

VODG written response on the new approach to funding for supported housing

Key messages

1. Social care services are currently operating in an extremely challenging market, where unmet demand and the complexity of demand is increasing, yet funding and resources is decreasing.
2. In this context, the new approach to funding for supported housing poses a number of additional key concerns for social care providers and the social care market. The process of ‘topping up’ to meet the cost of rent adds additional resourcing and administrative implications for both local authorities and social care providers, for example. In addition, the proposed ring-fencing are inadequate, alluding to funds that do not meet the cost of service provision, and fail to account for real time prices and inflation.
3. The impact of any additional strain on resources is highly detrimental to the quality of care, the number of services available and the lives rights of those accessing services. There are also heavy financial implications for the NHS, as well as high risks of contradicting and reversing the transforming care agenda.
4. It is essential to create a sustainable funding model that enables high quality service provision and growth to meet future demand. In order to enable this, VODG recommend that:
 - I. Increase the top up funding level to reflect the real price of service deliver, and is long term.
 - II. Introduce additional ring-fencing to protect the funds, and remove the funding cap to ensure that national and local pots of money are based on actual spend, reflecting increasing prices.
 - III. Ensure that local authorities are clear, and that institutionalised models are moved away from, sticking to the transforming care plan and five year forward view.
 - IV. Provide additional support to providers through the transition by, including independent housing advocacy and advice and written agreements guaranteeing funding during a tenancy.
 - V. Provide additional support and resourcing to local authorities are supported to help with the additional administration. This should include ensuring each local authority a disability and supported hosing commissioning expert.
 - VI. Introduce a regulator in each authority to ensure that the level of rents being met are fair, decisions regarding which services are funded is fair, and ensuring investment is viable.
 - VII. Stabilise the market by commissioning longer-term contracts that last a number of years.

Introduction

1. VODG (Voluntary Organisations Disability Group) is a national charity that represents leading not-for-profit organisations who provide services to disabled people in ways that promote independence, choice and control. Our members work with around a million disabled people, employ more than 85,000 staff and have a combined annual turnover in excess of £2.8 billion. Though diverse in terms of their size, history and individual strategies, our members share common values. These are clearly discernible through work that promotes the rights of disabled people, approaches to citizenship, user choice and control and in successfully delivering person-centered services.
2. VODG works on behalf of members to influence the development of social care policy, build relationships with government and other key agencies, promote best practice and keep members up to date on matters that affect service delivery. Our overarching aim is to ensure that VODG members, working in partnership with commissioners, people who use services and their families can provide progressive, high quality and sustainable services that reflect *Think Local, Act Personal*¹ principles, uphold rights and meet the requirements of disabled people.
3. VODG welcomes the opportunity to submit this representation to the Secretary of State for Communities and Local Government and Secretary of State for Work and Pensions. We use this submission to draw out those issues most relevant to charities which are disability care and support providers and to the people they support.
4. In order to support this consultation, VODG carried out data collection across its pan disability membership in order to understand the extent of the impact of the proposed funding model on leading disability providers and the people they support. The data evidences the impact from 19 organisations providing a range of social care services.

Context

5. There are 9.9 million disabled people living in England who represent 19 per cent of the overall population². This includes a significant number of working age adults who require support with their mental health, physical disability, or who have learning and social or behavioral impairments.
6. The Centre for Disability Studies³ estimates the growth in the numbers of adults with physical and learning disabilities:

¹ Think Local, Act Personal www.thinklocalactpersonal.org.uk/

² Department for Work and Pensions (2015) *Family resources survey*. Accessed: www.gov.uk/government/uploads/system/uploads/attachment_data/file/437481/family-resources-survey-2013-14.pdf

³ Centre for Disability Studies (2012) *Estimating the need for social care services for adults with disabilities in England 2012-2030*. Lancaster: University of Lancaster.

- Support will be required for an additional 6,000 to 46,000 young adults with physical disabilities over ten years. This equates to a ten-year growth rate of between 32% and 239%.
 - Between 37,000 and 52,000 adults with learning disabilities will require support over the next ten-year period, resulting in a growth rate of 26% to 37%.
7. Alongside these ‘working age’ trends, the number of older people is rising.⁴ The latest Census data demonstrate 9.2 million older people aged 65 years and over, with 52 per cent of people living with a long-term health problem or disability. This includes a far greater proportion of the population aged 85 and over. This reflects the reality that the needs of people are continually changing.
 8. In the face of growing demand, access to affordable and high quality supported housing services is essential. Supported housing as a model of support enables individuals to maintain independence as a long-term solution. Enabling a right to tenure, for example, enables financial independence. The ability to access good quality housing is also crucial to ensuring that people with care and support needs have suitable places to live and that social care providers can develop person-centered services. Living without appropriate and stable housing can drastically worsen health. The current pressure on the housing market means that there are lengthy waiting lists for suitable social housing and rents for private rented accommodation are often unaffordable to people on housing benefit.
 9. The number of individuals unable to access services is already high. 90% of councils are now *only* able to respond to those people with what, prior to the Care Act, would have been deemed ‘critical or substantial’ needs. In 2005, the comparable figure was 47%.⁵ At least 400,000 fewer disabled and older people are getting publicly funded help. Our knowledge of the growing numbers of people who are ‘lost to the system’ (because they are no longer entitled to publicly funded care) is limited, but it seems inevitable that their unmet needs will be displaced to other people and places, such as unpaid carers and NHS settings. This creates unnecessary human, as well as significant financial, costs.
 10. In order to meet growing demand and meet the government’s obligation to protect the most vulnerable, a supported housing funding model must enable growth. The model should also account for the reality that people’s needs change over their lifetime, therefore bespoke housing and care arrangements are therefore necessary to meet these needs.

Key concerns

11. VODG welcome the Government’s decision to defer the application of the Local Housing Allowance (LHA) policy for supported housing until 2019/2020.

⁴ Office of National Statistics (2016) Overview of the UK population, accessed: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/february2016>

⁵ Association of Directors of Adult Services (ADASS 2016) *ADASS budget survey 2016*. Accessed www.adass.org.uk/budget-survey-2016/

12. The proposed funding model poses a number of critical unresolved questions and concerns for providers, posing high risk for organisations, disabled people, local authorities and the NHS.
13. The proposed funding model is a strategy for saving money. It overlooks the cost associated with meeting the needs and human rights of people living in vulnerable circumstances. The proposed model has a number of similarities with the supporting people programme, introduced in 2003; a model which the sector have actively sought to move away from.
14. The impact of the funding model will vary by region. Local authorities in poorer areas are likely to suffer the worst, especially in some areas of the north of England. Providers with supported housing services are concerned about the administration process of topping up to meet the additional costs of "supported housing" over and above LHA cap levels.
15. The new funding model demands that providers engage with multiple funding streams, presenting additional administrative and therefore resourcing requirements for providers. These additional administrative requirements are of serious cause for concern. The additional requirements are likely to mean that the 'topping-up' will be slow, and payments will be delayed, especially when local authorities do not have sufficient resources support the new process.
16. Services have already faced dramatic cuts in funding since 2010, despite the fact that demand is increasing. In the five years up to 2015/16, local authority funding of adult social care reduced by £4.6 billion (a 31% reduction in net budgets). The Local Government Association estimate that adult social care will have faced a £7.9 billion funding gap in between 2010/11 and 2019/20.⁶
17. There ring-fenced money is highly inadequate and will fail to cover the additional cost of delivering supported housing services. By capping the value, the funding will fail to account for inflation and the cost of real time prices, as well as the need for future growth to meet increasing future demand. The Government's suggestion that £2.12bn will meet cost of service provision is problematic; this figure will not meet the additional costs of supported housing, especially in light of the reality that peoples needs change over their lifetimes, and bespoke arrangements are vital in order to provide the housing and support people require.
18. In addition, the proposed level of funding fails to account for inflation, Without adequate ring-fencing, or if the proposed ring-fence of £2.12bn is lifted at any stage – which is likely – the new model will fail to meet the cost of rent.
19. The new funding model mirrors a wider implementation of systems by which central government are placing increasing responsibility on local authorities, but

⁶ ADASS (2015) *Budget survey 2015 review*. Accessed <https://www.adass.org.uk/media/4340/adass-budget-survey-2015-report-final-v2.pdf>

without providing adequate resources, support or infrastructure for successful implementation.

Impact and implications: providers, people who rely on essential social care services and the NHS

20. Analysis of VODG members responses to the consultation document highlight key concerns around the nature of the proposed funding model and the corresponding impact this will have on quality of social care services, sustainability of services and the social care market, and the lives of disabled people.
21. VODG members have identified a number of high risk areas in relation to the consultation and future approaches.
 - Where funding will be directed
 - Quality and nature of services
 - Transforming care agenda
 - Service closures
 - Market fragility
 - Innovation and growth
 - Additional pressure on NHS
 - Human rights of those living with disabilities
22. Without adequate ring-fencing, local authorities may be tempted to use top up money to offset other costs, such as the costs of under funded statutory duties or overhead costs. It is unclear how devolved funding will be prioritised to ensure social care needs are met, when in competition with other essential needs such as tackling homelessness. The cost of providing appropriate supported housing for social care providers is higher due to the need for specific and specialised spaces to protect people living in potentially vulnerable circumstances. The local flexibility desired from the proposed funding model is therefore unlikely.
23. The need for additional resources to manage multiple income streams on top of the risk of payments that do not meet the cost of deliver, or delayed payments, has dangerously detrimental implications on providers' capacity to deliver high quality services that meet the growing demand. Any additional strain on resources and/or funding would be a risk to services' capacity to deliver, and to deliver to a high quality. In 2015/16, 82% of directors of adult social services report that the quality of care is compromised as a result of these savings being made.⁷ Indeed, many providers noted that with the new model, they would need to make savings in other areas in order to continue providing supported housing services.
24. Providers will therefore be forced to review the quality of properties and services, with no guarantees that services would be able to continue. The capacity to deliver high quality services that meet changing and bespoke needs of those

⁷ Association of Directors of Adult Services (ADASS 2016) *ADASS budget survey 2016*. Accessed www.adass.org.uk/budget-survey-2016/

accessing supported housing services – the delivery of which is vital – will therefore be left unmet without sufficient resources.

25. Without adequate funds to cover the cost of rent, local authorities may turn to commission alternative larger institutional settings, rather than individual supported housing settings, as these are cheaper to provide, albeit against the will of the individual requiring the service and the ambitions set out in the Care Act. This measure will further undermine disabled peoples' choice and agency, and is contradictory and counter-productive to the existing policies and approaches, such as the transforming care agenda. In this way the proposals risk seriously undermining the early signs of progress that have been made. Introducing models that encourage such institutions to be prioritised increase the risk of crisis and inadequate care such as that exposed at Winterbourne View.
26. The pressure of insufficient funding is resulting in fragmented social care markets, and councils struggling to manage the market. The market is becoming more fragile and essential supply is being compromised. The majority – 56% - of directors of adult social services report that providers are facing financial difficulties now.⁸ Providers are increasingly concerned that this will lead to the closure of services which have become financially unviable.
27. ADASS⁹ report that in 2015/16 65% of local authorities had at least one provider failure affecting the care and support for 7,000 people. The report adds that 59 local authorities have had contracts handed back for domiciliary care with 32 contracts handed back for residential care.
28. Tenants rights are not necessarily protected in the transition between the two systems and the implementation of any changes will need to be very carefully managed. The additional costs arising to providers may be placed on tenants themselves. This denies people who rely on these services with choice and agency, neglects the obligation to the country's most vulnerable, and undermines their fundamental human rights.
29. Inadequate funding, inconsistencies, delays in payments and responding to requests and queries are all or planning and future service development. The strain on resource model will comprise the development and growth of future services – necessary to meet the growing demand, therefore leaving an increasing number of people with needs unmet; the new funding model poses a threat to disabled peoples access to services.
30. Furthermore, financial constraints are stifling innovation, often pioneered by not for profit providers and welcomed by commissioners. The benefits that these solutions provide to individual users of services and the wider community will be more difficult to realise without sufficient investment in the sector. The dilemma around mainstreaming technological developments is that it requires significant up-front investment, which can generate long-term savings, for instance by

⁸ Association of Directors of Adult Services (ADASS 2016) *ADASS budget survey 2016*. Accessed www.adass.org.uk/budget-survey-2016/

⁹ Association of Directors of Adult Services (ADASS 2016) *ADASS budget survey 2016*. Accessed www.adass.org.uk/budget-survey-2016/

reducing someone's reliance on paid staff. But local authorities rarely commission these technological solutions. VODG has called on local authorities to commission services based on outcomes rather than fixed hourly rates¹⁰. This would give providers the confidence to invest in technologies that can simultaneously improve quality of life and reduce long-term care costs.

31. If voluntary organisations are forced to exit the market completely, causing further market instability, this will negatively impacting on the lives of the many people who use their services and increasing pressure on the NHS. Additional costs on NHS England figures show that more than a million hospital days were lost due to delayed discharges in 2015 costing the NHS £2.4 billion.¹¹

Conclusion and recommendations

32. It is essential to create a sustainable funding model that mitigates the high risks outlined. In order to enable this, VODG recommend that:

- I. Increase the top up funding level to reflect the real price of service deliver, and is long term.
- II. Introduce additional ring-fencing to protect the funds, and remove the funding cap to ensure that national and local pots of money are based on actual spend, reflecting increasing prices.
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- VI. Introduce a regulator in each authority to ensure that the level of rents being met are fair, decisions regarding which services are funded is fair, and ensuring investment is viable.
- VII. Stabilise the market by commissioning longer-term contracts that last a number of years.

VODG is happy to prepare further briefing, address questions and attend witness sessions.

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¹⁰ VODG (2016) *Technology is changing the way we live. Can it also transform the way we deliver adult social care?* Accessed www.vodg.org.uk/uploads/pdfs/2016%20VODG%20technology.pdf

¹¹ NHS (2015) Daily SitRep data 2014 – 2015. Accessed: <https://www.england.nhs.uk/statistics/statistical-work-areas/winter-daily-sitreps/winter-daily-sitrep-2014-15-data/>