

LONDON ASSEMBLY

Supported Housing in the Balance



Housing Committee
November 2016

Holding the Mayor to
account and
investigating issues that
matter to Londoners

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The Housing Committee scrutinises the Mayor's role and record in delivering the private, social and affordable homes London needs.

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Executive Summary

- ‘Supported housing’ costs more than ‘general needs’ housing to develop and run, but it provides vital services to vulnerable Londoners and offers good value for money.
- There is no clear aggregate data on the need for, and supply of, supported housing in London, but the data we have, including population growth projections, suggest that, far from simply managing a reduction in supply, we need to build more supported housing.
- Current incentives to develop and operate supported housing are limited. The Mayor has a dedicated fund which is not being efficiently utilised.
- Budget-pooling pilots demonstrate how we can more effectively use the resources we have by breaking down administrative boundaries and joining up services.
- The Government has reviewed how supported housing is funded in the future and has confirmed that providers must reduce the rents they charge from 2017-18. The amount of Housing Benefit available to pay for supported housing from 2019-20 will be pegged to Local Housing Allowance levels. The Government indicates that a separate dedicated funding stream will be devolved to local authorities to cover the additional funding providers would need to maintain the status quo.
- But until providers have certainty over future funding arrangements, both current schemes and new development proposals will remain on hold.
- This puts current and future cohorts of vulnerable Londoners at risk.

Recommendations

Recommendation 1

The Mayor should develop a clearer pan-London map of supported housing stock and provision. This could build on the outcomes of the current Government review and help define what's needed in London.

Recommendation 2

The Mayor needs to review his Care and Support Specialised Housing Fund. There should be more flexibility in the conditions applied to capital grant to encourage innovation and more agile provision. The revised Fund needs to be better promoted to raise awareness among developers from all sectors.

Recommendation 3

The Mayor should identify and champion effective examples in London of budget-pooling, integrating health, social care and housing budgets, as implemented in Hackney. He should work with London Councils to steer London's health economy in this direction.

Recommendation 4

Developer investment in primary care and community health resources should be a key consideration when the Mayor reviews strategic planning proposals.

Recommendation 5

We urgently need a settled and sufficient funding arrangement for supported housing. The Mayor must press government to ensure that the outcome of its review into supported housing recognises both the additional building and running costs, and the savings made to the wider public purse which it delivers. Whatever the final outcome, it needs to be workable – a straightforward LHA cap is not workable.

The London Assembly's Housing Committee undertook a short investigation into the future of London's supported housing in the first part of 2016. Assembly Members were concerned about proposed policy changes to the funding of supported housing and their potential, if not carefully thought through, to have damaging consequences for London's provision. This paper summarises the findings from the investigation and sets out some recommendations to the Mayor to safeguard adequate housing provision for some of our most vulnerable members of society.

1 Supported housing in London

Key findings

- 'Supported housing' is an umbrella term covering a spectrum of accommodation-based support for vulnerable people.
- Housing Benefit (HB) normally pays for rents and eligible service charges. Support and maintenance grants pay for care and associated services. New schemes are often part-funded by government capital grant.
- Supported housing costs more to provide than 'general needs' homes, but far less than the realistic alternative for its vulnerable residents.
- There is no definitive data on need versus supply of supported housing, but London schemes are full, and demand is projected to rise.

What is 'Supported Housing'?

- 1.1 Supported housing is an umbrella term covering a spectrum of accommodation-based support for vulnerable people. These include people with physical or learning disabilities, frail and older people, people at risk of domestic violence, young people leaving care and homeless people.
- 1.2 Supported housing aims to offer such people a measure of independence, support and control over their housing choices. It is developed and operated by registered providers of social housing as well as local authorities, charities and voluntary organisations. Two of the biggest providers of supported housing in London are Evolve Housing and Look Ahead Care and Support.
- 1.3 Supported housing encompasses integrated housing, support and sometimes care services. It can be a temporary measure helping people in crisis, longer term supporting people to transition to independent living, or permanent, for people who continue to need support throughout their lives. It does not always involve accommodation and can include floating support and outreach services to people in their own homes.
- 1.4 Each referral and placement is bespoke, taking individuals' needs into account, ensuring appropriate levels of support and care. Getting the level of support and care right for each individual means that supported housing delivers medium and long term savings to the public purse and eases pressures on the NHS – both in terms of care and emergency services.
- 1.5 Housing Benefit (HB) normally pays for rents and eligible service charges. Support and maintenance grants pay for care and associated services. New schemes are often part-funded by government capital grant, channelled through the Mayor in London, although grant levels have been reducing in recent years. The cost of HB to the public purse features prominently in current housing policy considerations, as part of the Government's wider campaign to reduce the benefits bill. This is one of the reasons why the Government has been reviewing the way supported housing is funded. However, it is important that the funding of supported housing is not treated in just the same way as 'general needs' properties as the costs associated with supported housing are much higher.

Supported Housing costs far less than the realistic alternative

- 1.6 Supported housing improves individuals' ability to stay in the community and has wide reaching social benefits by improving the quality of life for vulnerable Londoners as well as providing value for money. During the Committee's site visit to an East Thames supported housing development, a resident described how the scheme gave them a degree of independence and privacy far preferable to the sense of being "public property" in a hospital environment.

Case Study: East Thames' Newark Knok mental health supported housing scheme

Confidence-building and support for life-skills are offered as part of the package to residents at East Thames' Newark Knok mental health supported housing scheme.

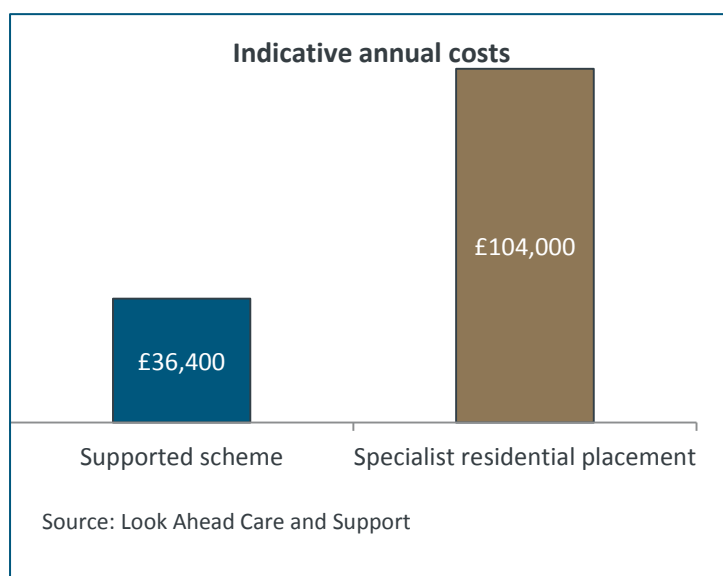
This support is valued greatly: one resident described how they were able to go on trips and to exhibitions through the supported activities that they would never previously have considered.

Residents also told the Committee how important the scheme was to them in regaining their independence, and especially their privacy, compared with the institutionalisation and sense of being public property in a hospital environment: "Having your own front door is very important".

- 1.7 The development, maintenance and staffing costs of supported housing are higher than those for 'general needs' homes due to the additional facilities and special needs of the residents. This means benchmarking rent levels against 'general needs' homes is inappropriate.
- 1.8 However, the annual cost of supported housing is usually far less than more institutional provision, such as a specialist residential placement.

- 1.9 We heard from several leading London providers that costs could range from a typical £600-700 per week in a complex needs supported housing scheme to as much as £2,000 per week for a private residential placement.

Figure 1: Supported housing placements cost less than a specialist residential equivalent



We can't afford to lose London's supported housing

- 1.10 The housing consultancy Sitra¹ has developed a model to predict and project need across England. This finds a current shortfall of some 16,000 supported homes in England, projected to rise to around 50,000 in ten years' time, based on current trends and assuming no policy changes.² We know that in London, Registered Providers currently own 28,000 supported units, but we do not have a comprehensive picture of the type of provision, and there is no London-wide assessment of need against which to assess any lack of capacity.
- 1.11 Contributors to our investigation, told us that schemes are generally full, and there is a current trend for supported housing to be decommissioned (as means criteria become ever more demanding), and sometimes sold off. The effect of this has been that across London a lot of supported housing has been lost in the last four to five years, or is temporarily being used only to support people with the highest levels of need. In view of the many benefits supported housing offers for the individual and the public purse, it is imperative that the current supply in London is maintained, and that there is a clear and deliverable strategy to grow supply to meet projected needs.

Recommendation 1

The Mayor should develop a clearer pan-London map of supported housing stock and provision. This could build on the outcomes of the current Government review and help define what's needed in London.

2 Funding issues

Key findings

- The Mayor's specialist Care and Support Specialised Housing Fund (MCSSHF) is underspent and not working as efficiently as it should.
- Pressures on revenue funding mean that many prospective developers are unwilling to take the risk of investing in new schemes.
- Available funding is not best used because of siloed working. Better budget-pooling and integrated services are needed to circumvent this and deliver effective care and support.

The Mayor's funding isn't working as efficiently as it should

- 2.1 The Mayor supports the development of specialist housing for older and disabled adults through the targeted Mayor's Care and Support Specialised Housing Fund (MCSSHF), as well as through the Mayor's mainstream affordable homes programmes.
- 2.2 The MCSSHF was launched in 2012 with capital funding from the Department of Health, and two funding phases were completed under the previous Mayor. In the first funding phase in 2012, the total fund of £40 million was allocated to build 952 properties. In the second phase of funding in 2015 a further £11.6 million was allocated out of a total £35 million to develop 108 homes.³ This underspend of £23.4 million in the second phase of the programme is thought to have arisen as part of the programme was aimed at private developers where there was a lack of engagement with the Fund, rather than exclusively affordable providers.⁴ The remainder of the phase two funding will continue to be allocated through continuous market engagement for private and affordable housing.
- 2.3 We heard from some prospective developers that the level of grant, compared with the development cost and risk, is so small it is no longer worth engaging with;⁵ for other commentators, the strict eligibility criteria of the Fund in a volatile commissioning environment is the greatest issue. Development is a lengthy process, while commissioning decisions (for example around the client groups and needs to be supported) can change at very little notice.
- 2.4 The GLA is reviewing the Fund, but it is clear that different incentives or a new strategy are needed if the new Mayor is to attract more private or social developers to build supported housing. It may be that more active promotion is also required, as we have found that some providers are not even aware of the Fund's existence.
- 2.5 Chris Hampson, Chief Executive of Look Ahead Care and Support, noted that having greater flexibility to, for example, use funding to support re-development could be useful at present. This is because many outdated sheltered facilities are being decommissioned because they are seen as too expensive to refurbish. The mainstream affordable homes programmes in principle can support this, but it is not their focus.

Recommendation 2

The Mayor needs to review his Care and Support Specialised Housing Fund. There should be more flexibility in the conditions applied to capital grant to encourage innovation and more agile provision. The revised Fund needs to be better promoted to raise awareness among developers from all sectors.

Revenue funding pressures are undermining the appetite for new build

- 2.6 The lack of take-up of the limited funds available from City Hall illustrates the current reluctance of public and private developers to build new supported housing. Downward pressure on the revenue funding (both to pay the rent and the care support package) is a big part of the story. For example, we heard how care and support contracts from local authority budgets provide one quarter of one specialist provider's income.
- 2.7 The 'Supporting People' (SP) programme was a government funding stream launched in 2003, distributed by local authorities to pay for the 'support' element of supported housing (leaving HB largely to fund the rent). The ring-fence around this funding was removed in 2009, so local authorities subsumed the monies into their general funds, and in 2010, the SP administration grant was also cut. Current responsibility for commissioning decisions is therefore far more locally-based than before, with the potential to be more responsive to local needs, but it is also more vulnerable to local authority cuts. Indeed, between 2010-11 and 2015-16, English local authorities reduced SP funding by 56 per cent in real terms, compared with an average cut to all local authority services (excluding education) of 21 per cent.⁶ Adult social care has also seen 30 to 40 per cent cuts over the last four or five years.⁷
- 2.8 This means getting revenue funding together is much more difficult than in the past, because local authorities are commissioning a narrower range of supported schemes, and in many cases squeezing the budgets of those they do commission. When contracts come up for renewal, there is a trend to decommission. We heard how the Look Ahead supported housing provider has pulled out of two boroughs completely because it considers that the contracts they offer do not provide enough revenue funding.
- 2.9 With funding so tight for existing services, we need to ensure that it is really being used effectively and contributors told the Committee that better integration of funding is fundamental to this. Funding can languish in the wrong parts of the system because of siloed budgets, asymmetric information

and misaligned objectives, and a focus on institutional, rather than creative community-based services. Effective pooling might, for example, attach primary care services to supported housing, delivering outreach to these groups, or provide mental health services in the community rather than in a hospital setting. The Government's Better Care Fund⁸ is a useful tool in facilitating change, but pooling budgets requires wider culture change which takes time and energy.

Case study: London Borough of Hackney and Homerton Hospital

Since 2009, the London Borough of Hackney and Homerton Hospital have been working in partnership to house homeless people with no recourse to public funds while they receive treatment for tuberculosis (TB). This has been managed through a service level agreement between the hospitals TB team and the local authority housing provider.

Providing homes and support for the duration of the treatment has meant that 100 per cent of patients complete the six month treatment. It has also been noted that this housing solution has freed up more expensive hospital beds, providing a saving on the original investment.

Public Health England 2015

Recommendation 3

The Mayor should identify and champion effective examples in London of budget-pooling, integrating health, social care and housing budget, as implemented in Hackney. He should work with London Councils to steer London's health economy in this direction.

Recommendation 4

Developer investment in primary care and community health resources should be a key consideration when the Mayor reviews strategic planning proposals.

3 Policy change must address these issues

Key findings

- Recently enacted legislation and government announcements on Housing Benefit (HB) and social rents will affect how supported housing is funded day-to-day and how long term development is financed.
- Providers currently have future schemes on hold while we await the detailed outcomes of a government review.
- If revenue funding is cut, current supported housing providers would have to drastically reduce their offer to some of the capital's most vulnerable people.

Policy changes have the potential to impact development further

- 3.1 Rental income for supported housing comes mainly from HB, with many residents on some type of welfare benefit. Recently enacted legislation and government announcements affecting HB and social rents will change how supported housing is funded day-to-day and how long term development is financed, including:
- **A one per cent rent reduction for three years from 2017-2018**
Providers of supported housing must reduce rents by one per cent each year from 2017-18 until 2019-20.
 - **HB limited to the level of Local Housing Allowance (LHA) from 2019-20**
As supported housing is much more expensive to run than 'general needs' housing, this cap will create a large deficit between what HB will cover and the rent charged.
 - **Government review of supported housing funding**
A review into funding has been completed and the Government will devolve funding to local authorities which will provide a 'top up' to make up the deficit to providers where necessary. This funding will be ring-fenced to ensure it continues to support and develop homes for vulnerable people.
- 3.2 Proposed reductions in rents could benefit residents in supported housing; however, these announcements on rents and HB levels have substantial implications for providers. Contributors to the investigation noted, for example, that the initial ring-fencing of SP funding (in 2009) proved to be only a temporary measure.
- 3.3 If revenue funding is cut, current supported housing providers would have to drastically reduce their offer to some of the capital's most vulnerable people. Look Ahead Care and Support stated they would have to decommission all of their young people's services. In Kensington and Chelsea, for example, there would be a potential loss of 400 beds, adding £600,000 in annual temporary accommodation costs.

Case study: Evolve Housing + Support

Supported housing supplier Evolve projected that the proposed one per cent rent reduction and the LHA cap would lead to a 43 per cent reduction in rental income for the financial year 2016-17.

It was estimated that only 100 of their 545 current supported housing units would survive in this situation.

- 3.4 Much needed new developments of supported housing would likely be put on hold or end completely. We heard how all plans to develop new units are currently on hold for one provider and this is thought to be the same for others throughout London, awaiting a government announcement in response to the consultation launched earlier in the year on the future of supported housing.

Recommendation 5

We urgently need a settled and sufficient funding arrangement for supported housing. The Mayor must press government to ensure that the outcome of its review into supported housing recognises both the additional building and running costs, and the savings made to the wider public purse which it delivers. It needs to be workable – a straightforward LHA cap is not workable.

The Mayor has committed to tackle London's housing crisis by building more genuinely affordable homes for Londoners and making London a fairer city in which all can live free from prejudice. The Mayor also calls for new powers to plan, co-ordinate and facilitate health services collaboration to ensure that all "Londoners have proper access to health services, with solutions tailored to the different needs of patients, communities and places". It is time for the Mayor to refresh his engagement with the supported housing sector to help make this a reality.

References

¹ Sitra is an organisation that provides expertise, training and consultancy for housing with health, care and support

² [Supported housing: Understanding need and supply, National Housing Federation, Dec 2015](#)

³ [The Mayor's Care and Support Specialised Housing Fund, 2016](#)

⁴ In phase two funds were made available to private developers as recoverable investment (for private housing) and grant (for affordable housing), but affordable housing had to be linked to the development of private housing for the same client group on the same site

⁵ Falling from some 75 per cent about eight years ago, to around 25 per cent in the current funding programme

⁶ Source: CIPFA Financial and General Statistics (Estimates) quoted in [Homelessness Monitor: England 2016, Crisis/Joseph Rowntree Foundation, Jan 2016](#)

⁷ Jon Lillistone, Head of Commercial, Innovation and Insight, Triborough Adult Social Care, speaking to the Housing Committee on 5 July 2016

⁸ The £5.3bn Better Care Fund was announced by the Government in the June 2013 spending round, to integrate health and social care. It creates a local single pooled budget to incentivise the NHS and local government to work more closely together, shifting resources into social care and community services

Other formats and languages

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Chinese

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Vietnamese

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Greek

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Punjabi

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Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Bengali

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Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا مذکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

Arabic

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Gujarati

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