

CIH submission to DCLG/DWP consultation on funding for supported housing: ‘sheltered rent’



Chartered
Institute of
Housing

About CIH

Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world.

Further information is available at: www.cih.org

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General comments

CIH welcomes the government’s engagement with the sector in developing its future funding framework for supported housing. We are pleased that government has recognised both the value of supported housing, and the additional costs involved in provision of these schemes and removed the proposal to apply local housing allowances to these rents.

Sheltered and extra care housing has demonstrable benefits for the households who live there and for wider public services, especially health and social care. Research by [Demos](#) for the largest sheltered housing providers estimates the possible cost savings (NHS and social care) as £486m per year. A [longitudinal study](#) by Aston University of the services provided by ExtraCare Charitable Trust found that, over a 12 month period, their services led to a 38 per cent reduction in total NHS costs, and reduced social care costs by between 17.8 per cent (lower level social care costs per person per year) and 26 per cent (higher level social care costs per person per year). With the increasing pressure on both NHS and adult social care services, increasing the provision of supported housing that can help to maintain people’s wellbeing is a valuable resource and investment.

CIH is therefore pleased that government intends to retain help with housing costs for older people fully within the welfare system, with controls on rent levels through a new regulated ‘sheltered rent’. Clearly the level at which the regulated sheltered rent is set and increased in future will be critical to the development of the new schemes we need.

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Response to consultation questions

Q1. Definitions

- 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 housing in those terms?**

Sheltered housing (now more commonly called retirement housing) provides safe and accessible housing for older people. It can range from clusters of bungalows or small blocks of flats within a wider estate, to extensive schemes with more communal facilities. The features of that provision vary and so the definition needs to be flexible to reflect that and also enable new features to be developed in future as residents' needs change. The diversity of sheltered housing is reflected in housing benefit case law.

Features/characteristics of sheltered housing might include:

- Self-contained accommodation for people aged 55 or above (with flexibility to include people under 55 where appropriate to meet physical/support needs) with the aim of enabling people to live independently with some support
- Fixed or dispersed alarm call system to access emergency help 24 hours a day
- Regular checks on residents through the call system or a visiting manager
- Some communal spaces, or access to such facilities close at hand. These can include maintained communal gardens and communal lounges but may also include laundry and other spaces for meetings/activities. (Schemes should not be excluded for a lack of communal space alone)
- An on-site or visiting scheme manager on a regular basis to connect people to support services and activities available either on site or in the local area

Extra care housing has frequently been developed through a partnership between providers and local authorities and therefore it reflects the range of facilities and services required to meet locally identified priorities.

Extra care housing will include the features of sheltered housing but, in addition, these are:

- Aimed at older disabled people who have a current or future need for some level of care and support
- Designed for accessibility throughout the scheme
- Have a greater range of communal facilities that may include assistive bathrooms and spaces for visiting services (including health care services such as district nurses), and a restaurant or cafe
- Provide access to 24 hour care (often from an on-site care team)

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The outcomes from, and value for money of, sheltered and extra care housing for public services, including health and social care, is increasingly understood and demonstrated in terms of savings, as noted above, in our general comments.

In terms of outcomes for residents, by providing accommodation that is safe and accessible, these schemes support older people to maintain their wellbeing and live as independently as possible. Sheltered and extra care housing aim to foster a supportive community amongst residents and help to develop/initiate connections and activities that can tackle social isolation and loneliness, which is increasingly recognised as a significant risk to health and wellbeing.

Extra care housing, with the additional facilities and provision of care services, also helps people to manage their health conditions, can help to avoid emergency admissions to hospital, and facilitate quicker discharge from hospital.

Q2. 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 charge. How should the detailed elements of this approach be designed to maximise providers’ ability to commit to future supply?

The new framework needs to give providers certainty about long term funding and how this will be increased in the future. It should ensure that providers can recover the actual costs of eligible service charges and be clear on what those are.

Setting the limit of the gross eligible rent will be challenging for some providers and schemes in areas of high value. This results in a higher formula rent, in turn squeezing the amount of service charge within the gross eligible rent. Where providers run variable service charges and encounter an unexpected in year cost (for example, major equipment repair, or increased energy prices) it may be difficult to recover costs within the limit. The regulator will need discretion to seek an explanation from providers where the gross rent exceeds the overall limit, and be able to reach an agreement on the approach (which could be either to reduce rent or to allow rent to exceed limit for a set period).

(We note the case made by several sheltered housing providers for separating the rental element (which is already regulated and monitored) and the service charge and to treat both elements differently to manage this risk, which may provide a more flexible approach, as the uplift of CPI plus 1 per cent (which comes into effect in 2020) could be applied to the rent, in common with other social rents, whilst increases for service charges could include known factors that will impact, such as salary increases and utility costs. As the rent is regulated and service charges governed by the Landlord and Tenant Act 1985, this would still enable the regulator to monitor overall rents.)

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Q3. We are keen to make appropriate allowances 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?

Service charges reflect the actual costs of the facilities and services provided in sheltered and extra care schemes. This is shaped by the provider's model of sheltered or extra care housing, and the requirements agreed with the commissioning local authority to meet local priorities. It is also shaped by through regular consultation with tenants, as to the nature and extent of the services they require, and which contractors should deliver them.

Variations can arise from:

- Staffing costs (number of hours, salary costs etc.)
- Size of scheme and number of units
- Age of scheme
- Extent of facilities
- Utility costs and increases
- Repairs, maintenance and replacement of facilities/equipment
- Service contracts such as grounds maintenance and communal cleaning

With the extension of the regulator's role they would be able to monitor service charge costs through the statistical data return, set a reasonable range of expected costs, and call providers to account for any service charges that exceed those parameters (as indicated above in q2).

Q4. The select committee and a number of other sector representatives have suggested that we use a banded approach to reflect the 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?

A relatively simple banding system could be developed based on the range of facilities across sheltered and extra care housing, with at most three different bands; two for sheltered housing and one for extra care housing:

- Band one would cover those sheltered schemes that are designed for older people, often dispersed in small clusters on estates, with low level support provided by the emergency alarm call system, and access to limited communal facilities (previously classed as 'category one' sheltered housing)
- Band two would cover larger sheltered schemes with more communal facilities including communal lounges, lifts, door access systems and fire detection alarm systems, involving greater capital and ongoing maintenance costs
- Band three for extra care would reflect the enhanced communal facilities including that which supports on site care provision, and additional facilities to support health and wellbeing

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The bands would still need to be set flexibly to allow for other variations in costs driven by factors such as geography/location, size of scheme, age of scheme etc. Further modelling would enable government to build in reasonable parameters for each band.

Q7. Comments on the draft National Statement of Expectation and suggestions for detailed guidance

We welcome the national statement of expectation and its requirement for more collaborative working across local authorities and other statutory partners, in assessing and planning for the needs of local populations, including older and disabled people who can benefit from sheltered housing.

However, it is currently unclear how government will monitor the performance of local authorities in meeting the requirements set out in the national statement, and what, if any, action they will take if they fail to assess the needs of their population and plan for services, including sheltered and extra care housing, to meet those needs.

Existing fora should bring together the appropriate partners, notably the local health and wellbeing boards, but the involvement of some partners can be variable, including local housing authorities in two tier areas. These should be strengthened with a requirement for housing authorities to engage and be engaged, and for relevant strategies to be developed through this partnership approach, including supported housing plans. Placing the requirement of the national statement on a statutory basis would incentivise local partners to greater involvement and co-operation, and to develop strategic alignment of housing investment and support funding.

Q10. Deferred implementation will allow for additional preparatory measures. What suggestions do you have for testing sheltered rent?

This time could be used to model how a banding system could be implemented, how it would take account of variations driven by factors such as the geography location, size and age of schemes, and the likely impacts on provision. There should also be modelling to explore the need for cost floors to be applied in low value areas where social rents may be close to market rents.

Q12. What role can the sector play in driving forward improvements in outcomes and value for money, for instance through joint commissioning and sharing of best practice.

The sector already looks at measures to ensure value for money to meet the requirements of the regulator and their residents. Examples of how housing providers have already responded to the challenge of funding changes and adapting services are available, for example, in CIH's sector showcase on [sheltered housing](#).

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It is also increasingly demonstrating the benefits and impacts of supported housing for public services such as health and social care, through the research mentioned above in our general comments and in practice examples, including [housing's role in effective hospital discharge](#).

Q13. Further comments

Pipeline schemes

The policy statement is not clear on how schemes being developed under the Shared Ownership and Affordable Homes programme 2016-2021 will be treated. As the financial modelling for these schemes will have been based on the current regime of rents and service charges, these should be considered as existing schemes and transferred into the new framework at existing rents.

Mixed tenure schemes

Across sheltered housing and in particular extra care schemes, many new developments are mixed tenure, including leasehold and shared ownership properties. This is often driven by both local needs and aspirations of local households and to ensure the viability of new schemes. It is unclear if or how the development of the sheltered rent may shape the rental element of shared ownership, or the impact on how schemes are developed in future and the approach to mixed tenures. Government should use the time period from the deferred date of April 2020 to work with the sector to understand the potential impacts for mixed tenure development.