

**“Funding Supported Housing – Consultation on housing costs for sheltered and extra care accommodation”**

**Response of Gateshead Council to Government (DCLG) Consultation**

**Policy Context**

The Government has issued a consultation document seeking comments on a new housing costs funding model for sheltered and extra care accommodation in England.

**Background**

- 1) This consultation follows on from a broader supported housing funding consultation which took place in 2016. Following feedback from this consultation and taking on board the recommendations of the Joint Select Committee report and recommendations from various task and finish groups it has been identified that the new funding regime will be tailored to the three main types of supported housing; sheltered and extra care housing, short term supported housing and long term housing.
- 2) The proposed funding model aims to provide the certainty needed in order to secure existing and new provision, whilst ensuring greater oversight and value for money. The key elements of the new model are:
  - i) introducing a ‘Sheltered Rent’, keeping 100% of funding for housing costs (rent and eligible service charges) in the welfare system
  - ii) rent controls for sheltered and extra care will apply to gross eligible rent (rent inclusive of eligible service charges), with limits on annual increases
  - iii) an overall cap for Sheltered Rent. The Government state they have committed to bring existing supply into the system at their existing level. New supply will be subject to the cap, and there is consultation on what that level should be
  - iv) the social housing regulator will regulate gross eligible rent, as it already does for ‘Affordable Rent’.
  - v) a new planning and oversight regime will assist local areas in ensuring they are best able to provide supported accommodation for their vulnerable citizens
  - vi) will apply to sheltered and extra care housing only, and will not apply to other long-term supported housing (e.g. long-term accommodation for those with learning disabilities).
- 3) Within our response we have provided our views to six areas of potential change, these include changes to the; Definition, Funding Model, Service Charges,

Planning and Oversight, Implementation and Commissioning prior to the new model being finalised in April 2020.

## **Implications**

- 4) When responding to potential definition changes we have highlighted that Gateshead has in the past received legal challenges on the definition of sheltered accommodation based on accessibility and proximity to local amenities. Relaxing the definition of sheltered housing could also result in the number of homes covered by sheltered housing rent decreasing and potentially allowing for tenants below the age limit to occupy properties. This could result in purpose built accommodation not being readily available for those in greatest need.
- 5) With regards to changes to the extra care definition whilst we would welcome a clearer definition that includes a broader range of clients and needs, we have expressed concern that a definition which is too strict will restrict continuing improvement in provision of such accommodation by being too prescriptive.
- 6) Gateshead has a higher than national proportion of older people therefore care must be taken that the definition of sheltered accommodation does not remove existing provisions when there is already a shortage of older persons accommodation in many areas.
- 7) We welcome a review and improved regulation of service charges, however we have advised that there needs to be a mechanism for reviewing any cap which is introduced. Service charges should also be permitted to increase in line with the true cost of providing services.
- 8) As part of the wider Housing Strategy, a specific action to assess the demand for new and suitability of existing housing for older people will be completed ahead of implementation of the new model.

## **Gateshead response**

- 9) The consultation period ran from 31<sup>st</sup> October 17 until 23<sup>rd</sup> January 2018. The response set out in the attached annex, has been compiled in consultation with officers from The Gateshead Housing Company. The Cabinet Members for Housing and Economy were consulted on the draft submission ahead of it being submitted.

## **Implications of Recommended Option**

- 10) **Resources:** There are no resource implications arising out of this report
  - a) **Financial Implications** – Any changes to service charges could have an impact on the HRA Business Plan.
  - b) **Human Resources Implications** – No human resources implications.

- c) **Property Implications** – No property implications.
- 11) **Risk Management Implication** – No risks associated with the consultation.
- 12) **Equality and Diversity Implications** – We have requested that the Government undertakes an Equality Impact Assessment, within our response.
- 13) **Crime and Disorder Implications** – No crime implications.
- 14) **Health Implications** – No health implications.
- 15) **Sustainability Implications** – No sustainability implications directly arise from this report
- 16) **Human Rights Implications** - No human rights implications.
- 17) **Area and Ward Implications** – The detail of this consultation would impact on all Ward Areas.

**Gateshead response to:**

**“Funding Supported Housing – Consultation on housing costs for sheltered and extra care accommodation”**

**Response of Gateshead Council to Government (DCLG) Consultation**

**Question 1: We would welcome your views on the following:**

- a) Sheltered Housing definition: what are the features and characteristics of sheltered housing and what would be the practical implications of defining it in those terms?**

**Comment:**

A conventional definition of sheltered housing would be an independent flat, apartment or bungalow in a block, or a cluster, that is designed for and occupied by older people (usually over 55). Typically there will be a degree of low level support available for residents. Schemes should provide independent, self-contained homes, but can be mixed size and tenure. The schemes should be of sufficient unit numbers to create a sense of community but not be excessive so as that they are difficult to manage in terms of demand at any one time.

Schemes should be designed or adapted to support residents to live independently for longer, with level access, and wheelchair accessible spaces. Schemes will usually include assistive technology, which provides a 24 hour response in the event of emergencies and provides reassurance. Sheltered schemes typically will also have on site support from a resident or mobile warden, who manage the day to day operation of the scheme and arrange services that support residents to sustain their basic independence within their home. The service should include monitoring the support needs of residents and managing their health and safety. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden. Aside from providing local accessible services, communal facilities can support residents to maintain active and interact with neighbours, which can be critical in combating isolation.

The definition in both instances should make reference to the fact that schemes are designed, structurally altered, refurbished or designated for occupation and made available for customers who require specialised services or support in order to enable them to live or adjust to living independently within the community.

We would welcome a definition that includes preventative and enabling services for clients with wide ranging needs e.g. dementia care and intensive housing management and health care. The focus of schemes needs to be recognised within the definition as saving health and social care budgets through enabling residents to live independently.

Likewise for both instances, housing management costs tend to exceed those in general needs housing due to the needs of the client group.

In Gateshead we have received legal challenges on the definition of sheltered units,

specifically based on accessibility and proximity local amenities. Some clarity around this within the definition would be welcomed.

There are some practical issues that arise from mixed age accommodation

- Impacts on other services e.g. reduced TV licences for people aged over 60
- There is risk that the government will reduce the number of homes to be covered by The sheltered housing rent. We would seek a clearer understanding of government's intentions on this in.

New sheltered schemes housing should:

- Wherever possible be designed to building regulation standards:
  - M4(3)a "wheelchair adaptable"; or
  - M4(3)b "wheelchair accessible";
  - and a minimum of
  - M4(2) "accessible and adaptable"
- Incorporate assistive technology so that it is integral to the new development and maximises the independence of residents, and helps reduce care and support costs.
- Be within walking distance (400 metres) of good public transport routes, shops, community facilities and employment opportunities to help sustain the independence of residents and enable them to interact with the local community, as well as making the accommodation more accessible for on site or visiting staff.
- Subject to viability, properties and schemes should be designed using HAPPI principles, with a focus on enabling customers to remain in accommodation as their support and mobility needs change through having adaptable space.
- Similarly, schemes should include community and outdoor space, to facilitate interaction with neighbours and engender a sense of community.

Sheltered housing conversion schemes should be designed to building regulation standards M4 (2) "accessible and adaptable" and incorporate assistive technology so that it is integral to the development.

Whilst it is increasingly important that minimum standards are set (to facilitate and help sustain independent living, so help reduce health and care costs, and maximise wellbeing), there is a danger that too strict a definition will fetter continuing improvement in provision.

**b) Extra Care definition: what are the features and characteristics of extra care housing and what would be the practical implications of defining it in those terms?**

Similar to Sheltered Accommodation but Extra Care accommodation is specifically designed for older residents that have varying support needs, including dementia and physical or sensory disabilities. Typically extra care schemes will consist of residents with higher mobility needs and be designed to building regulations M4 (3)b "wheelchair accessible" standards, with additional space to enable full wheelchair access and larger bathrooms to facilitate assistance with personal care needs. Schemes will typically have care staff attached to them and will have communal facilities for meals, or exercise/ social activity, or other services (e.g. hairdressers) to be provided, to enable people to

come together.

Accommodation should, wherever possible, be within walking distance (400 metres) of good public transport routes, shops, community facilities and employment opportunities to help sustain the independence of residents and enable them to interact with the local community, as well as making the accommodation more accessible for on site or visiting staff.

We would welcome a definition that included preventative and enabling services for clients with wide ranging needs e.g. dementia care and intensive housing management and health care. These clients are often frailer older people, who have or anticipate a care need.

Whilst it is increasingly important that minimum standards are set (to facilitate and help sustain independent living, so help reduce health and care costs, and maximise wellbeing), there is a danger that too strict a definition will fetter continuing improvement in provision.

For both sheltered and extra care housing, the definition should include indicators that support the purpose of schemes to create communities and provide a range of services without being overly prescriptive as this will encourage providers to think more creatively around proposed schemes.

Schemes should be designated by RP's based on the above indicators and desired outcomes.

**c) Is there an alternative approach to defining this stock, for instance, housing that is usually designated for older people? What would be the practical implications of defining sheltered and extra care supported housing in those terms?**

On a practical level, any relaxing of the definition would open up the potential for people below the age limit to occupy properties. Whilst this in itself is not necessarily wrong, as there are benefits of having mixed ages within communities, it does present management challenges and could result in much needed purpose built accommodation not being readily available for those residents with the greatest need. RP's should be required to designate schemes according to an agreed definition.

There are additional practical issues that can impact on residents through changing the definition e.g. tenants over 60 can qualify for a reduced TV licence – a change to the definition that relaxed age restrictions would have financial implications for younger but no less vulnerable individuals.

Additionally, care needs to be taken that the definition does not take existing provision out of the bracket of "sheltered accommodation" as there is already a shortage of older person's accommodation in many areas.

The current picture in Gateshead is as follows:  
Gateshead's population has a higher than national proportion of older people:

- In 2011, there were 71,866 people aged 50+ in Gateshead, which is approximately 36% of the total population. 47% (33,928) were male and 53% (37,938) were female (2011 census).

The population aged 65 or over is projected to increase by 9,750 persons in Gateshead between 2015 and 2030. (SHMA 2017)

- Groups in institutional population is likely to increase by 414 persons aged 75 years or over in Gateshead between 2015 and 2030. Their needs will need to be met through institutional housing and specialist housing for older person including sheltered or 'extra care'.

**Question 2: Housing costs for sheltered and extra care housing will continue to be funded through the welfare system. To meet the Government's objectives of ensuring greater oversight and value for money, we are introducing a 'Sheltered Rent' to cover rent inclusive of eligible service charges.**

**How should the detailed elements of this approach be designed to maximise your ability to commit to future supply?'**

Some certainty for the long term needs to be included in any proposals around the calculation and clear guidance available well in advance that gives LA's certainty around those service charges that are eligible. As described there is a need to consider increasing supply and whilst this can be justified through strategic housing needs assessment and population projections, it will also need to be clear that there is a viable case for new build or re-purposing of existing stock. Typically new build models will be determined on a 30 or 40 year business plan and the assumptions around projected income will need to be fully understood if LA's are to commit to investment and building of new sheltered or extra care facilities. Extra care – specialised supported housing should be developed in line with local health and social care and strategic priorities.

Service charges:

Under Sheltered Rent, rent controls for sheltered and extra care housing will apply to gross eligible rent, which is inclusive of eligible service charges, through the social rent setting system. Eligible service charges are those that are eligible under welfare rules.

We require an approach which allows rents to reflect the local market while the service charge reflects the actual cost of providing these services.

**Question 3: We are keen to make appropriate allowance for eligible service charges within Sheltered Rent that fairly reflects the costs of this provision, whilst protecting the taxpayer.**

**What are the key principles and factors that drive the setting of service charges (both eligible and ineligible)? What drives variations?**

The rent element is already regulated through the formula rent which should stay the same. Service charges should also be regulated in the same way with a cap applied once the true cost of providing services has been assessed and tackle service charges which are excessive and unreasonable.

All existing schemes should transfer into the new regulated regime at their current charges. Schemes in development should only transfer to the new regime if they will be complete after April 2020, in order to give certainty to developers

The rent element of the sheltered housing rent increase by CPI + 1%, the indicated rent settlement for the sector.

The service charge element of the sheltered housing rent should be permitted to increase in line with the true cost of providing services.

There should be a mechanism for reviewing any Cap on service charges following implementation, again through a data trawl of providers to assess average and appropriate charges.

Some clarity would be needed to confirm if proposed rents levels are just to be applied to "social" rented models or if it will be applied on a wider basis i.e. subsidised affordable housing schemes where there may be a variance.

All charges are reviewed annually. When setting service charges within Gateshead's HRA we try to minimise the impact on the tenant wherever possible while ensuring full cost recovery. In the past a number of service charges were not achieving full cost recovery for various reasons. We are currently in the third year of a five year implementation of full cost recovery by 2020. This approach was agreed to minimise the annual impact on tenants. There are also instances where we reduce eligible charges dependent upon the costs to the Authority.

Any proposed charges are checked via a Tenant Impact Assessment, to ensure equality & fairness across the charges and to identify if a particular individual or tenant group are unfairly or disproportionately disadvantaged. We try to maintain a balanced approach to setting charges.

Although approx. 50% of our tenants are eligible for Housing Benefit payments this is not the main driving factor when setting charges, it would be unfair on the ineligible tenants who would face increased cash payments.

Allowances for eligible service charges within sheltered rents would need to take into consideration cost variances between Councils and areas. There will be various delivery models within regions and nationally that will need to be considered.

**Question 4: The Select Committee and a number of other sector representatives have suggested that we use a banded approach to reflect variety of provision across the sector. We are interested in understanding more about this.**



## How do you think this might work for sheltered and extra care housing?

This would be highly dependent on the nature of the banding. There are a number of variables that could be used to inform banding and further clarification would be required to provide a complete response as they could result in very different outcomes.

Bandings could potentially be:

- Type of provision
- Tenant need
- Geographical/regional e.g. following LHA zones
- Type of provider e.g. LA v RSL

Depending on the way bandings are calculated and set there is the potential to create a “post code lottery” effect creating disparity between neighbouring areas.

Is it the intention to band only the supported element of the charge with core rent being set in the usual way or would the banding be an all-inclusive rent & service charge?

We would suggest that there is a distinction between Sheltered and extra Care when considering bands with one for each supported by guidance.

There will be variances from one region to another and the size and scope of schemes may vary. If bands for sheltered and extra care rents are to be set, there needs to be some mechanism in the implementation to consider how these differences will be captured. Providers across the country should be asked to submit data to support this analysis. This could be captured through the annual LAHS return but it ought to be a wider trawl to include data and stats from RP’s operating across the sector.

## Question 5: For providers, on what basis do you review eligible service charges? What drives changes?

All charges are reviewed annually as part of the budget setting process to ensure full cost recovery is maintained. Exceptions to this would be changes as a result of service provision and subsequent costs

## Question 6: Of your service charges, what percentage is paid by:

- **Welfare payments - through eligible service charge**  
38.5%

**- Local authorities - for example, through supporting people**

19.1%

**- The tenant**

38.2%

**- Any other reflections**

Planning and oversight:

A new planning and oversight regime will ensure that local areas are best able to provide supported housing for their vulnerable citizens. Local authorities will be asked to work in partnership with other local partners to produce a local strategic plan for supported housing, and to undertake an assessment of provision and need for all supported housing groups. A National Statement of Expectation will encourage local authorities to adopt strategies, planning and ways of working that we are keen to see for supported housing (including sheltered and extra care housing).

**Question 7: Attached to the policy statement is a draft National Statement of Expectation (see Section 4). We would welcome your views on the Statement and suggestions for detailed guidance.**

The statement of expectation is welcomed as it will support consistency across all LA's in terms of the approach to future supply. This needs to go hand in hand with more transparency around reporting on delivery. The suggestion of annual reporting is welcomed if it encourages discussion and liaison at a local level between authorities on housing supply and local planning policy, in relation to cross border movement of older people.

In order to support supply of older person's accommodation, commercial housebuilders will need to be engaged in the process. Currently it is too easy for developers to opt out of bungalow accommodation on grounds of commercial impact or viability as larger footprints of units will come at the expense of density on sites. Some thought needs to be given to this in the context of the National Expectation. Having a National Policy that encourages local authorities to have planning policies is all well and good, but if there is no incentive or mechanism to encourage developers to build, the financial burden will fall on LA's to subsidise supply and this hidden cost is unlikely to be reflected in the "sheltered rent".

In terms of New Supply - There needs to be a clear definition of what is treated as new supply under these proposals to ensure the viability of schemes currently in development or which could be committed shortly. Schemes in development should be treated as existing schemes if they are let before April 2020 or if the schemes have been approved by the Homes and Communities Agency as part of the Shared Ownership and Affordable Homes Programme but will not complete until after April 2020.

**Question 8: The National Statement of Expectation encourages greater partnership working at local level regarding supported housing, including sheltered and extra care housing.**

**What partnership arrangements do you have for sheltered and extra care housing at the local level?**

We have established partnerships with, health, residents, providers, community organisations and the third sector that will support a coordinated approach.

Gateshead is a partner in a choice based regional lettings scheme which comprises of other LA's and RP's. Part of the role of this partnership board is to monitor the effective lettings and allocations of properties and there will be a role for this board to look at specific implications that may arise from a move to a sheltered rent.

**Question 9: Government has moved the implementation of the reform on sheltered and extra care accommodation to April 2020.**

**How will you prepare for implementation in 2020, and what can the Government do to facilitate this?**

As part of the wider Housing Strategy, a specific action to assess the demand for new and suitability of existing housing for older people will be completed ahead of the implementation in Gateshead. It would be helpful in supporting this work if Government can publish common definitions and outcomes that would be expected across local authorities.

There is a clear commitment within Gateshead to identify provision of supported accommodation that can achieve savings for health and social care budgets through enabling independent living.

We will continue to work with other RP's as part of our lettings strategy to ensure that outcomes from sheltered/extra care housing are maximised for individuals, local authorities and providers.

**Question 10: Deferred implementation will allow for additional preparatory measures. What suggestions do you have for testing Sheltered Rent**

A desktop exercise to assess impact should be sufficient but would request that any learning from this exercise or concerns are clearly communicated to LA's at the earliest opportunity so impact on viability of existing schemes, business plans and future supply can be gauged.

**Question 11: How do support services predominantly in sheltered and extra care accommodation get commissioned in your organisation or local area?**

Extra Care:

There are 6 extra care schemes in Gateshead which are all commissioned through the Local Authority.

Sheltered Services:

Support Services for Sheltered Services are arranged direct from the landlords and either charged through Housing Benefit or paid direct by the tenants. No services are commissioned by any public body.

**Question 12: We believe the sector can play an important role in driving forward improvements in outcomes and value for money, for instance through joint commissioning and sharing of best practice.**

**What role can the sector play in driving these improvements forward?**

The sector is best placed to help drive forward the development of both sheltered and extra care services. Due to the changes in demographics there will be a big changes required in housing developments for older people which includes the use of more cost effective support through advanced technology.

The Sector needs to support the Local Authority with examples of best practice and how the sector can respond to the future Housing Needs of the older population. This will be through various mechanisms such as through Housing Strategies, Market Position Statements, Provider Forums or through formal procurement exercises.

**Question 13: If you have any further comments on any aspect of our proposals for sheltered and extra care accommodation, please state them here.**

It is not clear what level of tenant involvement has been undertaken in relation to these proposals, if the client group are to be engaged in the process and there be genuine involvement then regular feedback in the run up to implementation would be required to enable LA's and Housing providers to prepare tenants for the changes and seek views.

Involvement also should include potential future applicants for sheltered housing as this may have a bearing on demand and inform expectations in terms of quality and cost of accommodation.

Will there be an equality impact assessment and greater detail on the implementation?

**Contact:** Phil Gallagher ext 2735