

## Funding for Supported Housing: Lost between the gaps?

*With a joint inquiry under way in to the funding of supported housing, Liam Wells considers the changes to funding which are due to be implemented in 2019, and reviews the outcome of the recent consultation which has taken place on the matter, in which responses were received from: housing associations, local councils, charities and tenants.*

It is widely acknowledged that adult social care is underfunded. As the U.K. population ages, and as certain health conditions become more prevalent; that underfunding is becoming chronic. Supported housing provides vulnerable individuals with safe and secure homes which enable them to live independently. However, given that supported housing provides those individuals with much more than just a roof over their heads, is it right that supported housing should be funded on a basis calculated by reference to the Local Housing Allowance (LHA)?

As of this time, there is a shortfall of 17,000 supported housing places for working age people, with that shortfall predicted to rise to 35,000 by 2020-2021. Government research from 2015 indicates that the annual cost of supported housing is almost £6.2bn (with only £4.12bn of that sum covered by Housing Benefit.) As any professional working in the supported housing sector will tell you, supported housing cannot be properly funded by reference to housing costs alone. Service charges, in particular, are much higher for supported housing than the level allowed for by the LHA cap.

These concerns, amongst others, are currently the subject of the joint inquiry in to the future funding of supported housing by the Communities and Local Government and Work and Pensions Select Committees. The inquiry examines the planned changes for 2019–20, when core rent and service charges for supported housing will be funded through using Benefit or Universal Credit up to the LHA rate (for costs above this, funding will go to local authorities for local distribution). The inquiry has sought opinion on whether the new system will mean that the varied rate of the LHA cap will lead to regional inequality in the provision of supported housing; on how the funding should be ringfenced; and, on how best to distribute top-up funding locally. The consultation has also sought views on ways to match funding to local demand for supported housing; and on the possibility of new statutory duties.

A large number of responses were received. Whilst many welcomed the ringfencing of funding, two related issues stand out from the responses. The first concerns the effect upon regional equality of application of the LHA cap to rent and service charges for supported housing; the second concerns the routes through which funding, generally, is distributed for the benefit of residents of supported housing. Whether that funding is wholly distributed by central government, or (as is planned) top-up funding is devolved to local authorities; it seems there is a fear that the ringfenced funding for supported housing will merely be lost 'between the gaps'.

## **The Local Housing Allowance Cap**

Broadly speaking, the LHA is calculated based upon the average cost of housing the 'average' individual in the relevant area. The problem that this poses for supported housing arises from the fact that supported housing generally provides more than just housing and that users of supported housing have greater than average needs, which are costly to meet. Many (although not all) will have come to supported housing as a consequence of being considered 'un-houseable' in traditional social housing. That may be, for example, because they require regular care due to old age, or because they require regular support as a result of mental health issues. Ultimately, this makes the LHA cap an unsuitable basis upon which to set funding levels.

Subsequently, the inquiry consultation responses strongly urge the government to dis-apply the LHA cap in relation to supported housing. Many responses, including that of the National Housing Federation, point to the disparities that arise between the regions of the U.K as a result of its application. The LHA cap differs from region to region in line with differences in average housing value. In low-value housing areas the cap is simply too low in absolute terms to accommodate the cost of supported housing. This is important to note because the burden is then necessarily placed upon the top-up funding provision; for which, it has been indicated, responsibility will soon be devolved to local authorities. What is clear from the responses is that consultees feel it makes little sense to propose changes to who controls the funding, without changing the basis upon which it is held.

## **Lost Between the Gaps?**

Is the effective provision of social care to vulnerable individuals an objective which is lost between the gaps that exist between the various agencies which deliver it? In its response to the consultation, Support Solutions U.K. remarks that *"funding for prevention should accommodate the totality of a person's need.... It should not be necessary for a provider to have to go to different commissioners to meet the multiple needs of a single person"*. They go on to call for integration between the areas of health and social care; and looks towards a system which draws no distinctions between: *"the NHS; social care; supporting people; criminal justice and public health"*. Specifically, in terms of funding, they wish to see a single pooled fund disbursed by a regionally organised, unified commissioning structure in England.

Notwithstanding this, the responses seem to show that the devolution of top-up funding to the local level is generally welcomed. It seems, therefore, that what is called for in terms of funding is less centralisation in terms of who holds the funding, but more 'togetherness' in terms of delivery. Will these dual aims be achievable? More will be known once the Green Paper is published this spring.

**Liam Wells**  
**Cornerstone Barristers**  
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