**Briefing: Funding Supported and Sheltered Housing**

**Supported and Sheltered Housing**

The National Housing Federation is the voice of England’s housing associations. The sector is the largest provider of supported and sheltered housing in the country, providing homes and services to over half a million people across England. The great majority of these homes are sheltered housing for older people or housing for people with long-term disabilities.

Services play a crucial role in providing a safe and secure home with support for people to live independently and get their lives back on track. It is vital that we get funding for these schemes right to tackle homelessness, minimise the burden on the NHS and give people a better quality of life.
 **Background**

On the 31 October 2017 the Government published a consultation on plans for the future funding of supported and sheltered housing.

The housing association sector was pleased the Government listened to their concerns about the application of a Local Housing Allowance cap to supported housing and took the very welcome decision that the cap should not form any part of the funding model for these vital homes and services. While there is still a lot of detail to work through, the proposals for sheltered and extra care housing have the potential to provide the long-term certainty required to ensure these schemes remain viable to build and maintain over the long-term.

**However, the consultation on short-term services signals a significant change from the current approach and our members have concerns about what is proposed.**

The consultation period offers an opportunity to consider how the proposals impact on people, services, supply and long-term investment, as well as how they could be strengthened to deliver the outcomes sought by the sector and the Government. The consultation closes on 23 January 2018.

**Short-term services**

**Short-term services offer support and a home to some of the most marginalised people in society and therefore these services need funding security for the long-term.** This long-term funding security is currently provided by the housing benefit system. The changes announced by the Government would see this funding switched to a local authority-administered grant. Following consultation with our members, a number of them have expressed concerns about the increased risk this alternative proposal represents for them and the vulnerable people who use these services.

Many of our members have questioned whether a local system, with commissioning arrangements and a ring-fenced grant, will give them the confidence they need to build new provision. Perhaps more worryingly, housing associations witnessed the impact that removing the ring-fence on Supporting People Funding in 2010 had across the country. They are worried the same thing will happen here and critical existing provision will be decommissioned, particularly where the local authority has no statutory duty.

**The definition of short-term services in the consultation paper is very wide and this should be tightened so that it is clear that the local system covers short-term emergency accommodation where people stay for of period of weeks rather than months.** This would be in-line with the recommendation from the joint DWP/CLG Select Committee. Changing the definition would also address the main problem identified by the Government of needing to make the new system fit with Universal Credit.

Housing associations provide the vast majority of supported housing homes and services on short-term services. We urge the Government to listen to their significant concerns and carefully consider alternatives to the definition put forward so that tenants do not lose funding through the benefits system and housing associations can have the confidence to invest in new services.

**Sheltered and extra care housing**

More than 70% of the households affected by these new proposals live in sheltered or extra care housing for older people – 395,000 homes in England. Tenants in these homes will still be able to claim help through the benefits system with the cost of their rent and eligible service charge under the existing rules. Rents will continue to be set using the rent formula but some form of cap will be applied to the service charge to help control overall housing costs being paid for through the benefit bill.

The consultation sets out an intention to work with the sector to create a system that gives tenants security and providers confidence to invest in new supply. It does not set out how the caps on service charges will be calculated and how they will deal with variations in costs across different types of scheme.

**The Federation will be working with members and the Ministry for Housing, Communities and Local Government to consider what drives variations in costs, how variations can be accommodated and how new controls work alongside the existing checks in the system. There will be further consultation on the detail of the new sheltered rent as part of the new rent standard.**

While we still need to work through the detail, continuing to fund housing costs for sheltered and extra care housing through the benefit system has the potential to provide the long-term certainty required to ensure these schemes remain viable to build and maintain over the long-term.

**Long-term supported housing**

There is no consultation on the future system for longer-term schemes intended for people of working age. However, the announcement does include a commitment that housing costs will be met through the welfare system, which is very welcome. Until this new system comes in tenants will be able to claim Housing Benefit under existing rules. The timetable of 2020 only applies to sheltered housing and the local system for short-term services. We expect the new system for long-term services to come in at a later date.

**How you can help**

1. **Raise the concerns of the sector about the current proposals for short-term services.**
2. **Highlight the difference supported housing makes to your constituents.**

**Further information:** If you have any further questions, please contact Barry Hartness, Public Affairs Officer, 020 7067 1087