



# The future funding of supported housing

YMCA's response to the Government  
consultation on the funding of  
supported housing.  
February 2017

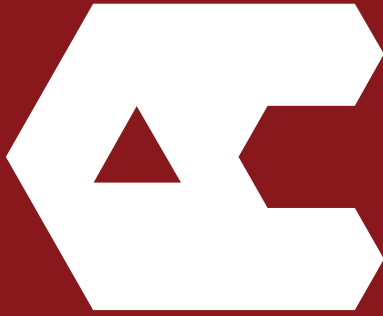
## Context

In 2015 the Department for Work & Pensions (DWP) and the Department for Communities and Local Government (DCLG) commissioned an evidence based review of the supported housing sector.

The purpose of the review was to understand the scale, shape and cost of the supported housing sector to help inform the development of proposals for how the sector could be funded in the future.

Based on the findings of the review, in November 2016 the Government announced a broad framework for the future funding for supported housing and launched a consultation seeking views on how this could operate.

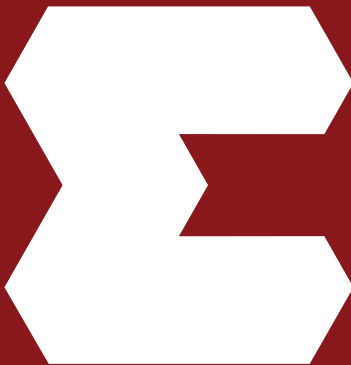
To help inform this consultation, YMCA has developed this paper setting out proposals for a future funding model for supported housing.



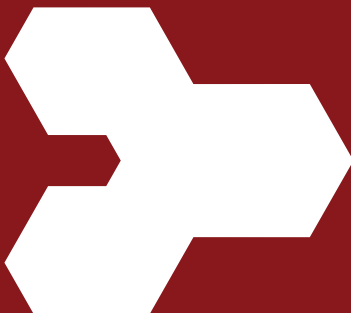
YMCA was established in 1844 and is the largest and oldest youth charity in the world, helping more than 58 million people in 119 countries. Here in England and Wales, 133 YMCAs work to transform 660 different communities, impacting on the lives of more than half a million people every year.



YMCA is the largest charitable provider of supported housing for young people in England and Wales - providing almost 10,000 beds every night. YMCA offers a wide range of supported housing, from emergency beds through to longer-term supported accommodation.



Spread across all regions of England and Wales, YMCAs are small and median providers of supported housing, with each individual local YMCA providing between eight and 400 beds a night.



Last year alone YMCA housed more than 18,000 people in its supported housing schemes. YMCA's supported housing is primarily targeted at young people who, for whatever reason, are unable to live independently and need both accommodation and support. The young people we support include those who are homeless, those leaving care and those young people with additional support needs such as mental health difficulties or substance use issues.

Our history and philosophy behind supporting young people makes YMCA distinct from other social housing providers.

- ▶ **We welcome** people from all backgrounds into our housing.
- ▶ **We serve** communities and continually adapt our housing to meet their needs.
- ▶ **We provide** housing in which people can belong, contribute and thrive.
- ▶ **We inspire** people to develop in mind, body and spirit.
- ▶ **We seek out** opportunities to involve people in shaping our housing services.



# Principles of any new funding model

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In order to be successful, YMCA believes any new funding model for supported housing would need to:

- ▶ **Recognise the long-term cost savings supported housing generates** for the public purse.
- ▶ **Understand the multiple and complex needs of the people** currently accessing supported housing.
- ▶ **Factor in the distinct role supported housing for working age people** has in the wider social housing sector and compared to supported housing for older people and sheltered housing.
- ▶ **Contain an element of personal entitlement within the social security system** so any person on a low income can afford to access a safe and secure place to stay.
- ▶ **Be built around a low rent model** so people can more easily transition into employment while living in supported housing.
- ▶ **Remove complexity from the system** so supported housing providers and national and local authorities can focus resources on meeting the needs of people.
- ▶ **Offer some flexibility** so supported housing services can continue to be designed around the needs of people.
- ▶ **Acknowledge and reflect the additional costs involved in providing supported housing** so that people continue to receive safe and effective services.
- ▶ **Embed quality** so people accessing supported housing get the services they need and deserve.
- ▶ **Offer certainty and stability** so supported housing can continue to be developed to meet the needs of people and communities.
- ▶ **Factor in the way the development has previously been funded** so existing supported housing provision can continue to meet historic commitments and contracts.
- ▶ **Reflect changing demand** so that people in need in the future can still access supported housing.

# Funding framework for supported housing

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In November 2016, the Government announced a new framework around which the future funding of supported housing would be structured.

YMCA welcomes a number of the elements of the framework announced by the Government. YMCA particularly values the commitment to maintain an element of personal entitlement through the social security system, and exempt residents from the Shared Accommodation Rate (SAR).

YMCA also welcomes the commitment that the Government has made to maintain current levels of expenditure on supported housing, and ring-fence the element of this being moved from the social security system.

While the framework announced has its benefits, it simultaneously creates a significant number of risks for the sector. The most significant of these is uncertainty over a sizable proportion of the funding that currently goes into delivering supported housing.

The framework announced only secure around two thirds (65%) of the total funding that currently goes into providing YMCA's 10,000 beds of supported housing, leaving an estimated £26.9 million gap.

While these figures offer an overall picture for YMCA, for our individual schemes, the risks created by the proposed funding framework are even more significant. For a number of YMCA schemes, being left to operate on just the one bedroom rate of Local Housing Allowance could result in them receiving just a third of their current income.

Not only does this create risks for current provision, in some areas of the country, this could make future investment in supported housing schemes almost impossible.

Given this, it is critical that the Government builds upon the framework already announced by putting in place a range of measures to ensure people in need can continue to access supported housing. This should include four key elements:

- ▶ **A new definition of supported housing.**
- ▶ **A national commissioning framework for the 'top-up' funding.**
- ▶ **A staged roll-out with transitional protections.**
- ▶ **A new regulatory framework for supported housing.**

This paper sets out the measures YMCA believe the Government should take forward, to ensure those in need can continue to benefit from the services provided by supported housing beyond March 2019.

# A new definition

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YMCA recognises that the most recent definitions in place for supported housing within the relevant regulations were only designed to see the sector through this period of change.

To ensure the funding being moved from the social security system continues to mean that those in need have access to safe and supportive places to live, YMCA believes it is important to have a clear definition in place. Not only would this help in allocating the 'top-up' funding, but it would also be important in helping to determine and check eligibility for those residents exempt from the SAR.

Building upon the significant work done in establishing a new definition for the sector through the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014, YMCA believes that any new definition of supported housing should be based upon two key elements from this:

- ▶ Where the person has accessed housing in order to meet an identifiable need for care, support or supervision.
- ▶ Where the person receives that care, support, supervision or intensive housing management.

However, unlike with the current arrangements set out within Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014, YMCA believes any new definition should not be based on the ownership and management of the housing in question.

Defining supported housing based upon who owns and manages the property would potentially exclude some of the most innovative models operating for people who are homeless, such as Supported Lodgings and Housing First, and prevent further innovation in the future.

Taking an approach of defining supported housing based on ownership or management of property would also hinder the Government's aim to open up the sector to a wider range of providers.

To capture the diverse nature of the sector and encourage innovation, YMCA believes it is also important that any new definition of supported housing should not be based upon:

- ▶ Who is responsible for delivering support to residents.
- ▶ A defined number of hours of support.
- ▶ Whether the scheme receives certain funding streams or has a support contract in place with a public body.
- ▶ Who nominates and places people in the scheme.

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For the same reasons as set out regarding who provides the supported housing, any new definition should also not be based on who delivers the support to the residents.

Supported housing providers, like YMCA, are increasingly working in partnerships to develop a package of support, wrapped around the resident, which involves multiple agencies bringing their expertise to bear in delivering the different elements of this.

Limiting any new definition of supported housing to those providers offering both the housing and support stifles innovation, and will prohibit some of the best practice that has developed within the sector in recent years.

Given the different and increasingly innovative ways in which the support element of supported housing is funded by providers, any new definition also should not be based on receipt of certain funding streams or having a support contract in place with local authorities or other relevant bodies.

This is particularly relevant for many of those whom have lost Supporting People funding but continue to provide vital care, support, supervision and intensive housing management to its residents, as well as those schemes in areas where this form of support funding is no longer available.

It is also important that any new definition of supported housing and eligibility for the Universal Credit housing element being paid at the Local Housing Allowance (LHA) one-bedroom rate is not dependent on a provider receiving the 'top-up' funding.

This is particularly important given that there will likely be schemes in those higher LHA rate areas, which may be able to successfully operate supported housing without needing to access any 'top-up' funding.

Any new definition should also not be based on a fixed set of hours of support, as requirements differ significantly between people as they go through their journey from first arriving in supported housing towards independent living.

The threshold regarding the levels of care, support, supervision and intensive housing management that need to be met in order to meet the definition should simply be more than is made available in general needs housing.

A new definition of supported housing should also not be linked to nomination rights over who places people in the schemes. It is important that supported housing providers continue to be able to determine which people they take into their schemes so they can manage need levels accordingly.

By constructing a definition based on the above, the Government would ensure that the full range of supported housing provision is captured, while encouraging innovation, in the models developed, who is delivering them, and how they are funded.

**Recommendation: A new definition of supported housing should be established based on the following two elements:**

- ▶ Where the person has accessed housing in order to meet an identifiable need for care, support or supervision.
- ▶ Where the person receives that care, support, supervision or intensive housing management.

YMCA recognises that establishing and transitioning to a new definition by April 2019 based on the proposals set out may prove problematic, for local authorities, and those providing supported housing, in particular smaller providers.

In order to aid this transition, YMCA proposes that those schemes currently meeting the definition as set out in the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014, and those receiving enhanced levels of Housing Benefit during 2018/19, be automatically passported into any new arrangements.

This passporting of existing supported housing should last for a period of three-years. Only in exceptional cases, where there is clear evidence that a scheme is no longer meeting this definition, should the supported housing status be revoked during this period of transition.

**Recommendation: All provision currently defined as supported housing should automatically be passported into any new arrangements in April 2019 for a period of three-years.**



# A national commissioning framework

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In addition to defining and providing a clear steer on eligibility, YMCA believes it is important that the Government set out clearly how funding will be allocated within the new framework.

It is widely acknowledged that supported housing costs more than general needs, and other social housing, to provide.

Given the way funding is currently allocated, with the additional costs of supported housing being built into the rent, this can act as a disincentive to work and make it more challenging for people to enter into employment while still maintaining their tenancy.

The higher rent level created by the model of allocation currently operating within supported housing also increases the risk of people accruing larger rental debts, which can also impact on their prospects of successfully moving on to independent living.

Given this, YMCA welcomes the Government's proposed measures to remove these additional costs from the rental system in the new funding framework.

However, it is important to recognise that moving this funding from the social security system comes with risks that could destabilise the sector.

If the risks associated with changes are not addressed, these could threaten both ongoing service provision and prevent future investment in the development and redevelopment of supported housing, potentially leaving people in need without vital support.

As already set out, the amount of funding that is proposed to be transferred out of the social security system and into the 'top-up' fund is not insignificant.

For YMCAs alone, the funding needed above the LHA to maintain current spend is an estimated £26.9 million per year. This is equivalent to around a third of the total funding that currently comes from Housing Benefit to help deliver our supported housing schemes.

To avoid many of the risks of removing this funding from the social security system, YMCA believes that this should continue to be managed nationally through a model similar to that adopted for Discretionary Housing Payments.

However if, as proposed, the 'top-up' funding is to be localised, YMCA believes that the Government should put in place a range of measures and protections in the way this is calculated and allocated.

By introducing a ringfence and committing to maintain current levels of spend on supported housing, the Government would remove some of the risks associated with this approach. However, these measures provide only, at best, short-term assurances to the sector.

It is widely recognised that the ringfence will not be indefinite and is likely to be removed at some stage in the future. The sector has already seen the substantial impact that lifting a ringfence can have in the context of supported housing, when this was done in 2009 with Supporting People funding.

Given these risks, if a localised approach is going to be pursued, YMCA believes that the Government should put in place is a national commissioning framework which:

- ▶ Defines clearly what the funding can be spent on.
- ▶ Ensures no group lose out.
- ▶ Puts in place local mechanisms to determine ongoing need.
- ▶ Creates a transparent process of allocation.
- ▶ Allocates funding directly to supported housing schemes over a longer period of time.
- ▶ Maximises the funding that reaches those in need.

*Defines clearly what the funding can be spent on*

As already set out, the amount of money that will be transferred from Housing Benefit into the new ‘top-up’ funding is not insignificant to the sector.

In order to help mitigate some of the risk involved with this transfer, it is important that the Government clearly defines within the commissioning framework what the ‘top-up’ funding can be spent on and for this to suitably reflect existing expenditure.

Whatever tier of local government that funding goes to, it is important that it is spent on relevant housing costs, and not used by local authorities to address shortfalls in support funding.

In developing our response to this consultation, YMCA has undertaken a benchmarking exercise examining the additional costs involved in delivering our supported housing that would need to be covered by the ‘top-up’ funding.

Last year (2015/16), the mean Housing Benefit eligible service charge issued by YMCA supported housing schemes was £94.39 per unit per week.

Based on this benchmarking exercise, the apportionment of the eligible Housing Benefit service charges were split in the following ways across YMCAs:

- ▶ Housing management – 37%
- ▶ Security – 16%
- ▶ Provision of furniture, fixtures, fittings and equipment – 13%
- ▶ Cleaning – 9%
- ▶ Maintenance and repairs of communal areas – 9%
- ▶ Communal utilities – 8%
- ▶ Maintenance and servicing of equipment and systems – 5%
- ▶ Grounds maintenance – 1%
- ▶ Food – 1%
- ▶ Refuse disposal and pest control – 1%
- ▶ Other – 1%

While some of these costs would fit under the service charges eligible under Universal Credit, many go above and beyond this and are unique to providing supported housing. The areas that YMCA believes the ‘top-up’ funding would need to meet are:

- ▶ Housing Management
- ▶ Security
- ▶ Provision of furniture, fixtures, fittings and equipment
- ▶ Maintenance and servicing of equipment and systems
- ▶ Maintenance and repairs of communal areas
- ▶ Food

Given the significance of these costs to the continued provision of supported housing, it is important the Government clearly defines within the commissioning framework, these as the eligible areas on which the ‘top-up’ funding can be spent.

**Recommendation: The national commissioning framework should clearly define the eligible areas of spend for the ‘top-up’ funding, which should include:**

- ▶ Housing Management
- ▶ Security
- ▶ Provision of furniture, fixtures, fittings and equipment
- ▶ Maintenance and servicing of equipment and systems
- ▶ Maintenance and repairs of communal areas
- ▶ Food

To help bring greater consistency across schemes, and avoid repeating the situation whereby these can be exploited and lose their relationship with true costs, it is also important that the commissioning framework sets out how these costs should be calculated.

A national set of standard formulas for the property-related costs, such as the maintenance and repairs of communal areas, should relatively easily defined based on the type and size of provision, and learning from existing calculation arrangements.

While mechanisms to calculate the property-related costs can be relatively easily defined, it is more challenging to calculate people-related costs such as housing management and security.

In determining how these people-related are calculated under the new funding framework, it is important that the needs of the people being housed in each scheme are considered.

However, given the significant variance that currently exists in these service charges, even across YMCA schemes, any mechanisms put in place to address these people-related costs could be fraught with complexity. Any system could also prove even more difficult to establish, manage and maintain in the context of existing Housing Benefit teams likely being reduced or completely removed from local authorities with the continued roll-out of Universal Credit.

To help overcome this issue, YMCA believes the Government should, as part of the roll-out, look to undertake a benchmarking exercise across the sector to establish a set of median people-related service charges relating to each of the groups and needs being housed in supported housing.

This could then be used to establish a set of national tariffs for the additional people-related service costs payable through the top-up funding.

Taking this approach would not only afford providers and schemes greater certainty, it would also offer a number of benefits to the Government, including:

- ▶ Having a methodology of determining the additional costs involved in managing supported housing schemes that is reflective of current expenditure.
- ▶ Creating a system that is simpler and cheaper to administer both nationally and locally.
- ▶ Ensuring consistency in funding across supported housing schemes that house similar people, while allowing suitable flexibility in the rates paid based on the type of scheme.
- ▶ Avoiding confusion over housing and support costs.

**Recommendation: The national commissioning framework and any supplementary guidance should set out how property and people related costs paid through the ‘top-up’ funding are calculated.**

*Ensures no group lose out*

Another risk that the removal of entitlement through the social security system could create is certain groups inadvertently losing out.

Given the nearly three fifths (58%) of the current supported housing expenditure through the social security system goes on older people, YMCA is concerned that, as with many other funding streams, it will be young people in need who miss out through the reallocation of this funding.

In particular, YMCA has particular concerns that young single people who are homeless, or at risk of homelessness, will not be prioritised as local authorities seek to use the funding to address shortfalls in older people’s services.

To avoid this happening, YMCA proposes that protections for named groups of people should be put in place within any legislation or regulations, as well as within the national commissioning framework. This should include specifically naming the groups of people that local authorities have a duty to support using ‘top-up’ funding.

YMCA believes it is important that the following groups are named within the national commissioning framework as those local authorities have a duty to support using the ‘top-up’ funding:



- ▶ People with learning disabilities
- ▶ People and families who are homeless
- ▶ People with mental health difficulties
- ▶ Young people who are vulnerable
- ▶ People with physical disabilities / sensory impairment
- ▶ People with drug / alcohol misuse needs
- ▶ People who are at risk of domestic abuse
- ▶ People who are ex-offenders
- ▶ People who are refugees / asylum seekers
- ▶ Teenagers who are pregnant
- ▶ People who are travellers

By embedding these within the national commissioning framework, it would help to ensure all those groups in need continue to receive support within the new funding framework.

**Recommendation: The national commissioning framework should specifically name the groups of individuals local authorities have a duty to support using 'top-up' funding.**

*Puts in place local mechanisms to determine ongoing need*

To ensure supported housing is sustainable beyond 2019, it is important that the funding allocated to this, both national and locally, both nationally and locally, reflects changing need.

Given the diverse range of people needing supported housing and the different routes they take to access these services, YMCA believes that establishing ongoing need in the future will require a number of organisations and bodies to work together in each local area.

So while under the proposed framework local authorities will be delegated responsibility for allocating the 'top-up' funding to providers, it is important that mechanisms be put in place whereby a number of departments and relevant organisations can come together on a local basis to establish ongoing need, and help inform allocation.

By requiring local authorities to bring together different departments and organisations such as Clinical Commissioning Groups (CCGs), local public health teams and representatives from the supported housing sector, each area should be able to provide the Government with projections of local need on which national 'top-up' funding pot, can be sized and allocated.

Without formal structures or mechanisms for this intelligence to be gathered and fed into the Government on a regular basis, there is a danger that the amount allocated nationally for the 'top-up' funding could rapidly lose its relationship to actual need in communities, potentially leaving people in need without access to support.

**Recommendation: The national commissioning framework should require a mechanism to be set up in each local authority area that brings together key organisations and bodies to establish local need for supported housing on an ongoing basis.**

### *Creates a transparent process of allocation*

To offer further reassurance to providers that the ‘top-up’ funding will reach those in most need, it is important that the Government require local authorities to put in place a transparent process within the national commissioning framework.

YMCA believes that this should include setting requirements to:

- ▶ Provide adequate notification and information of the commissioning process.
- ▶ Ensure commissioning processes facilitate the involvement of the broadest range of providers, including smaller and third sector providers.
- ▶ Put in place a transparent and fair decision-making process, including providing reasons for ‘refusals’ and opportunities to appeal.

Without such measures in place to ensure the commissioning process is equitable and transparent, there is a danger that the ‘top-up’ funding could be mismanaged and not achieve the intended aims.

**Recommendation: The national commissioning framework should set down a clear and transparent process for each local authority to follow in allocated the ‘top-up’ funding.**

### *Allocates funding directly to supported housing schemes over a longer period of time*

While there is never complete certainty with any public expenditure, it is important to recognise that having the additional costs of supported housing met through Housing Benefit and the social security system has offered the sector a relative level of confidence, which has enabled it to plan and invest long-term in the services it delivers.

Removing the additional costs of supported housing from the social security system, and in particular having it managed locally, threatens this certainty and risks leaving providers unable to plan and invest in supported housing.

The impact of this has already been seen, with a significant number of new developments and redevelopments put on hold. Indeed, YMCA currently has a number of developments and redevelopments on pause, in different parts of the country.

However, while the proposed reforms create risks, channelling these costs through a separate fund which is provided directly to providers, opens up the opportunity for the Government to set, allocate, and provide this funding over a longer period of time than is currently possible.

To offer the security necessary for the sector and enable it plan and develop, YMCA therefore believes that the Government should commit to determining and allocating the ‘top-up’ funding to local authorities over at least a three-year cycle.

**Recommendation: The Government should determine and allocate the ‘top-up’ funding to local authorities on a minimum of a three-year cycle.**

Furthermore, it is also important that the 'top-up' funding that is passed down to local authorities is also paid to eligible supported housing schemes over a substantial period of time.

It is important to recognise that many supported housing schemes have been developed based on the existing funding model, and on the basis they will receive consistent levels of rental income, over a period of between 20 and 30 years.

By removing a substantial element of the rent payable out of the social security system, and placing this within a more competitive local commissioning process, the Government is potentially jeopardising provider's ability to meet these existing commitments.

Additionally, in the context of reducing public funds for the development of supported housing, and an increasing reliance on private investment, funding certainty over a long-period of time is important.

This is particularly important for schemes in lower Local Housing Allowance areas that will be dependent upon receiving a greater proportion of their income from the 'top-up' funding.

To offer the certainty necessary within the new funding framework to providers, investors, and most importantly to residents, YMCA believes it to be important that the 'top-up' funding is allocated directly to schemes for a minimum period of three-years.

**Recommendation: The national commissioning framework should require local authorities to determine and allocate the 'top-up' funding to schemes for a minimum of three-years.**

To ensure that the funding allocated over these periods continues to reflect the costs involved in delivered the services, it is important that inflationary increases are factored in both national and locally within the 'top-up' funding.

Given that the 'top-up' funding is related to housing costs, YMCA believes that it is important that the allocation should be tied to the Retail Price Index (RPI) over the period of allocation.

**Recommendation: The Government should link the 'top-up' funding to the Retail Price Index (RPI).**

Alongside this, as part of establishing the new funding framework, the Government should also give consideration to how the Local Housing Allowance (LHA) continues to reflect the increasing costs of providing housing.

Local Housing Allowance (LHA) is currently frozen at April 2015 levels for a period of four years, and prior to this, was only raised in line with the Consumer Price Index (CPI), which does not take into consideration housing costs.

Therefore, there is a danger that when the new funding framework is introduced, the rate applied will no longer accurately reflect local costs.

If the Local Housing Allowance (LHA) continues to be linked to the Consumer Price Index (CPI) and / or be frozen, the 'top-up' funding will disproportionately have to meet any increases in costs that occur over time.

**Recommendation: The Government should review the inflationary arrangements for the Local Housing Allowance (LHA).**

*Maximises the funding that reaches those in need*

While acknowledging the issues with the current funding arrangements, paying for the additional costs involved in delivering supported housing through the social security system and Housing Benefit does help to ensure that a substantial proportion of the funding allocated nationally reaches providers effectively supporting those in need.

If removed from the social security system and passed to local authorities to manage, it is important that a sizable portion of the money currently going to supported housing does not go towards administering the 'top-up' funding, as this would see those delivering and accessing these services missing out.

To avoid this happening, it is important that the Government commits to meeting the costs of administering the 'top-up' funding in a way that does not draw upon the existing expenditure that currently goes directly to people in need and supported housing schemes.

If localised, the Government should look to fund any administration costs through the DWP Administration Subsidy or an equivalent fund. In this scenario, YMCA proposes that each local authority be allocated a share of the existing administration subsidy to reflect the work that will be necessary in managing the 'top-up' funding, with adjustments built in to reflect any differences in regional costs.

**Recommendation: The Government should commit to meeting the costs of administering the 'top-up' funding from expenditure not drawn from the current spend on supported housing.**



# A staged roll-out

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As already set out, the proposals announced by the Government mark a significant shift in the way supported housing is funded. Given this, and the potential negative consequences of getting this wrong for the people who depend on these vital services, YMCA believe it is important the Government avoid a ‘big bang’ approach which leaves providers and schemes vulnerable to the reforms.

YMCA sees the announcement of a transitional year in 2018/19 as a positive step, however, while recognising the benefits of moving to a new funding framework, a number of factors have the potential to make this transition difficult within the timescales set out. These include:

- ▶ The breadth of the supported housing sectors and the wide range of people it houses and supports.
- ▶ The diversity of existing funding arrangements across supported housing schemes.
- ▶ The historic way that supported housing schemes have been developed and its link to the existing funding framework.
- ▶ The relatively short timescales until the new funding framework is planned to go live.
- ▶ The range of measures and arrangements that need to be put in place as part of the new funding framework.
- ▶ The differential regional impact that will be created by linking rents to the Local Housing Allowance rate.

To address these risks, YMCA believe that the Government should take a ‘test and learn’ approach to rolling out the new funding framework for supported housing, as well as putting in place a range of transitional measures that see the sector through to full implementation of Universal Credit in 2022.

## *Taking a ‘test and learn’ approach to the roll-out*

To address some of these challenges and build upon the experience of rolling out Universal Credit, YMCA believe that the Government should take a ‘test and learn’ approach to rolling out the new funding framework for supported housing from April 2019 through to March 2022.

YMCA believes that this approach should particularly focus on testing the funding framework on different:

- ▶ Groups of people
- ▶ Levels of need
- ▶ Types of schemes
- ▶ Geographies

This approach would also enable the Government to engage with local authorities, the supported housing sector, and most importantly those in need, in helping suggest and develop possible approaches and options to how this is administered.

Building on the proposals previously set out in this paper, taking this approach would also enable the Government to develop robust arrangements for how property and people related costs paid through the ‘top-up’ funding are calculated.

YMCA would be open to our schemes being part of any ‘test and learn’ approach adopted by the Government to help ensure that when the new funding framework is rolled out, it is both safe and secure for the people that depend upon these services.

While recognising delays could impact on investment in new supply and redevelopment in the short-term, YMCA believes that getting a new funding framework that secures the long-term future of the sector is the priority.

**Recommendation: The Government should adopt a ‘test and learn’ approach to rolling out the new funding framework.**

***Providing transitional protections to providers and schemes***

While all the measures already set out in this paper would go a significant way in addressing the risks and challenges involved in rolling-out a new funding framework, YMCA recognises that there are still likely to be providers and schemes that experience reductions in funding.

For some these losses will be manageable, however, the Government needs to recognise that many of the rents charged by supported housing providers have historically been structured to include a number of costs linked to the distinct way this type of accommodation is developed and cannot be easily reduced or exited.

Given the proportion of funding that is tied up in property costs, as well as the length of time some residents stay, it is important that schemes are given a suitable period of time to adjust to the new funding framework.

To support such providers and schemes to adjust to this funding framework in the short-term, YMCA is proposing that a transitional period of stability and protection should be set down by the Government, which would see the funding received by schemes remaining at 2018/19 levels, plus inflation, for a period of three-years.

**Recommendation: The Government should commit to maintaining 2018/19 levels of funding in each scheme, for a period of three-years.**

### *Writing-off grants in schemes unable to continue as supported housing*

As part of the transitional arrangements that need to be put in place, it is also important that the Government recognise the publically funded capital grants tied into many of the existing supporting housing schemes, such as Social Housing Grant.

For those schemes that can no longer operate as supported housing as a direct result of the introduction of the new funding framework, either due to not meeting any new definition, or not being in receipt of the 'top-up' funding, it is important that the historic grant arrangements do not act as a barrier to these continuing as supported housing if there is still a need, or put to other use to better meet community need.

In order to prevent schemes and valuable land lying dormant, subject to local authorities determining that they are no longer needed or practical as supported or social housing, the Government should put in place arrangement to write of, or restructure, any capital grants tied into these if the land or schemes.

**Recommendation: The Government should commit to writing-off or restructuring capital grants in schemes that can no longer be maintained as supported or social housing, as a direct result of the new funding framework.**

# A new regulatory framework

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To ensure and evidence that quality supported housing is provided across the country, and that this is being delivered in a way that achieves both the desired outcomes for those in need and value for money, YMCA believes it is important that appropriate regulatory arrangements are put in place.

As it stands, there is no overarching regulatory framework or body overseeing supported housing, making it difficult to even calculate the size and scope of the sector, never mind the quality and impact of its work.

For this reason, YMCA believes that new national regulatory arrangements for supported housing should be developed to supplement the new funding framework, which focusses upon:

- ▶ The definition of supported housing
- ▶ The quality and outcomes of supported housing
- ▶ The national commissioning framework for supported housing

## *The definition of supported housing*

As already set out in this paper, getting this definition for supported housing right is critical in establishing a new funding framework. However, equally as important is how this is then interpreted.

The localised system of interpretation currently in place has created very different judgements on what is deemed to be supported housing. YMCA has had first-hand experience of schemes considered to be supported housing in one local authority area being classified as general needs in a neighbouring authority.

While YMCA recognises the importance of local determination, in particular around commissioning services and funding allocation, the uncertainty created by the current approach of determining what is considered to be supported housing hinders both innovation and development, and has a detrimental impact on the sectors ability to help those in need.

For this reason, YMCA proposes having a national regulatory body responsible for interpreting the definition and determining which provisions are considered to be supported housing.

Not only would this offer greater certainty to the sector, it could also prove helpful in the context of local authorities losing or significantly reducing their Housing Benefit functions, who would have previously made these determinations.

**Recommendation: A national regulatory body should be responsible for determining which schemes meet any new definition of supported housing.**



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Taking this approach would not only remove the unnecessary and unhelpful differences in determinations, it would also enable the creation of a national register of the provision meeting the definition of supported housing.

If local authorities are to be responsible for managing the 'top-up' funding within the new framework, having access to a register of those meeting a new definition of supported housing would assist them in determining which schemes were eligible to receive this.

Having a national register would also support DWP and Jobcentre Plus in making determinations and checking on individual's claims, helping to ensure that those eligible are exempted from the Shared Accommodation Rate.

**Recommendation: A national register of supported housing should be created and managed by a national regulatory body.**

**Recommendation: Being included on the proposed register should act as a gateway to schemes being able to apply for the 'top-up' funding, as well as residents being exempted from the Shared Accommodation Rate.**

Having a national regulatory body being responsible for determining what provision meets a new definition of supported housing and holding this register, could also help link this to quality and service standards.

Giving a national regulatory body the power to remove schemes from the register, would mean that those failing to meet basic quality and service standards from would be unable to access any 'top-up' funding or housing support at the LHA one-bedroom rate, until improvements are made.

Taking this approach would help both embed quality and ensure that opening up of the definition of supported housing to different providers does not result in a reduction of standards.

However, as part of this, it would be necessary to put in place adequate appeals processes, so organisations could challenge plans to remove them from the register prior to this being imposed.

**Recommendation: A national regulatory body should be able to remove schemes not meeting basic quality and service standards from the register.**

### *The quality and outcomes of supported housing*

To ensure quality is embedded in supported housing provision across the country, YMCA believes it is important that a regulatory framework is set nationally and overseen by a national regulatory body.

It is important that it builds upon existing arrangements in place for the sector, such as the Homes and Communities Agency's Regulatory Standards and the Supporting People's Quality Assessment Framework.

In addition, the balance of requirements needs to be appropriate, both for the national body tasked with overseeing this, and those supported housing providers having to meet these, especially given the number of smaller providers within the sector.

Based on these existing arrangements and our experience of these, YMCA believes that a new regulatory framework should focus on the following broad themes and outcomes:

<b>Themes</b>	<b>Outcomes</b>
Access and allocations	Schemes are transparent in the ways people access them.
Assessment of needs	Residents' needs are comprehensively assessed and monitored.
Support and pathway planning	Residents are supported in a way that considers their needs and moves them towards independent living.
Resident involvement and empowerment	Residents are involved in informing and shaping services.
Security and safeguarding	Residents live in safe and secure environment.
Housing standards and health and safety	Schemes are fit for purpose and of a decent standard.
Governance and financial viability	Schemes are managed effectively and are sustainable.
Value for money	Schemes are achieving value for money.

As already set out in this paper, linking this regulatory framework to schemes being able to access the top-up funding as well as the exemption for it residents from the SAR, would enable these standards to be driven across the sector.

YMCA recognises that introducing such arrangements will bring some additional costs and require a body to, either be created, or take on additional responsibilities, to oversee them. However, we believe that some form of regulation is necessary in the system to embed quality across the country and remove rogue providers.

**Recommendation: A new national regulatory framework should be introduced for supported housing.**

**Recommendation: A national regulatory body should set and oversee the any new regulatory framework.**

*The national commissioning framework for supported housing*

For a national commissioning framework to be effective, it is important that its implementation is also overseen.

While local authorities would understandably be responsible for auditing how any ‘top-up’ funding was spent, YMCA believes a national regulatory body should be responsible for ensuring the commission framework is adhered to.

This should include ensuring:

- ▶ That each area is undertaking a comprehensive assessment of need and allocated funding accordingly.
- ▶ The ‘top-up’ funding is being managed in an open and transparent way.
- ▶ The duties to support key groups of vulnerable people are being met.

**Recommendation: The national regulatory body should be responsible for overseeing the implementation of the national commissioning framework.**

# Conclusions and recommendations

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Given the breadth of provision and the complex nature of the existing funding arrangements for supported housing, finding a new funding framework that enables these essential services to continue to be delivered is always going to prove a difficult task.

However, rather than see this as a threat to the services we deliver, YMCA sees this review as an opportunity to put the sector on a sustainable funding arrangement and ensure it is fit for purpose to support the people we work with and others who need help in the future.

YMCA welcomes the commitment that the Government has made to maintain current levels of expenditure on supported housing, and ring-fence the element of this being moved from the social security system.

While the framework announced has its benefits, it simultaneously creates a significant number of risks for the sector. The most significant of these is uncertainty over a sizable proportion of the funding that currently goes into delivering supported housing.

The framework announced only secure around two thirds (65%) of the total funding that currently goes into providing YMCA's 10,000 beds of supported housing, leaving an estimated £26.9 million gap. Not only does this create risks for current provision, in some areas of the country, this could make future investment in supported housing schemes almost impossible.

Having considered the findings of the review, the proposals already announced, and examined in detail the existing funding models in place across the nearly 10,000 beds YMCA provide each night, we propose the Government put in place the following measures as part of establishing the next stage of funding model for supported housing:

- ▶ **A new definition of supported housing.**
- ▶ **A national commissioning framework for the 'top-up' funding.**
- ▶ **A staged roll-out with transitional protections.**
- ▶ **A new regulatory framework for supported housing.**



National Council of YMCAs  
10-11 Chaterhouse Square  
London  
EC1M 6EH  
020 7186 9500  
[www.ymca.org.uk](http://www.ymca.org.uk)  
Charity number: 212810



YMCA enables people to develop their full potential in mind, body and spirit. Inspired by, and faithful to, our Christian values, we create supportive, inclusive and energising communities, where young people can truly belong, contribute and thrive.

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