



Future funding for supported housing

Plus ça change, plus c'est la même chose

Summary of changes

- Annual cost of supported housing is £4.2bn.
- Government wants to overhaul the system to ensure a greater focus on outcomes and VFM
- LHA cap will apply to supported housing from 2019/20 but a new system of 'top up' funding will plug the gap
- 'Top up' funding will be ring fenced and administered by local authorities

April
2009

Ring fence removed from Supporting people

July
2011

Government sets out new position on HB reform including extending the LHA cap to supported housing

Nov 2016 -
Feb 2017

Government holds consultation on supported housing

April
2017

1% rent reduction will apply to supported housing

April
2019

LHA Cap will apply to supported housing but new model will be in place to cover funding gap

Observations

- Mixed housing providers will be hit hardest
 - Higher rents and service charges for size of property
 - Midland Heart owns 5,000 supported homes
- Financial resources switch from housing providers to local government
 - Commissioners don't think in terms of property - a new mind set will be required
 - Spill over into support provision
 - How will funds be allocated to local authorities (winners/losers)
- Local government likely to prioritise acute provision
 - Support budgets squeezed putting current schemes on the cusp of viability
 - Can we all wait for a new deal?
 - Once it's gone it's gone



Implications

- Reduction in future supported living accommodation
- Reduction in new build
- Loss of future investment in the sector
- Change in use of assets
- Increase reliance on customers self funding through pension flexibility and other methods
- Opportunity to cross subsidise using more market orientated products
- Maintaining and enhancing existing assets rather than expanding portfolios



Desired outcomes of future funding programme

Outcome	Desirable	Not desirable
Ring fenced	Can only be spent on property	Limited ring-fencing
Exemptions	Supported housing exempt	No exemptions
Criteria	A broad range of support services and costs are included including lower level support packages and service charges	Limited detail on range of services and costs covered
Certainty	Long term index linked funding programme	Subject to change at any time
Commitment	Strong local authority commitment to funding formula	Weak commitment
Quality assurance	Clear ambitions from government and rigorous accreditation standards agreed with the sector	Limited engagement with the sector on standards



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