



Housing LIN

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Funding Extra Care Housing

EXECUTIVE SUMMARY

An overview of the principal ways in which Extra Care Housing is financed.

Housing Learning & Improvement Network

This Executive Summary provides an overview of the Housing Learning & Improvement Network’s (LIN) recently updated Technical Brief, Funding Extra Care Housing. It offers a concise account of the principal ways in which capital and revenue funding underpin the investment in, development and operation of Extra Care Housing.

The Technical Brief has been entirely rewritten to reflect major and ongoing changes in housing, social care, welfare reform, and health policies since then; and against a backdrop of severe financial stringency. Furthermore, in recent years, there has also been a much greater focus on developing Extra Care Housing for home owners, reflecting changing tenure patterns among older people; and greater emphasis on ‘choice’, impacting particularly on how care and support is arranged and paid for in Extra Care Housing in the era of Personalisation, Personal Budgets and by self-funders.

It focusses on Extra Care Housing for older people – in all tenures – and defined as a housing model in which there is a ‘24/7’ on-site care service. Much of its content should however be relevant for other supported housing, and for other specialist housing models for older people, including private sector led retirement housing or assisted living schemes.

An underlying tenet is the need to maximise ‘value for money’ for all involved, and for providers to be able to deliver schemes that have sufficient operational flexibility to adapt to changing needs and maintain their long term viability.

WHO IS IT AIMED AT?

The Technical Brief is aimed at a number of audiences:

- Extra Care Housing providers in both the social and private sectors
- social care and housing commissioners in local authorities
- care and support providers
- investors such as fund managers with an interest in the potential of housing and care investments but limited knowledge about Extra Care Housing
- a range of NHS bodies and staff; for example, Clinical Commissioning Groups, and
- those involved in local Health and Wellbeing Boards.

THE POLICY AND FUNDING CONTEXT

This Technical Brief considers a range of options and models for commissioners, investors, developers and providers to consider when mapping out possible capital and revenue funding sources. It reflects the policy and funding position for Extra Care Housing as at early 2013 but of course change continues; for example:

- The Coalition's Welfare Reform agenda embodied in the Welfare Reform Act 2012.
- The 2012 Social Care White Paper (followed by the Care and Support Bill now going through Parliament).
- The £300m Care and Support Housing Fund (2012-2017) announced by the Department of Health in October 2012.
- The state of the wider economy and the competition with other sectors to access grants, borrow and/or attract other private sector funding to investment into Extra Care Housing now and in the future.
- In February 2013, shortly before this Technical Brief was finalised for publication – an announcement by the Government about implementing a new revenue funding model for adult social care with effect from 2016, in response to the findings of the Dilnot report.

UNDERSTANDING THE FINANCES

Robust modelling of both capital and revenue funding are indispensable for successful schemes, and revenue cash flow is critical in underpinning the overall viability of projects. Before addressing capital and revenue funding specifically, the Technical Brief considers such topics as: affordability for residents; private Extra Care Housing; who provides which service in Extra Care Housing; characteristics of various tenures; and managing risk.

Capital finance

For new developments, capital finance is in short supply. This means a wider variety of possible funding routes must be understood and explored by commissioners and providers. These routes, and related issues, are described in some detail in the Technical Brief, including: current subsidy and non-subsidy funding sources; which of these are most appropriate for Extra Care Housing schemes; how the characteristics of schemes influence the available range of funding; what funders expect to be considered in submissions for funding and in appraisals; and a review of the appraisal types that could be used.

Revenue funding

The Technical Brief starts from the underlying principle that Extra Care Housing schemes are housing developments and not a form of 'care home'. The same rules generally apply to residents of Extra Care Housing as apply to people living in other forms of housing of the same tenure type.

Revenue funding in Extra Care Housing therefore falls under 2 main categories:

- Rents and service charges paid by residents to cover housing costs, reflecting the enhanced services and facilities offered compared with those in other forms of housing.
- Adult Social Care – and resident – funded care and support services, with costs recovered in ways that are broadly similar to those applying where people are living independently in their own homes elsewhere in the community – but reflecting the particular characteristics of Extra Care Housing, especially the need to fund round the clock services.

Welfare Benefits

Affordability for residents is critical in all kinds and tenures of Extra Care Housing. This in turn hinges – especially but not solely in the social sector – on how far people with lower or modest incomes

and savings can access the benefit system, to meet housing, care and support costs. The Technical Brief therefore refers to those changing aspects of the benefit system that affect Extra Care Housing, such as how Universal Credit will impact on such benefits as Housing Benefit and Pension Credit; and how eligible service charges will be defined under Universal Credit.

The major changes arising from the Welfare Reform Act (WRA), such as the overall benefit cap, and the 'bedroom tax' have limited impact on older people and on Extra Care Housing, but the way benefits are paid to older people will nonetheless change greatly over the next 4-5 years. Where known, the likely impacts of the WRA are mentioned. Moreover, as welfare reform policy is still evolving, commissioners and providers need to be vigilant as other impacts are not yet predictable in detail or with any certainty. For example, while the Government has said that current revenue funding arrangements for supported housing ('exempt accommodation') will remain in place for the time being, new systems are envisaged which are likely to impact on providers, commissioners and of course on residents themselves.

We stress, however, that the document offers only broad overview of benefits; it is not a guide for residents, or a substitute for detailed welfare benefits guidance.



Waverley Gardens, Bristol

CONCLUSION

We need Extra Care Housing to evolve and develop on as large a scale as possible – enabling it, well into the future, to respond to the aspirations and needs of the growing numbers of older people who are looking for affordable, high quality homes in which their future support and care needs can be met with

dignity, and in ways that support their independence and wellbeing.

This Technical Brief aims to contribute to that end by mapping out how capital and revenue sources can continue to be accessed in an increasingly challenging environment. To read in full, go to: www.housinglin.org.uk/FundingTechnicalBrief

About the Housing LIN

Previously responsible for managing the Department of Health's Extra Care Housing Fund, the Housing Learning and Improvement Network (LIN) is the leading 'learning lab' for a growing network of housing, health and social care professionals in England involved in planning, commissioning, funding, designing, building and managing housing, care and support services for older people and vulnerable adults with long term conditions.

The Housing LIN welcomes contributions on a range of issues pertinent to housing with care for older and vulnerable adults. If there is a subject that you feel should be addressed, please contact us.

For further information about the Housing LIN's comprehensive list of online resources and shared learning and service improvement networking opportunities, including site visits and network meetings in your region, visit www.housinglin.org.uk

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