

PlaceShapers statement on the impact of proposed supported housing rent changes

The PlaceShapers network of community-based housing associations is calling for all supported housing schemes to be exempt from the Government's changes to social housing rent levels. Rents in such schemes provide the income to cover the intensive housing management that goes alongside providing a home and such charges are very often covered by housing benefit (HB) for people who are unable to work. The cut to social housing rents announced in the Summer Budget and the future capping of HB at local housing allowance (LHA) levels announced in last month's Spending Review represent a major threat to the financial viability of such schemes. Without this exemption, or a guarantee of an alternative funding stream, many schemes will close with huge personal and financial implications. This surely cannot be the Government's intention.

Many extremely vulnerable people occupy independent living schemes managed by housing associations. This includes specialist housing with extra care for the frail elderly, dementia care schemes, support schemes for young people leaving care, for women fleeing domestic violence, for those recovering from alcohol and substance misuse, for those with mental health issues and for those with physical and / or learning disabilities. Such accommodation is often purpose built or specially adapted and requires specialist staff to provide the intensive support required. Suitable alternatives are rarely available in the private rented sector and reference to the LHA does not make sense in this context. In financial terms the LHA link is catastrophic with significant shortfalls in rent covered by HB across the country and a particularly severe impact on schemes for younger single people and those with higher levels of support need. Reliance on Local Authority Discretionary Housing Payments to make up this shortfall, as the Government has suggested, will simply not work and no housing association can plan with certainty on the basis of support that is short term, discretionary and already overstretched.

As at 31 March 2015, Housing Associations in total provided specialist supported housing for around 132,000 vulnerable people and a further 312,000 homes for older persons. The support provided in these schemes provides substantial savings to the public purse - most recently estimated at in excess of £600m a year. A quick survey of six supported housing providers amongst PlaceShapers' membership who between them provide supported housing to 3,343 people, suggests income losses from 2018 averaging £56 per unit per week as a result of the LHA cap alone with an annual loss between them of nearly £10m (£9,803,993). If replicated across the sector this suggests a total loss of approaching £400m for the funding of supported housing schemes alone with further potentially huge losses if homes for older persons are included too.

Housing associations would of course do everything possible to mitigate such losses by making savings elsewhere in their business, although this would challenge still further their ability to build new homes of all tenures, including new supported housing schemes. However, it is already clear that such losses would lead to scheme closures on a massive and unprecedented scale with planning for this starting as early as next year given the time it takes to close down a service. That would be a tragedy at a human level and the knock-on impact on other services such as health and social care would be substantial. This economic argument has not been fully understood and with the homes of up to 440,000 vulnerable people at risk, including significant numbers of pensioners, many MPs would be extremely concerned about the additional pressures that could arise locally if supported housing schemes are not protected from these changes.

Some examples from PlaceShapers illustrate this argument:

- Our Middlesbrough based member's Hestia 10-unit project for women with complex needs has been independently judged to be saving £250k a year in support costs. The project is its multi-agency approach to sustaining women with complex needs and chaotic lifestyles in tenancies and was developed after the local housing department identified a gap in provision for women who appeared to have little stability in their lives and had come to the attention of most of the human service agencies in Middlesbrough. Typically women referred to the Hestia Project will have experienced mental health problems, self-harm, been in care as a child, had drug or alcohol misuse problems, had convictions for offences or been victims of abuse. This member also knows that if Hestia doubled or trebled its capacity it would easily fill up. If just double the need could be met in a similar way it is reasonable to assume double the savings i.e. £500,000 p.a. in total in what is a medium sized local authority area. It makes absolute economic sense for this type of service to be protected.
- A scheme for young people with learning disabilities in Norfolk where higher rents were negotiated with the District to provide significant levels of intensive housing management to ensure safe and secure accommodation to help them prepare for independent living. Reduced rent income here would put pressure on the ability to provide adequate staffing levels 24/7. The client group needs constant supervision to ensure harmony and safety. Without this transition to independent living many of these young people would require expensive permanent residential care.
- A scheme in Shropshire to provide homes for two adults with learning difficulties who were previously living in a care home at a weekly cost of £1,500 per week each. They now have a designated supported living tenancy, with an enhanced housing management charge and also a care package purchased and provided by the

Council. Despite these additional costs, housing these 2 adults in this way will save the Council £20,000 per person (£40,000 in total) every year from now on. Such schemes would not be viable if higher rent costs ceased to be covered.

- An initiative whereby our member is working with its partner LA to rehouse a family currently living in council funded bed and breakfast accommodation. They are on the Council's Troubled Families list and have been evicted from two previous social tenancies. If not re-housed the Council may have to take the children into care at a cost of c£2,000 per week. The solution is a 6-month assured shorthold "family intervention tenancy" with strict conditions requiring the family to engage with support. A specialist worker will work with them to address the multitude of issues they present that currently result in costs to the public purse. The only way this will work financially is for the tenancy to be designated an exempt supported living tenancy with additional rent levied to offset intensive housing management costs.
- A member with a Women's Refuge at risk of closure if the supported living rents and high service charges associated with extensive communal facilities are cut. Wider costs to the public purse would show up in terms of police interventions, health service costs (emergency admissions, treating physical and emotional injuries to women and children), the potential that children would need to be taken out of danger and into care, impact on school attendance and performance, etc.
- Members with Foyers that have high supported living costs associated with the extensive communal facilities and 24-hour cover for the young residents. Without such schemes, costs to the wider public purse would show up in terms of unsupported care leavers needing help and intervention from other services.
- Many of our members provide intensive housing management support in sheltered housing schemes to top up limited funds now available through LA supporting people grants. This enables staff to do well-being checks, refer people to specialist services, work to facilitate discharges from hospital and so on. Our member in Rochdale has calculated that the provision of this service generates a cost saving of around £700,000 p.a. when compared with alternatives. Placing this model in jeopardy would see such savings lost, would add to pressures on local social care and health services and would reduce the capacity for older people to remain independent.
- Some of our members now provide "extra care" schemes for frail and vulnerable elderly persons. Our members in Bracknell Forest and Sevenoaks tell us that if revenue is reduced for these schemes they will be unable to fund key support services. With an ageing population living with long-term and chronic health conditions it is vital that we keep lower cost community resources in business. Many older people have limited incomes and no other way of paying for such support.

Without such schemes there would be increased bed blocking in hospitals, pressure on local GP surgeries and District Nurse services and more expensive care packages required from social care budgets.

Speaking today, Charlotte Norman, PlaceShapers Board Member and Chief Executive of St Vincent's Housing Association in Manchester said:

“These changes in housing benefit entitlement look like having a more detrimental impact than any other recent housing and welfare announcement. Supported housing provision fits clearly with our vision and purpose and makes a huge difference in communities up and down the country. Over 440,000 vulnerable people live in schemes provided by housing associations and their homes are now at risk. The current response that DHP will cover the gaps is clearly nonsense and unworkable. We cannot believe that Government understands the consequences of these changes and the vast extra costs that would fall to the public purse as a result of scheme closures. Nothing short of exemption for all such housing will be adequate and we very much hope that common sense will prevail.”

16 December 2015