

COMBINED SUBMISSION OF SPECIALISED SUPPORTED HOUSING PROVIDERS TO THE CONSULTATION PAPER ON FINANCING SUPPORTED HOUSING

Introduction

We are the leading specialist housing providers in relation to Specialised Supported Housing (SSH) in England. We specialise in providing housing for people with a learning disability and other vulnerable groups. We are made up of the following registered providers:

Progress

Golden Lane Housing (GLH)

Reside

Inclusion

Dimensions

Care HA

Advance

Our tenants are very varied and include those with mild to moderate learning disabilities, those with challenging behaviour, those with autism, and people with profound and multiple learning disabilities. Many of us also provide housing for other client groups such as those with physical disabilities and those with mental ill health.

Together we provide over 7,500 units of specialised supported housing (SSH) as detailed in Appendix 2. This represents over three quarters of the estimated 10,000 units of SSH in England (HCA estimate).

We are making individual responses to the consultation paper on the Funding of Supported Housing. However, we are also making this collective response which addresses a number of questions in the consultation paper, most notably question 4 around statutory duties, question 8 on new supply and question 10 on transitional protection.

We wish to make the case for a continuing exemption for SSH. This is for the following reasons:

1. Recognised definition and recognised need for exemption.

SSH has been treated differently for many years. This is because of the combination of the specialised nature of this type of housing, the high care needs of the tenants and the fact that no public capital grant has been made to develop the schemes. Since 2002 SSH has been treated differently by the HCA so that it sits outside the rent standard guidelines. More recently SSH was included as a category of specified housing under the housing benefit regulations allowing for so-called exempt rents. And more recently still, the Government exempted SSH from the requirement

on RPs to reduce rents by 1% per year. There is a recognised definition of SSH (appendix 1) that would be easy to use and is well understood.

2. Costs of SSH

By definition, SSH must have been developed without any public capital subsidy. The rents for SSH tend to be higher than for other types of housing because there is no capital subsidy and the tenants have high care needs, which often means that the rent for the housing and its management is more expensive. The gap between LHA levels and the actual rents for SSH tends to be greater – we give our numbers of units and average rent levels anonymised in Appendix 2. This means that without an exemption for SSH, existing tenants of SSH and their landlords are even more exposed than is the case with other vulnerable groups in the event that top up payments are not made.

It also means that without an exemption, this type of housing is particularly unlikely to be developed in the future because providers and funders will face a bigger risk due to the typically larger gap between the rent which needs to be charged and the LHA. This is despite the huge need for this type of housing and the savings that it can achieve for the taxpayer compared to other types of accommodation.

3. High care needs

By definition, SSH is only for people with high care needs whose only alternative is institutional care. This is usually more expensive to the public purse as well as being wholly inappropriate for many people. Whilst all categories of people in supported housing are vulnerable, tenants in SSH are amongst the most vulnerable in the country. There is a real risk that without SSH exemption we will see a return to larger, institutional provision and to low quality facilities that are not designed to meet particular needs, and which have little regard to the needs and preferences of people with high care needs and their families.

4. Agreement of the commissioner

The Consultation Paper refers to the frustration felt by some commissioners about schemes developed by providers without the support of, or in some cases any meaningful reference to, the relevant local authority or its commissioning priorities. By definition, SSH has to be developed in agreement with the local authority commissioner so a key objective of the Consultation Paper could still be achieved through an exemption for SSH.

5. Contribution to Transforming Care

The Transforming Care agenda seeks to provide community-based housing for over 3,000 people with a learning disability who are currently in so-called Assessment and Treatment Units (ATUs). These are hospital based settings where people are living not because they need to be in hospital, but because suitable, community-based housing and support is not available for them. Whilst there has been some success in providing housing for this cohort, the overall numbers unnecessarily in ATUs have failed to reduce significantly, in part because of fresh admissions and re-admissions.

Although the DoH has made some capital subsidy available for replacement housing, the numbers have failed to reduce.

What is therefore needed is substantial investment in addition to that funded through capital grant. We believe this will only happen if SSH is exempted from the top up arrangements because, without such an exemption, providers including ourselves will not be able to take the risks of new provision and funders we have spoken to will not fund it. The danger of this is that the number of ATU placements does not decrease and may even increase, which in turn increases the likelihood of a recurrence of a Winterbourne View type abuse scandal.

6. Encouraging new supply

New supply of SSH is desperately needed not only because of the Transforming Care agenda but also because of the increasing needs. According to research by Mencap, the numbers of people with a learning disability in England are set to increase, and have recently increased, well ahead of the rate of increase in the general population due to demographic and technological factors, and the increase is most pronounced amongst those with higher support needs.

Because of the large gap between LHA and the required rent levels for SSH (developed without grant and for high needs), SSH is even more exposed than other parts of the supported housing sector to the risk of providers and funders simply withdrawing from this particular part of the sector due to the uncertainty around whether top ups will be made not only initially but for the lifetime of the scheme. In addition to the greater risk for SSH, because it can only be developed with wholly private funding the exposure is also greater due to the fact that substantial private finance will be needed to develop such schemes. This means that 25 year top up commitments will be needed which local authorities are most unlikely to be able or willing to make in respect of their top up pot resources.

So if the government is serious about encouraging new supply of SSH, it must exempt it from the local top up arrangements and pay it as a housing element of universal credit.

As the key specialist providers of SSH in England, we are substantially impaired from developing new supply at present, the principal exceptions being those schemes where capital grant is available. We have spoken to many funders on this issue and they have stated that they intend to move away from providing funding for SSH schemes unless it is provided with an exemption that effectively underpins the revenue stream.

7. Encouraging social investment

The Consultation Paper says that it wishes to see “increasing supported housing supply through the use of social investments”. Some of our organisations have innovated to attract social investment into increasing the provision of SSH, for example through GLH’s charity bond issue which was the largest of its kind in 2013, and the first ever charity bond to be listed on the London Stock Exchange in 2014. These have allowed the expansion of provision of SSH in over 30 different local authority areas across England. However, those of us involved in such initiatives have had to abandon our plans for further social investment because of the proposed LHA cap. Regrettably therefore, the Consultation Paper is achieving precisely the opposite of what it says it wishes to see.

Again, the way to unlock substantial social investment into SSH is through an appropriate exemption so that social investors will have the confidence to invest. Based on our discussions with some major

sources of social finance investment, we believe that with such an exemption there could be a huge increase in social investment across the SSH sub-sector. This is based on a large number of investors who would like to invest in SSH through registered providers such as ourselves but are unwilling to do so without the comfort that an exemption would provide. Based on our conversations with potential investors, with a suitable SSH exemption we believe we would be able to construct a social investment funding model for the SSH sector which would see a substantial increase in supply.

8. Peace of mind for existing tenants

Some of us have already had representations from some of our existing tenants and their families who are worried about whether they will still be able to live in the home they love, where they feel secure and where they are happy, after April 2019. As tenants of SSH with high support needs, these are some of the most vulnerable people in our society. Their anxiety, and that of their families and carers, will only increase the nearer we get to April 2019 unless it is confirmed that there will be an exemption for their type of housing.

Whilst we appreciate that this anxiety will also be felt by people in supported housing other than SSH, it is the amount of exposure in SSH (developed without grant) above LHA combined with the high level of needs of this particular client group which make the case particularly compelling for an exemption for this category.

9. Minimal implications in terms of cost

As stated earlier, according to HCA figures there are an estimated 10,000 units of SSH in England. The majority of these are owned by us. Our average rent including service charges based on the information set out in Appendix 2 is £214.61 per week. This compares to an average all England LHA rate of £111.11 at the one bed roomed rate and £138.18 at the two bed roomed rate. The difference is therefore £103.50 or £76.43, depending on which rate, which amounts to £1,035,000 or £763,400 per week over 10,000 units.

If we just split the difference between the one and two bed rates it comes to just under £900,000.

Whilst we acknowledge that this is an approximate calculation and does not take into account geographic location, we are unaware of any other cost estimates that have been made. What is clear is that because of the very small number of SSH units nationally, the overall cost of SSH above the LHA is a tiny amount in relation to the overall budget transferring to universal credit. It would therefore cost the DWP a tiny amount to continue to pay SSH through benefit.

10. Value for money, quality and accountability

By definition, SSH must be provided by registered providers regulated by the HCA. One of the key requirements that the HCA makes for us is to set out our value for money statement. We have to monitor and report on our performance in relation to vfm including what efficiencies and savings we have made and whether they are in line with what we previously projected. In addition to making quarterly financial and performance returns to the HCA, the HCA undertakes regular In Depth Assessments of us in relation to governance and financial viability. Most of us are also charities and therefore have requirements under charity law and in relation to the Charity Commission over and above the HCA requirements.

The Government can therefore have assurance that by exempting SSH there would still be stringent controls over vfm, quality and accountability.

11. Impact on our viability.

According to our own internal financial modelling and scenario planning, there is a real danger that without an exemption for SSH some of us will not be viable as organisations in our current form. This is because of the risk to our businesses from the rent not being met by top up payments. Whilst this is a risk for many supported housing providers, the risk is particularly acute in our part of the sector because SSH has been developed without grant for people with high support needs, so the rents tend to be further above LHA levels than is the case with much other supported housing and we are therefore particularly exposed.

Those of us whose housing portfolio is almost exclusively supported housing are arguably particularly exposed to the impact of the proposed new funding arrangements . If the Government wishes to see a healthy and diverse sector, with smaller, specialist providers such as ourselves as part of the mix, they must make an appropriate exemption for SSH.

Conclusion

The case for an exemption for SSH is a powerful one. It would protect some of the country's most vulnerable citizens at a tiny direct cost and produce substantial savings elsewhere such as through the Transforming Care agenda. SSH is materially different from other types of supported housing because it has had no grant funding, it caters for people with higher support needs and it must have been developed in partnership with the local authority. An exemption would safeguard existing tenants and be a substantial boost to new supply.

We believe the simplest way to make the exemption would be to provide for the costs of SSH to continue to be met through benefit, ie through Universal Credit as and when that replaces housing benefit. An alternative would be for it to be mandatory for SSH costs to be met from the top up pot.

We would welcome the opportunity to discuss these matters further with the relevant Ministers and officials. We would ask that a decision is made soon because of the continuing hiatus in relation to new supply and the anxiety to our existing tenants and their families.

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Appendix 1: definition of SSH

From regs

2016 No. 390

HOUSING, ENGLAND

The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016

specialised supported housing” means supported housing—

- (a) which is designed, structurally altered, refurbished or designated for occupation by, and made available to, residents who require specialised services or support in order to enable them to live, or to adjust to living, independently within the community,
- (b) which offers a high level of support, which approximates to the services or support which would be provided in a care home, for residents for whom the only acceptable alternative would be a care home,
- (c) which is provided by a private registered provider under an agreement or arrangement with—
 - (i) a local authority, or
 - (ii) the health service within the meaning of the National Health Service Act 2006(**d**),
- (d) in respect of which the rent charged or to be charged complies with the agreement or arrangement mentioned in paragraph (c), and
- (e) in respect of which either—
 - (i) there was no public assistance, or
 - (ii) if there was public assistance, it was by means of a loan secured by means of a charge or a mortgage against a property;

Appendix 2: numbers of SSH and relevant rent levels

RP	No. of SSH units	Average rent level (£s per week)	Average service charge (£s per week)
A	2,893	185.90	27.92
B	1,779	164	8
C	1,196	226*	
D	1,203	**	
E**			
F	137	325	46
G	319	76.36	69
Total	7,527		

*includes service charge

**data not available

Average rent including service charges is:

((2,893 x 213.82) plus (1779 x 172) plus (1196 x 226) plus (137 x 371) plus (319 x 145.36)) divided by (7,527 – 1,203) = **£214.61**