



## **Supported Housing Consultation Response from Foundation**

**February 2017**

### **1. ABOUT THIS RESPONSE**

This response is submitted on behalf of Foundation a registered charity and an RSL providing housing and support to over 3,500 vulnerable individuals and families across the North of England. Foundation works with people who for various reasons such as homelessness, domestic abuse, release from prison, complex health conditions, leaving care or family breakdown need help to establish a new independent life in the community.

Foundation provides bespoke support for each customer which builds on their strengths and the assets they bring to our organisation; this can include help to manage a tenancy, look for work, volunteer, provide peer support to others, re-entry into education, building positive family relationships and access to other essential services such as GP's and banking.

Foundation works with other RSL's and increasingly private landlords to lease suitable properties for our customers which meet decent homes standards.

This response has been prepared drawing on the views and experiences of our customers, staff and Board of Trustees.

### **2. CONTACT DETAILS**

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### **3. KEY CONCERNS**

In addition to the responses below we have two major concerns about the future funding model proposed by the Government:

#### **3.1. LHA Cap**

We do not believe it is in the best interests of vulnerable people or will meet the Government's aspirations for transparency and simplicity within the new system for rents in supported housing to be based on the current LHA levels. LHA levels vary hugely across the local authority areas in which we operate and are calculated differently in some. They take little account of key market pressures such as tourism, the impact of National Park boundaries, historic low levels of new build schemes in rural communities and areas of low property

value. These factors mean that for many of our customers in high cost rental areas there are NO properties they can afford on the open rental market at LHA levels.

One of the advantages of clearly separating higher level housing support costs from standard rents should be that once a person no longer needs that support they can still remain in their home and community. The strengths of the **Housing First** model are well established and we would recommend that the new funding system should support this approach since it leads to better outcomes for customers and reduced costs for the tax payer and landlords in the longer term.

The National Housing Federation provide more detail on this in their response which we commend to the Government as accurately reflecting the pressures faced by providers, the dangers of failing to plan for the projected increase in need and the benefits of a higher LHA rate for supported tenancies.

**Supported and sheltered housing requires a higher level than standard LHA because costs and risks are higher in that part of the market. We urge the Government to address this as part of the new funding arrangements.**

### **3.2 Private landlords**

Foundation is working with an increasing number of private landlords to find homes for our customers. Some Housing Associations have pulled back from accommodating our single and highest risk customers as housing supply pressures have increased for other vulnerable groups and RSL's have been under more pressure to reduce costs to manage the year on year 1% rent reductions.

Foundation works with its landlords to bring homes up to decent homes standards where this is necessary, and we offer landlords the security of lease agreements which share the higher risk and greater costs of housing our customer groups. These landlords have had no public subsidy in developing or acquiring their properties and are willing to provide homes for some of the most vulnerable and highest risk people in the community; but because Foundation lease their properties, and therefore assume some landlord responsibilities, they are subject to the 1% rent reduction from April 2017.

We believe this is both unfair and counterproductive. There is an unprecedented demand for rental properties in most of the areas within which Foundation operates due insufficient supply and the rising costs of purchase relative to wages, especially for young people and low wage families. Landlords have real choices. There are plenty of potential tenants in the market place who do not bring with them the higher risks of rent arrears, property damage and anti-social behaviour linked to supported housing customers. Higher risks in any market place should bring higher reward, not less, and the 1% rent reductions will lead to fewer homes being available for those in most need. Whilst we appreciate and agree that benefit costs must be controlled we believe this rent reduction will lead to higher costs for the public purse overall as current tenancies end, vulnerable people lose the stability on which their

recovery and independence is based, and future supply dwindles even further, leaving people in higher cost hostel accommodation for much longer periods.

**We therefore strongly recommend that private sector landlords leasing properties for vulnerable tenants to RSL's/ charities should not be subject to the 1%rent reduction from April 2017.**

#### **4. CONSULTATION QUESTIONS**

##### **I. Fair access to funding**

###### **• Questions 1 and 2**

- i. The proposed top-up funding is clearly designed to meet the higher level of housing management associated with supported tenancies. We believe this is best met by increasing the rent, through a higher LHA rate, rather than placing top-up monies into a fund with additional administrative costs and a higher degree of uncertainty linked to local authority policy differences.
- ii. Providers require as much certainty and consistency as possible to manage high risk services and the top-up pot risks all the same market pressures which have seen some areas lose valuable care and domiciliary services due to low LA payment rates and the increasing costs of the National minimum wage.
- iii. Having said this the top-up fund is, in our view, best administered by the relevant housing authority where existing statutory responsibilities and the new requirements proposed in the Housing White Paper can be managed together in the context of the local housing market and the housing needs of the whole population. We would caution the linking of the top-up fund with the provision of commissioned care and support services since there are many customers who require additional help to manage their tenancy but will never reach the threshold for access to support services. Making one form of support dependent on the other may undermine the effectiveness of intensive housing management in preventing customers from entering more expensive care and health services.
- iv. It is vital that the top-up fund is ring fenced and we welcome the Government's assurance on this. We are also seeking a similar assurance on the level of inflationary increase the top-up fund will receive in future years to keep pace with the true costs of housing management.
- v. It is essential that commissioning for care, support and community health services is co-ordinated with supported housing provision to ensure the best possible value for money and joined up services for the public. Foundation

works within unitary and two tier authority areas where collaboration between commissioners varies widely. There is an important role for local partnerships in planning to both maintain existing supported housing and plan properly for the projected increase in need. Supported housing clearly achieves cost savings for health, social care, justice, police and community safety services and it would be a real benefit of the new proposals if proportionate contributions from these agencies and funding streams were to be required as part of a new partnership approach to supported housing.

- **Questions 3 and 4**

- i. We welcome the importance the Government is giving to ensuring the needs of all groups needing supported housing are met. There remains considerable doubt about the robustness of the current data set underpinning the proposals, not least because less than 50% of relevant local authorities responded to the survey. There is also an unexplained discrepancy on the levels of Specified accommodation at 40%, which begs the question what type of provision is the other 60%? A more comprehensive picture is needed in order for the government to accurately estimate the true costs and therefore the size of the top-up pot required, and to ensure that all types of customer using these services have been included in the calculations.
- ii. There is an undersupply of supported housing now and that is set to increase in the years ahead. Sitra estimate that if no action is taken the shortfall will cost the public purse £668m per year from 2020 in increased health, housing and criminal justice costs. (*Strengthening the case for supported housing; the cost consequences Sitra Feb 2017*) In addition the way Universal Credit works may reduce the funding for supported housing tenants since essential costs, such as security are not eligible under current rules.
- iii. We believe additional protections will be required for some groups and types of service. We already have experience of local authorities de-prioritising ex-offenders and prison leavers on the basis that they will receive support from the Community Rehabilitation Company in spite of the fact that CRC's are not contracted to provide housing support. Preventative services are also under increasing threat as budgets are under greater pressure, so homelessness prevention schemes are being cut severely or closed altogether leading to problems escalating, becoming entrenched and/ or increasingly complex before people receive any service at all.
- iv. We remain concerned that different authorities will apply varying thresholds and criteria to their top-up pot leading to

a postcode lottery and increasing the dangers of high needs customers being shunted to neighbouring authorities where there is a higher chance of support. In addition the divisions in many communities which have come to the surface through the Brexit vote are creating political pressures on local politicians to prioritise some groups in need above others, particularly in relation to housing policy. This could create further disparities if the national policy framework for the top-up fund is not both clear and robust.

- v. We would advocate that the Government work closely with LA's to find the right balance between local flexibilities and the entitlements for an equal and fair allocation of supported housing top-up which the public can expect wherever they live. A National Strategy within which LA's operate could provide this, or additional statutory protections for some groups, providing funding is also provided to meet these.

## **II. Clarifying expectations for local roles and responsibilities, including planning, commissioning and partnership arrangements**

### **• Question 5**

- i. As mentioned above we remain very concerned that there is the potential, as further cuts impact on LA budgets, for some groups to be excluded from supported housing services from 2019 onwards. This could well include ex-offenders, ex-military service personnel and the traveller community where Housing Authorities have duties not necessarily shared with Social Care Authorities. Single homeless people have already been de-prioritised in many areas and those who are drug and alcohol dependent face increasing thresholds for reduced services.
- ii. As outlined above, we believe that Housing authorities should be the lead partner in a wider group of agencies with some flexibility to reflect local need within a National Strategy for Supported Housing provision, which includes all user groups and retains an emphasis on preventative work.
- iii. Foundation would strongly urge the Government to ensure that customer groups have a much stronger voice in the decision making on supported housing, both at local and national levels. Experts by experience can have a powerful impact on the effectiveness and value for money achieved by supported housing services and be invaluable in planning for future needs.
- iv. The lack of reliable data on which to base the current proposals shows that there is a need to construct a more robust national monitoring system which tracks provision against demand and promotes cost effective good practice across the sector. The closure of the St Andrews index has reduced the available data on cost and outcome

comparisons and could provide a model for any future monitoring system.

- v. The costs to be met by both LHA and the top-up pot are primarily fixed housing management costs and therefore standard commissioning processes are less relevant. Commissioning of social care support services will no doubt continue to control the costs, quality, length and outcomes of support. Typically while support providers may change housing providers stay the same, particularly within hostel and refuge situations. Longer length support contracts would give the support providers more stability and in turn give confidence to housing providers that their investment would be managed appropriately and to investors that rent revenue would be maintained.

### **III. Oversight, assurance, value for money and quality outcomes for services**

- **Question 7**

- i. There will be a need to undertake careful monitoring of the transition period and tackle any unforeseen negative impacts on either housing providers or vulnerable tenants.
- ii. In the longer term creative use of existing quality assurance systems such those employed by CQC and local QAF's alongside decent homes standards for all accommodation funded by the new system should be sufficient to provide proportionate oversight for the quality and VFM of housing management services for the tax payer.
- iii. All social housing tenants can participate in annual tenant surveys which give some indication of the quality of housing management they have received and their views on how these services should improve. These reports can be used as another measure for customer satisfaction and VFM.
- iv. Positive outcomes for supported housing customers depends on a complex set of variables, affected by national policy and the wider provision of local services. Good quality accommodation and help to manage a tenancy is a vital but discrete part of the support package needed to improve the lives of vulnerable people and move them towards independence. It would be inappropriate to use housing measures alone to assess the outcomes for supported housing tenants.

### **IV. Balance between local flexibility and provider certainty, including pipeline of new supply**

- **Question 8**

- i. Provider certainty and new supply would be greatly improved through longer term contracts and rent assurance.

The removal of the ring fence around the supporting people funding stream has had devastating consequences in some local areas for particular customer groups and a cast iron guarantee on the ring fence for the top-up fund for the whole length of the funding mechanism will be needed to convince new providers of the reliability of their income stream. Currently there are a set of disincentives to invest which need to be tackled in partnership with developing RSL's and local authorities.

- ii. These assurances are even more important for vulnerable individuals who need the security of knowing their home is there, and will be affordable for them for as long as they need it, even in situations of housing market volatility.
- iii. Housing benefit has provided both local flexibility, checks and balances on rent levels and additional service charges and long term rental income certainty for landlords. It is important to learn from and retain the best of the old system through the change. However different HB offices have also applied differing criteria and thresholds to issues such as service charges and it would be helpful to see these eliminated in the new system since they can rarely be justified through regional variation in costs.
- iv. There is a danger that in the new system there will be financial incentives to build new schemes in areas with a high LHA to secure returns, rather than to meet need. This underscores the need for a different basis on which to calculate supported housing costs than LHA.
- v. There does need to be local flexibility within the model to take account of the changing patterns of need and demographics within localities. Local Authorities and their partners have pressures arising from hospital discharge, an aging population, rising prisoner numbers and homelessness, alongside general pressures on the housing market which vary from place to place. Area wide needs assessments for supported housing should form a discrete part of the wider joint planning which local authorities and their partners undertake through a variety of existing statutory strategic planning mechanisms. Such needs assessment would incentivise investment from providers for appropriate schemes and services.

- **Question 9**

- i. We would favour a National Framework for supported housing which set minimum standards and ensured a degree of consistency across the country. The Framework could incentivise partnership working with health and social care and other partners, identifying cross- agency outcomes. The Troubled Family funding programme provides a pattern for

this way of working across Departments and agencies. Customers and providers should be involved in developing the Framework.

- **Question 10**

- i. We have great concerns about how the transition will be managed since as it stands thousands of supported housing tenants will face a cut in their income as the LHA cap is applied in 2019 and thousands of landlords face a cut in the rents they receive to fund services. Tenants will need protection to mitigate this risk.
- ii. The roll out of Universal Credit provides many lessons, mostly of what not to do, and proves the value of careful piloting for changes which have such wide ranging ramifications for vulnerable people.
- iii. It is not clear that local authorities will have the capacity or benchmarking data needed to make speedy and consistent decisions about the allocation of top-up funds or what elements of supported housing costs will be classified as “rent” under the new system.
- iv. Housing providers may withdraw leaving local authorities to find new homes for vulnerable tenants and putting additional pressures on health and social care services as well as charities such as ourselves.
- v. We would favour a staggered approach to implementation with pilots for different kinds of service and customer groups over a longer time period than is currently suggested to ensure that vulnerable people do not suffer through the implementation process and services are not further destabilised.

## **V. Workable funding models for short term accommodation including hostels and refuges**

- **Question 12**

- i. Because Universal Credit is paid monthly it struggles to cope with tenants who may move on after a matter of weeks. Our staff spend a disproportionate amount of time supporting customers to claim for short stays and chasing payments for refugee and hostel tenants. Emergency accommodation is typically used in an extreme crisis situation when customers may not have the required paperwork with them. Claims are frequently refused on procedural grounds and Foundation is faced with making the customer homeless or picking up the cost. We have almost no margin on our support contracts for running young people’s hostels where security costs are high and 24/7 cover is needed.
- ii. **We believe the 1%rent reduction should be lifted from hostels as it has been for refuges for the same reasons.** This is high risk specialist support accommodation for customers

in greatest need. Support costs are rising as are running costs for hostel buildings where there is little flexibility on space and no room to make cost savings due to the level of support required and the 24/7 availability of the accommodation.

- iii. Hostels and refuges are the most expensive supported accommodation to both build and run with the highest risks for providers. Security of income is therefore vital and would be impossible to achieve within a wholly local and discretionary system subject to short term decision making in a pressured financial context. We work in local authority areas where there is no hostel provision at all for adults, meaning long trips to neighbouring authorities to seek a service. Any new funding regime should not create further incentives for local authorities to reduce provision. We would therefore favour either a national benefit based entitlement for short term housing costs, or a mix of nationally agreed individual benefit and local top-up from a dedicated fund administered by local authorities.
- iv. Whichever system is chosen we cannot stress enough the importance of timely decision making and speedy payment alongside a much greater understanding of the needs of those in housing crisis, often fleeing violence and abuse with reduced capacity to meet standard bureaucratic requirements at the point of claim.
- v. It is difficult to provide an overarching definition for emergency and short term accommodation because these services meet a whole spectrum of need from a one night crash pad/ off the street bed, to transitional accommodation helping to stabilise a customer and prepare them for permanent accommodation, which can take up to a year, and for domestic abuse survivors can be further complicated by court timetables.