

Consultation on housing costs for sheltered and extra care accommodation (England)

Erosh response

1. Introductory information

1.1. Erosh is a national consortium for older people's housing and support. We champion good quality older people's housing and support by:

- Demonstrating health and social care benefits and cost savings of housing and support for older people
- Making sure older people's housing and support promote empowerment, independence and choice and involve older people in the design, delivery and development of services
- Ensuring older people's housing and support services are affordable, accessible and inclusive, and meet both current and future needs
- Making sure staff are appropriately trained, and comply with professional standards and good practice
- Promoting sheltered schemes as hubs for all older people in communities to combat social isolation and loneliness

1.2. If you have any queries about our submission or would like to discuss it further, please contact:

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2. Response to specific questions

Definitions

Q1: 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?
- 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?

Our response

- a) **Sheltered housing (also known as retirement housing)** is purpose built or adapted specifically for older people and the provision of housing related support. It is self-contained, safe, secure accommodation which could include some or all of the following features designed for supporting older people with relatively low needs to live independently in the home of their choice.
 - Wheelchair accessibility to all communal and private areas
 - Controlled door entry system
 - Communal living space e.g. lounge with furniture, gardens, laundry facilities, multi-purpose/activity space (designed for wider community involvement), guest flat, etc., and communal storage facilities
 - Where accommodation is on more than one floor, lift(s)
 - On-site intensive housing management support as well as physical provision for this e.g. scheme manager's office
 - Specific features in flats e.g. raised sockets, walk-in showers, 24-hour emergency alarm system etc.
 - Specific features in communal areas e.g. dementia friendly décor, design features for people with sight loss etc.
 - Co-monitored fire alarm system
- b) **Extra care (also known as very sheltered housing, assisted living, housing with care, close care) accommodation** is purpose built or adapted specifically for frailer older people and provision of care and housing related support services. It could include some or all of the features and characteristics common in sheltered accommodation plus some or all the following features designed for supporting older people with greater needs to live as independently as possible in the home of their choice.
 - Assisted bathing facilities
 - Dining room and meal provision
 - On-site personal care and support services
 - Hobby or computer rooms
 - Health and fitness facilities

- c) Types of accommodation and services are so varied that an alternative approach to defining sheltered housing does not seem possible or helpful. Defining sheltered or extra-care accommodation by specific features and characteristics (identified in (a) and (b) above) seems most appropriate. Definitions of sheltered housing often refer to a specified age e.g. for people aged 50/55/60+ etc., but we prefer a more needs based approach to eligibility. Given the features and characteristics identified in (a) and (b) above are more likely to be appropriate for 'older' people, there is no need to specify age which could potentially exclude 'younger' older people with needs sheltered accommodation would address.

Funding Model

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

Our response

We welcome the recognition of the higher costs of sheltered and retirement housing in the proposed new 'Sheltered Rent'. A clear and transparent (including how it would be increased) 'Sheltered Rent' should reflect costs of providing and maintaining the specific features outlined in our response to Q1 as well as eligible service charges (see our response to Q3); costs which relate to the fabric of the buildings, and which apply regardless of scheme location i.e. local market value. Flexibility is also needed to accommodate growth in services (reflecting the increasing older population) and associated costs.

100% of housing costs (rents and service charges) remaining in the welfare system will provide some security in relation to future development plans. However, rents are already fixed with service charges based on actual costs and which reflect the scale of communal facilities and number of properties, neither of which can be altered. A 'Sheltered Rent' could therefore lead to smaller schemes where fewer residents share costs, or schemes with more facilities and therefore higher costs, becoming uneconomic. In future developments therefore, providers may only include facilities supported by the sheltered housing rent.

To encourage new provision, any 'Sheltered Rent' should be guaranteed long term so housing providers can be sure the new schemes they are investing in are sustainable. There should be no caps on any 'Sheltered Rent' so housing benefit claimants under pensionable age living in sheltered housing can claim the same as those over pensionable age. We are also concerned about what happens when HB comes to an end in 2023 and is fully replaced with Universal Credit, particularly if the new 'Sheltered Rent' is to be calculated using service charge eligibility criteria from current HB regulations.

Service charges take into account actual costs of running the service in the previous year and inflationary costs in the forthcoming year. Providers balance the need for inflationary costs with the impact of increased service charges on residents. Some housing providers ensure service charges remain affordable by drawing on their own reserves. Smaller providers may be unlikely to develop new accommodation or services without the capacity to make surpluses to reinvest.

Some of our members who have recently disaggregated service charges from rent are also concerned about a combined rent and service charge. Given that changes to service charges are influenced by previous costs, an arbitrary increase would not be appropriate and would be returning to an approach where tenants pay a standard service charge for services they do not necessarily receive. A 'core' charge for all schemes, with additional bands (see our response to Q4) may help address this.

Our local authority members have also called for harmonisation in terms of new models and rules regardless of tenure i.e. the funding model for RSLs should also be adopted by local authorities for their sheltered and extra-care schemes.

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.

Q3: 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?

Our response

Key factors driving the setting of service charges are costs incurred for the provision and maintenance of all services and facilities which relate to the fabric of the building (designed specifically to support older people as identified in our response to Q2). Variations are driven by the size and fabric of schemes as well as by different and rising costs of works, utilities costs, pay awards, insurance costs etc., as well as by business growth which leads to increased management costs.

Eligible service charges (which should be clearly defined and consistently applied across both RSL/HAs and local authorities) should include:

- Provision of a heating system, and heating in communal areas
- Water charges
- Laundry room or facilities (where these are provided)
- Provision of meals (where these are provided)
- Connection to television aerial system
- Cleaning, decoration, repairs, maintenance of communal spaces and window cleaning
- Purchase, cleaning, and maintenance of furniture, fitments and furnishings in communal areas
- Repairs and maintenance of lifts, door entry systems and CCTV/security systems
- Maintenance of communal gardens
- Emergency alarm and fire alarm systems
- Scheme management including scheme manager's services and administration
- Intensive housing management support
- Caretaking services
- Buildings insurance
- Depreciation

Variations in ineligible service charges are driven primarily by reductions or withdrawal of funding e.g. Supporting People grant. Where this is reduced or withdrawn, providers may not increase the support element of the service charge to avoid increasing the costs to vulnerable tenants.

Q4: 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?

Our response

This is challenging as sheltered housing residents have different needs and service provision is so varied. A banded approach may help to reflect differing standards of properties and accommodation considered in determining service charges. It might also deter providers from introducing services charges that do not represent value for money or providing poor quality offered. The most appropriate approach might be to have a 'core' charge for all schemes with additional bands according to:

- Type of service e.g. independent living, sheltered housing, assisted living, extra-care, visiting manager, community alarm etc. – a tiered approach reflecting different levels of provision so that local authorities pay for services required rather than adopting a 'one size fits all' approach.
- Size of scheme i.e. number of units
- Communal facilities provided
- Geographical location / variation

Any banding system needs to be simple and transparent rather than over complex and confusing for the sector and for clients; and must be applied to both RSL/HA and local authority providers.

Q5: 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).

Our response

Most of our members review service charges annually although some, largely due to reduced SP funding, undertake quarterly or mid-year reviews even though any changes might be applied annually. Changes are driven by the factors identified in Q3 e.g. rising costs of works, utilities, insurance, supplier/contractor costs, management costs etc. Reviews take account previous expenditure and future forecasting.

Q6: 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

Our response

Averaging our members' responses:

- Welfare payments – 70%
- Supporting People – 7%
- The tenant – 23%

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).

Q7: 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.

Our response

Local authorities should work collaboratively with all partners to understand supply of and demand for sheltered housing, to identify local needs and to produce local plans. Local health boards and NHS partnerships should also work collaboratively with sheltered housing providers to reduce the pressures on hospitals and GP surgeries.

We agree with the expectations with some further observations/comments as follows:

Meet local needs - local data needs to be more readily available to determine local need and demand.

Support collaborative working - there needs to be a clearer statutory framework to support collaborative working which specifically refers to housing and housing related support providers.

Promote delivery to a decent standard - there needs to be clear guidance in relation to a 'decent' standard. The National Statement of Expectation currently refers to accommodation being of a 'good' standard which is too vague. Links should also be made to relevant existing standards in relation to quality of accommodation and service provision.

Transparency in the delivery of supported housing - in relation to funding, there needs to be much greater transparency and honesty as early as possible to enable providers to plan future delivery.

Additional comments

[Service Excellence Standards](#), developed by the sector and supported by governments, are already provided by the [Centre for Housing and Support](#) (CHS). These demonstrate service quality and could be used for more detailed standards and expectations. Services are assessed against seven core standards:

1. Principles and governance
2. Value for money
3. Equal and respectful
4. Effective and personalised
5. Respected and involved
6. Complimentary and co-ordinate services
7. Customer safety

Q8: 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?

Our response

Examples of partnership arrangements at the local level from erosh members include:

- Partnerships with a wide range of statutory and voluntary agencies including health (e.g. health and well-being boards) and adult social care services, police, fire services etc.
- Partnerships with GPs including arrangements with surgeries to provide services to older people in their homes e.g. nurse visits, flu jabs etc.
- Working with local drug/alcohol services to support residents recovering from substance misuse.
- Older person's housing forum of all providers
- Housing Opportunities for Older People Project Group set up by the local authority to consider future services and link into a new extra-care strategy being developed by providers, commissioners and stakeholders
- Partnership arrangements with care providers
- A project with a mental health charity to help tackle loneliness and social isolation

Implementation

Q9: 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?

Our response

Even though the implementation date has been postponed to April 2020, we do not feel this allows sufficient time for meaningful piloting, evaluation, and revision. A 2022 implementation date would be more realistic.

Examples of how our members will prepare for implementation include:

- Undertaking a cost review of services including looking at affordability if a cap is applied
- Looking at trials with a variety of providers to assess impact and learn lessons

To facilitate implementation, Government can do the following:

- Provide long-term guarantees in relation to funding
- Provide clear and transparent guidance in relation to how any sheltered housing rent is calculated
- Incorporate flexibility to incorporate changing costs
- Provide guidance to residents in relation to charges
- Further clear advice and guidance in relation to transitional arrangements e.g. will existing HB rules apply existing tenant if there are no changes to their circumstances?

Q10: Deferred implementation will allow for additional preparatory measures. What suggestions do you have for testing Sheltered Rent?

Our response

Suggestions from our members include:

- Trialling/piloting arrangements with a variety of different providers in a variety of local authority areas to identify implementation issues and anomalies in costs.
- Housing providers to apply the figures to their existing rent models and 30-year business plans to assess viability
- (In Wales) enough time to learn from implementation in England

Commissioning

Q11: 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.

Our response

Our members' services are commissioned through all of these routes depending on local arrangements.

Our members have also reported a concern about local authorities' capacity to meet expectations in relation to commissioning, monitoring and reporting given the reductions in their staffing, knowledge and expertise.

Q12: 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?

Our response

Sheltered and retirement housing already plays an essential role in driving forward improvements in outcomes and value for money. For example, it facilitates independence and supports health and well-being, speeds hospital discharge and reduces 'bed-blocking', prevents escalation of need, and saves money for health and social care. It also:

- is accessible and sufficiently flexible to meet older people's changing needs
- is economical compared with extra-care or residential care settings
- delays admission to long term care settings
- is a fantastic resource for all older people in a community
- develops older people's social networks and prevents loneliness and social isolation
- maximises older people's income and reduces fuel poverty
- provides older people with safety, security and peace of mind
- frees up much needed larger, family accommodation

The sheltered and retirement housing sector has an excellent record of sharing best practice not least through erosh membership which collates and disseminates good practice. The sector is also well placed to undertake consultation with stakeholders and clients.

Overall

Q13: If you have any further comments on any aspect of our proposals for sheltered and extra care accommodation, please state them here.

Our response

Further comments from our members:

- The very diverse nature of sheltered and retirement housing and service provisions means that a complicated or administratively burdensome system would not be appropriate.
- There need to be incentives for sheltered and retirement housing providers to remain in the sector and to grow services to meet increasing need to reduce pressure on more costly accommodation such as care homes, and NHS or social care solutions.
- Any proposed framework needs to ensure that there are sufficient funds to cover existing charges to maintain existing services and ensure new developments meet future needs.
- The proposed arrangements need to link in with any remaining Supporting People (SP) funding (and reintroduce SP funding where it has been withdrawn) to prevent providers withdrawing from the market if staffing costs cannot be met.
- We would support the creation of a sheltered and retirement housing/support fund which could passport all funding (excluding rent) into a specific pot to fund all aspects of the service.