



**PLACESHAPERS RESPONSE TO DHCLG & DWP CONSULTATION ON A
REVISED MODEL FOR FUNDING SHELTERED AND EXTRA CARE HOUSING
JANUARY 2018**

1. INTRODUCTION

- 1.1 PlaceShapers is a national network of community-based housing associations formed in 2008. Currently comprising 119 members of varying types and sizes, between us we own or manage nearly 900,000 homes, with over 70,000 more in the pipeline to 2022. Details of our members and more about what we do can be found on our website: www.placeshapers.org
- 1.2 Our members include many for whom providing supported and sheltered housing is core business and for whom the outcome of this consultation is critical if they are to be able to continue to provide the vital services involved. As at March 2017 94,000 of our current homes were supported housing and care units with nearly 70,000 of these being homes for older persons. We do not have collective data on how the homes for older persons split between sheltered housing or extra care nor on the average charges for these different types of accommodation. Simple additional filters in the annual statistical data return going forward could deliver this and with it a rich evidence-based tool for reviewing comparative costs and value for money.
- 1.3 We welcomed the opportunity to engage with Government during initial consultation on the future funding of supported housing, submitting detailed responses to your own consultation and also to the joint select committee inquiry on the topic. We were therefore delighted that your revised policy position announced in October 2017 included dropping the originally proposed link with the LHA cap for supported housing (and with it the much-criticised proposed top-up funding arrangement) given the devastating impact such a regime would have had on residents in our current schemes as well as future provision.

1.4 There is much to be positive about in the revised proposals and we are pleased that you intend to work closely with the sector to ensure that the final model is designed in a way that works for providers, commissioners and residents alike. However, there are some aspects of the revised approach that do cause concern and these are set out in answer to your consultation questions below. We appreciate the further opportunity to work with you to resolve these and ensure that the new funding arrangements are sustainable and fit for the future before implementation, currently proposed for 2020.

1.4 We have once again brought together a number of our key practitioners to discuss the questions posed in your consultation and help produce a collective PlaceShapers response. This document results from that process. Many of our members will respond individually to the consultation too and in doing so will set out in more detail their views on the proposed new funding system in the context of local services.

2. SUMMARY COMMENTS

2.1 Before responding to the specific questions posed in your consultation paper, we wish to make the following comments to summarise the key points in our submission.

2.2 Any definitions used to describe housing for older persons should be based on the purpose of the accommodation rather than a prescriptive list of facilities or services. This will support the flexible approach to provision needed to meet the diverse needs of an ageing population.

2.3 The proposed new 'Sheltered rent' should cover core rent only and should be split to provide separately for sheltered and extra care schemes given the major variations in building costs.

2.4 Service charges should not be included in the proposed new gross rent cap but should be regulated separately. Service charge setting is already governed by legislation that ensures transparency and accountability.

2.5 We are fully supportive of the need for strategic planning of provision but consider that there needs to be a wider approach to this process than an expectation primarily focussed on local authorities. Additionally, the need for such planning requires statutory backing in order to ensure it is delivered.

2.5 It is in this context that our replies to your specific consultation questions should be read.

3. RESPONSE TO CONSULTATION QUESTIONS

Consultation Q1: Definition

- 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?
- 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?
- 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?

PlaceShapers Response

We agree with others that any definition should be based on the broad purpose of the accommodation rather than a prescriptive list of facilities or services. The needs and aspirations of older people are changing all the time, and we need definitions that reflects this and are subject to periodic review in line with the 5-year strategic planning framework.

Any definition must reflect the reality that there are many different scheme types to meet the diverse needs of an ageing population with a great deal of variation in design, space, facilities and therefore costs. Definitions that focus on purpose and outcomes rather than a prescriptive list of characteristics would offer a more flexible model enabling our members to respond to the changing needs of the ageing population and wider shifts in the market.

For sheltered housing, traditional support services are often no longer an essential element (not only due to the demise of support funding but also in response to changing needs, increasing choice and flexibility and developments in person-centred technology). However sheltered housing still offers a valuable role as part of prevention, given it provides a safe, secure, easy-to-manage and supportive housing environment. This enables many older people to continue to live independently with the benefit of the interdependency of a supportive community.

In terms of extra care housing, there are varying models. So, again, the definition should not be overly prescriptive but should be broadly reflective of the overall purpose of schemes at this end of the spectrum, including access to responsive on-site care and support services to maintain independence.

Consultation Q2: Funding Model

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?'

PlaceShapers Response

The continuation of funding for sheltered and extra care housing through the welfare system is welcomed. However, like others we have two key concerns:

1. That the proposed 'Sheltered rent' is expected to cover the whole spectrum of provision for older people, including schemes with extra care; and
2. That the proposed rent cap includes service charges as well as core rent.

We do not consider it appropriate to link all forms of provision together for the purposes of the new funding model given the major variation in build and running costs. The proposed calculation of the 'Sheltered Rent' includes the existing method to calculate the rent element that is already regulated by the Social Housing Regulator. Any new rent formula must recognise the need for rent levels in extra care schemes to reflect the higher costs involved.

The additional proposal that service charges should be included in a revised control of gross charges is not necessary and any sort of arbitrary cap applied across the board will stifle innovation and new supply of schemes at the more intensive end of the spectrum. It will be more effective for service charges to be regulated separately rather than as part of a gross charge. This would allow rents to reflect the local market given that service charges reflecting the true cost of management and maintenance with regulatory oversight of any outliers where charges may appear to be excessive and unreasonable. The setting of service charges is already governed by legislation and arrangements that allows residents and HB offices to challenge any charges they believe to be unreasonable, providing a significant level of existing control.

As mentioned in our introductory comments, an amendment to the annual Statistical Data Return (SDR) to split down the charges for different types of housing for older persons would provide greater understanding of comparative rent and service charge

levels across the country. We believe that this would show the need for a separate 'extra care rent' and, potentially, sub-categories of 'sheltered rent'. It would also provide transparency on service charges to facilitate their regulation. The Regulator of Social Housing could be asked to make this change to the SDR for 2018 to support the implementation of the new funding model.

Consultation Q3: Service Charges

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?

PlaceShapers Response

Any new system must not undermine the principles of service charges reflecting actual costs. This must include the ability to vary charges up or down year on year. An arbitrary cap on cost increases is inappropriate and would be very difficult to administer in practice. There are already existing checks and controls in the rent setting system with stringent transparency requirements. Tenants, leaseholders and commissioners can challenge service charges and often do.

Charges are set on an annual basis and will vary each year, reflecting the true cost of maintaining communal areas and providing management and maintenance services. Each year, our members estimate the costs for each scheme, consult with residents and finalise the charges. In the case of variable charges, when the actual cost of providing the services are known a surplus or deficit is carried forward to the later year, ensuring that residents only meet actual costs incurred. For fixed charges, the landlord takes the risk of any under or over recovery and will reflect this in future charges. This annual process of consultation and the controls within the Landlord and Tenant Act (as amended) ensure that service charges reflect the true cost of providing the services. Value for money is achieved through accurate budgeting, ensuring that residents understand how they can challenge the level of the service charge and robust procurement reviews to ensure that the best value contracts for service provision are in place. Ensuring that charges remain affordable and are fair is of importance to self-payers as well as the public purse.

Undoubtedly our members will provide more detail on how service charges are calculated and managed at the local level.

Consultation Q4: Service Charges

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?

PlaceShapers Response

We feel the Select Committee recommendation was as a response to the postcode nature of the LHA cap. We do not feel a banded approach to the regulation of service charges is necessary because:

- There is an acknowledgment that the funding framework needs to reflect the actual cost of providing services.
- Banding could add complexity and create a false architecture which assumes there is rational and easy segmentation of costs/ service type.
- Service charges are based on the actual running costs and we have argued along with others that these should not be subject to arbitrary new controls
- There are already significant controls in place to ensure affordability and value-for-money
- Core rents are already regulated by rent regulation policy.

Consultation Q5: Service Charges

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

- More than once a year
- Annually
- Every two years
- Every 3-5 years
- Every 5 years or more
- When a new tenant moves out of the property
- Other (please state).

PlaceShapers Response

Our members will respond to this question on an individual basis.

Consultation Q6: Service Charges

Of your service charges, what percentage is paid by:

- Welfare payments - through eligible service charge
- Local authorities - for example, through supporting people
- The tenant

- Any other reflections

PlaceShapers Response

Our members will respond to this question on an individual basis.

Consultation Q7: Planning and oversight

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.

PlaceShapers Response

We are fully supportive of the need for effective planning and oversight for the revised funding framework and welcome the expectation that existing provision will be protected in full as well as requirements to undertake a regular mapping of current and future needs. We have a number of comments on how this might be strengthened in practice:

- The statement of expectations is too focused on local authorities and within that fails to reflect differing structures within local government including devolved regional authorities.
- Effective planning must be a collaboration between providers, local authorities and the health sector. Indeed, the wider value for money obtained from providing community focused supported housing rather than institutional care means that health service partners have a key interest in current and future provision.
- The need to produce local strategic plans for supported housing with updated needs assessments requires statutory backing. Resource pressures within local government and the health sector mean that 'encouragement' will not be sufficient despite good intentions.
- National expectations and local plans need to cover the full range of interventions from early stages of support through to full personal care so they are not weighted towards statutory obligations alone and recognise the wider value for money benefits of early intervention to keep people living independently for longer.
- Local supported housing plans need to be linked to separately produced housing development plans with planning authorities required to include the proportion of any new housing developments which should typically be devoted to providing the identified supported housing requirements.

Consultation Q8: Planning and oversight

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?

PlaceShapers Response

PlaceShapers pride themselves on their close working relationships with local authorities and other local partners. Those responding to this consultation will have set out the nature of their arrangements individually.

Consultation Q9: Implementation

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?

PlaceShapers Response

If the changes we advocate are accepted, particularly concerning the removal of service charges from a new gross rent control, then the revised implementation date of 2020 is reasonable. However, any decision to persist with a new rent cap inclusive of service charges will create complexity that would benefit from testing with phased implementation from 2020-2022.

Consultation Q10: Implementation

Deferred implementation will allow for additional preparatory measures. What suggestions do you have for testing Sheltered Rent?

PlaceShapers Response

See answer to Q9 above.

Consultation question 11: Commissioning

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

- By local authority (upper tier)
- By local authority (lower tier)
- Through the local NHS
- Other (e.g. nationally). Please name.

PlaceShapers Response

Our members will respond to this question on an individual basis.

Consultation Q12: Commissioning

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?

PlaceShapers Response

So do we! “We Share” and “We Care” are two of our strategic objectives and our members locally will be able to evidence examples of joint working to achieve this.

Consultation Q13: Overall

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

PlaceShapers Response: No.