions that may be justified in the private rented sector should not be applied to those looking to leave supported housing. The Government should therefore extend the exemption from the Shared Accommodation Rate to younger tenants wishing to leave supported housing. We also recommend that 18 to 21 year olds leaving supported housing be eligible for Housing Benefit, unless in the view of the supported housing provider, it is appropriate for them to return home. This would give them a greater choice of appropriate accommodation and encourage them to move out of supported housing more quickly when they are ready, freeing up valuable housing for other vulnerable people. We further recommend that, in response to this report, the Government clearly set out how 18 to 21 year olds leaving supported housing will be assessed for eligibility for Housing Benefit against existing exemptions.* (Paragraph 119)
24. Our recommendations seek to improve the Government's proposals, and make sure it is able to deliver on its ambition to create a sustainable, long-term funding solution for supported housing that boosts the provision of high quality homes, while providing a better life for tenants. (Paragraph 122)



## Formal Minutes

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**The Communities and Local Government and Work and Pensions Committees met concurrently, in accordance with the provisions of Standing Order No. 137A (Select committees: power to work with other committees).**

**Tuesday 25 April 2017**

Members present:

<i>Communities and Local Government Committee</i>	<i>Work and Pensions Committee</i>
Clive Betts	Heidi Allen
Helen Hayes	Karen Buck
Kevin Hollinrake	James Cartlidge
Alison Thewliss	Richard Graham

Helen Hayes was called to the Chair, in accordance with the provisions of Standing Order No. 137A (1) (d).

The Committees deliberated, in accordance with Standing Order No. 137A (1) (b).

Draft Report (*Future of supported housing*), proposed by the Chair, brought up and read.

*Ordered*, That the Chair's draft Report be considered concurrently, in accordance with Standing Order No. 137A (1) (c).

*Ordered*, That the Chair's draft Report be read a second time, paragraph by paragraph. Paragraphs 1 to 122 read and agreed to.

Summary agreed to.

### **COMMUNITIES AND LOCAL GOVERNMENT COMMITTEE**

The Work and Pensions Committee withdrew.

Helen Hayes in the Chair

Clive Betts	Alison Thewliss
Kevin Hollinrake	

#### ***Consideration of report by Communities and Local Government Committee***

Draft Report (*Future of supported housing*), proposed by the Chair, brought up and read.

*Resolved*, That the draft Report prepared by the Communities and Local Government and Work and Pensions Committees be the Twelfth Report of the Committee to the House.

*Ordered*, That the provisions of Standing Order No. 137A (2) be applied to the Report.

*Ordered*, That the Chair of the Communities and Local Government Committee make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

### **WORK AND PENSIONS COMMITTEE**

The Communities and Local Government Committee withdrew

Richard Graham in the Chair

Heidi Allen

James Cartlidge

Karen Buck

Richard Graham

#### ***Consideration of report by Work and Pensions Committee***

Draft Report (*Future of supported housing*), proposed by the Chair, brought up and read.

*Resolved*, That the draft Report prepared by the Communities and Local Government and Work and Pensions Committees be the Tenth Report of the Committee to the House.

*Ordered*, That the provisions of Standing Order No. 137A (2) be applied to the Report.

*Ordered*, That the Chair of the Work and Pensions Committee make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

## Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Tuesday 21 February 2017

*Question number*

**David Orr**, Chief Executive, National Housing Federation, **Zhan McIntyre**, Policy Lead, Scottish Federation of Housing Associations, **Dr Jonathan Hobson**, Academic Subject Leader Social Sciences, University of Gloucestershire

[Q1–39](#)

### Tuesday 7 March 2017

**Tessa Bolt**, **John Wood**, **Joe Coffin**, **Robert Davidson**, **Merida Taylor**

[Q40–59](#)

**Joe Oldman**, Policy Adviser (Housing and Transport), Age UK, **Jane Ashcroft CBE**, Chief Executive, Anchor, **Anne Lawn**, Head of Operations, Sense, **Gillian Connor**, Head of Policy and Development, Rethink Mental Illness

[Q60–74](#)

**Sian Hawkins**, Campaigns and Public Affairs Manager, Women's Aid, **Denise Hatton**, Chief Executive, YMCA England, **Lisa Hubbard**, Senior Support Officer, Working Chance

[Q75–98](#)

### Tuesday 14 March 2017

**John Glenton**, Executive Director of Care and Support, Riverside Group, **Charlotte Norman**, Chief Executive, St Vincent's Housing Association, **Frank Czarnowski**, Chief Executive, West Kent Housing Association

[Q99–141](#)

**Cllr Viv Kendrick**, Kirklees Council, **Cllr Rebecca Rennison**, London Borough of Hackney, **Liz Slater**, Service Lead, Assessment, Planning and Options, Southampton City Council

[Q142–177](#)

### Tuesday 28 March 2017

**Mr Marcus Jones MP**, Parliamentary Under-Secretary of State (Minister for Local Government), Department for Communities and Local Government, **John Hall**, Deputy Director, Housing Support, DCLG, **Caroline Nokes MP**, Parliamentary Under-Secretary of State for Welfare Delivery, Department for Work and Pensions, **Peter Searle**, Director, Working Age Benefits, DWP

[Q178–264](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

FSH numbers are generated by the evidence processing system and so may not be complete.

- 1 Accord Group ([FSH0102](#))
- 2 Age UK ([FSH0101](#))
- 3 Almshouse Association ([FSH0020](#))
- 4 Alpha Homes ([FSH0052](#))
- 5 AmicusHorizon Housing Association ([FSH0088](#))
- 6 Anchor ([FSH0058](#))
- 7 Anchor, Hanover and Housing & Care 21 Housing Associations ([FSH0010](#))
- 8 ARCO (Associated Retirement Community Operators) ([FSH0089](#))
- 9 BCHA ([FSH0082](#))
- 10 Black Country Housing Group ([FSH0035](#))
- 11 Bromford ([FSH0063](#))
- 12 Centrepoint ([FSH0103](#))
- 13 CESSA HA ([FSH0028](#))
- 14 Christian Action Housing ([FSH0042](#))
- 15 CIH ([FSH0092](#))
- 16 Clinks ([FSH0046](#))
- 17 Community Housing Cymru ([FSH0084](#))
- 18 Crosby Housing Association ([FSH0043](#))
- 19 Department for Communities and Local Government and the Department for Work and Pensions ([FSH0105](#))
- 20 East Thames Ltd (part of L&Q group) ([FSH0078](#))
- 21 Emmaus UK ([FSH0062](#))
- 22 Erosh ([FSH0016](#))
- 23 Essex County Council ([FSH0090](#))
- 24 Family Mosaic Housing ([FSH0096](#))
- 25 Fortis Living Housing Association ([FSH0017](#))
- 26 Framework Housing Association ([FSH0091](#))
- 27 Golden Lane Housing ([FSH0064](#))
- 28 Grand Union Housing Group ([FSH0027](#))
- 29 Greater London Authority ([FSH0098](#))
- 30 Greater Manchester Housing providers & local authorities ([FSH0086](#))
- 31 Gwent Welfare Reform Partnership ([FSH0051](#))
- 32 Hanover Housing Association ([FSH0021](#))
- 33 Harrow Council ([FSH0039](#))

- 34 Havant Housing Association ([FSH0026](#))
- 35 Hestia Housing & Support ([FSH0040](#))
- 36 Home Group ([FSH0110](#))
- 37 Homeless Action Scotland ([FSH0077](#))
- 38 Homeless Link ([FSH0100](#))
- 39 Housing & Care 21 ([FSH0038](#))
- 40 Housing for Women ([FSH0069](#))
- 41 Housing Support Enabling Unit ([FSH0036](#))
- 42 Hull Churches Housing Association ([FSH0072](#))
- 43 Impact Housing Association ([FSH0044](#))
- 44 Inclusion Housing ([FSH0005](#))
- 45 Incommunities ([FSH0073](#))
- 46 Institute of Revenues, Rating and Valuation ([FSH0076](#))
- 47 Kent County Council ([FSH0066](#))
- 48 Kirklees Council ([FSH0030](#))
- 49 Knightstone Housing Association ([FSH0018](#))
- 50 Knowsley Supported Living Provider Forum ([FSH0080](#))
- 51 Lady Iveta Kurpniece ([FSH0006](#))
- 52 LB Hackey ([FSH0050](#))
- 53 Learning Disability Voices ([FSH0060](#))
- 54 Lifeways Group ([FSH0075](#))
- 55 London Borough of Lambeth ([FSH0047](#))
- 56 mcch ([FSH0012](#))
- 57 Mencap ([FSH0037](#))
- 58 Metropolitan ([FSH0048](#))
- 59 Midland Heart ([FSH0074](#))
- 60 Mr Cyril Bezant ([FSH0024](#))
- 61 Mr Martin Mellors ([FSH0015](#))
- 62 Mr Steven Hayes ([FSH0001](#))
- 63 National Housing Federation ([FSH0007](#))
- 64 New Charter Group ([FSH0061](#))
- 65 Nottingham Trent University ([FSH0099](#))
- 66 Octavia Housing ([FSH0031](#))
- 67 Papworth Trust ([FSH0032](#))
- 68 Paragon Community Housing Ltd ([FSH0056](#))
- 69 PlaceShapers ([FSH0011](#))
- 70 Prison Reform Trust ([FSH0104](#))
- 71 Refuge ([FSH0106](#))

- 72 Renfrewshire Council ([FSH0041](#))
- 73 Reside Housing Association ([FSH0083](#))
- 74 Rethink Mental Illness ([FSH0108](#))
- 75 S&A Homes ([FSH0025](#))
- 76 Scottish Federation of Housing Associations ([FSH0109](#))
- 77 Scottish Federation of Housing Associations ([FSH0057](#))
- 78 Scottish Women's Aid ([FSH0094](#))
- 79 Sense ([FSH0008](#))
- 80 Shelter ([FSH0022](#))
- 81 Simon Cramp ([FSH0107](#))
- 82 Solihull MBC ([FSH0049](#))
- 83 South Gloucestershire Council ([FSH0081](#))
- 84 South Yorkshire Housing Association ([FSH0033](#))
- 85 Southampton City Council ([FSH0071](#))
- 86 St Basils ([FSH0087](#))
- 87 St Mungo's ([FSH0054](#))
- 88 Stockport Homes ([FSH0013](#))
- 89 Stonewater ([FSH0059](#))
- 90 Support Solutions UK ([FSH0045](#))
- 91 The Housing Link ([FSH0068](#))
- 92 The Riverside Group Ltd ([FSH0009](#))
- 93 The Salvation Army ([FSH0023](#))
- 94 The YOU Trust ([FSH0053](#))
- 95 Thirteen Group ([FSH0079](#))
- 96 Waltham Forest Housing Association ([FSH0014](#))
- 97 whg ([FSH0085](#))
- 98 Women's Aid ([FSH0055](#))
- 99 YMCA ([FSH0034](#))

# List of Reports from the Communities and Local Government Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2016–17

First Report	100 per cent retention of business rates: issues for consideration	HC 241
Second Report	Pre-appointment hearing with the Government's preferred candidate for the post of Chair of the Homes and Communities Agency	HC 41
Third Report	Homelessness	HC 40 (CM 9443)
Fourth Report	Government interventions: the use of Commissioners in Rotherham Metropolitan Borough Council and the London Borough of Tower Hamlets	HC 42 (CM 9345)
Fifth Report	The draft Homelessness Reduction Bill	HC 635
Sixth Report	Pre-appointment hearing with the Government's preferred candidate for the post of Local Government Ombudsman	HC 737
Seventh Report	Public Parks	HC 45
Eighth Report	Adult social care: a pre-Budget report	HC 47
Ninth Report	Adult social care	HC 1103
Tenth Report	Capacity in the home building industry	HC 46
Eleventh Report	2015–17 Parliament: Legacy Report	HC 1146
First Special Report	Housing associations and the Right to Buy: Homes and Communities Agency response to the Committee's Second Report of Session 2015–16	HC 902

## Session 2015–16

First Report	Devolution: the next five years and beyond	HC 369 (CM 9291)
Second Report	Housing associations and the Right to Buy	HC 370 (CM 9416, 2016–17)
Third Report	Department for Communities and Local Government's consultation on national planning policy	HC 703 (CM 9418, 2016–17)
First Special Report	Child sexual exploitation in Rotherham: Ofsted and further government issues: Ofsted Response to the Committee's Ninth Report of Session 2014–15	HC 435

Second Special Report Private rented sector: the evidence from banning letting agents' fees in Scotland: Government Response to the Committee's Eighth Report of Session 2014–15

HC 434



## List of Reports from the Work and Pensions Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2016–17

First Report	BHS	HC 54
Second Report	The future of Jobcentre Plus	HC 57 (HC 965)
Third Report	Intergenerational fairness	HC 59 (HC 964)
Fourth Report	Concentrix	HC 720 (HC 1006)
Fifth Report	Support for ex-offenders	HC 58 (HC 1044)
Sixth Report	Defined benefit pension schemes	HC 55
Seventh Report	Disability employment gap	HC 56
Eighth Report	Response to the Government's consultation on corporate governance reform	HC 995
Ninth Report	Employment opportunities for young people	HC 586
First Special Report	Communication of the new state pension: Government Response to the Committee's Eighth Report of Session 2015–16	HC 229
Second Special Report	Support for the bereaved: Government Response to the Committee's Ninth Report of Session 2015–16	HC 230
Third Special Report	Benefit delivery: Government Response to the Committee's Fourth Report of Session 2015–16	HC 522
Fourth Special Report	In-work progression in Universal Credit: Government Response to the Committee's Tenth Report of Session 2015–16	HC 585
Fifth Special Report	Automatic enrolment: Government Response to the Committee's Eleventh Report of Session 2015–16	HC 610
Sixth Special Report	Intergenerational fairness: Government Response to the Committee's Third Report of Session 2016–17	HC 964
Seventh Special Report	The future of Jobcentre Plus: Government Response to the Committee's Second Report of Session 2016–17	HC 965
Eighth Special Report	Concentrix: Government Response to the Committee's Fourth Report of Session 2016–17	HC 1006
Ninth Special Report	Support for ex-offenders: Government Response to the Committee's Fifth Report of Session 2016–17	HC 1044

**Session 2015–16**

First Report	Pension freedom guidance and advice	HC 371 (Cm 9183)
Second Report	Welfare to work	HC 363 (HC 720)
Third Report	A reconsideration of tax credit cuts	HC 548
Fourth Report	Benefit delivery	HC 372 (HC 522)
Fifth Report	The local welfare safety net	HC 373 (HC 924)
Sixth Report	Understanding the new state pension – interim report on pension statements	HC 550
Seventh Report	Communication of state pension age changes –interim report	HC 899
Eighth Report	Communication of the new state pension	HC 926 (HC 229)
Ninth Report	Support for the bereaved	HC 551 (HC 230)
Tenth Report	In-work progression in Universal Credit	HC 549 (HC 585)
Eleventh Report	Automatic enrolment	HC 579 (HC 610)
First Special Report	Progress with automatic enrolment and pension reforms: Government and Financial Conduct Authority responses to the Committee’s Fourth Report of Session 2014–15	HC 375
Second Special Report	Improving Access to Work for disabled people: Government response to the Committee’s Second Report of Session 2014–15	HC 386
Third Special Report	Benefit Sanctions: Beyond the Oakley Review: Government Response to the Committee’s Fifth Report of Session 2014–15	HC 557
Fourth Special Report	Pension freedom guidance and advice: Financial Conduct Authority Response to the Committee’s First Report of Session 2015–16	HC 719
Fifth Special Report	Welfare-to-work: Government Response to the Committee’s Second Report of Session 2015–16	HC 720
Sixth Special Report	The local welfare safety net: Government Response to the Committee’s Fifth Report of Session 2015–16	HC 924