



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Project to maximise VFM and improve pathways out of supported housing.	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team - 18 May 2021	X
	Leader and Deputy Leaders [24 th May 2021]	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group [2 nd & 3 rd June 2021]	X
	Cabinet [14 th June 2021] / Council [DATE]	
	Scrutiny Audit and Value for Money Council Services Committee [DATE] / Scrutiny Community Regeneration, Environment and Health and Well Being Committee [DATE]	



Is this an Executive Decision:	NO	Is this a Key Decision:	NO
Is this in the Forward Plan:	YES	Is the Report Confidential: If so, please state relevant paragraph from Schedule 12A LGA 1972:	NO []

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer: **Angela Wakefield**

Date Signature

Chief Finance Officer: **Sal Khan**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 14th June 2021

REPORT TITLE: Project to maximise VFM and improve pathways out of supported housing.

PORTFOLIO: Housing and Environment

HEAD OF SERVICE: Sal Khan

CONTACT OFFICER: Brett Atkinson **Ext. No. x1123**

WARD(S) AFFECTED: Multiple

1. Purpose of the Report

1.1. To set out an approach with multiple strands which is designed to maximise VFM and improve pathways out of supported housing.

2. Executive Summary

2.1. There is evidence of significant growth in the amount of shared supported accommodation, this has resulted in a relatively high number of complaints¹ and an increase in lost Housing Benefit subsidy. The Council is incurring a significant and growing cost for this provision.

2.2. The plan which can be found at Appendix 1 is designed to ensure that the sector provides VFM, and that residents do not occupy this accommodation for any longer than would be beneficial in meeting their needs.

2.3. The recommendation is to implement this plan.

¹ Environmental Health have received 216 complaints as potentially needing a HMO licence since April 2016.

3. Background

- 3.1. 'Exempt accommodation' was created within the Housing Benefit (HB) Regulations² to acknowledge the higher costs of providing and running certain types of supported accommodation, e.g. homeless hostels and older persons accommodation. For an Exempt Accommodation scenario to exist ALL of the following 4 criteria must be fulfilled:
 - 3.1.1. The landlord must be a non-metropolitan county council, or a voluntary organisation, or charity or Housing Association.
 - 3.1.2. The landlord must have legal interest in the properties concerned (ownership or lease)
 - 3.1.3. The tenants concerned must need "care, support & supervision" (in case law terms this means "more than normal property management functions")
 - 3.1.4. The additional services to meet those needs ("Additional/Intensive Housing Management") must be provided by the landlord or an agent on its behalf
- 3.2. Attaining 'exempt accommodation' status is significant for the landlord because the rules are more favourable in the following areas:
 - 3.2.1. Levels of rent and charges which can be paid for by benefits are significantly higher.
 - 3.2.2. The claims are still managed by local Councils rather than the DWP under Universal Credit, and are paid directly to the landlord.
 - 3.2.3. Recent benefit reforms such as the Benefit Cap and Under-Occupation regulations are not applicable to exempt accommodation cases.
- 3.3. Although there must be care, support and supervision provided by or on behalf of the landlord, this cannot be paid for by HB. To be an eligible charge³ for HB purposes the charge must be connected with the provision of adequate accommodation having regard to the personal needs of that tenant group. Therefore the significantly higher rates of HB payable for exempt accommodation arise from activities connected to the support, but not the support itself e.g. cost of the accommodation (normal rent), intensive housing management⁴, furniture & household equipment provided for the use of residents, cleaning of communal areas and gardening. With the exception of the cost of the accommodation, intensive housing management is frequently the largest single eligible charge driving up the amounts payable in respect of exempt accommodation.

4. Contribution to Corporate Priorities

- 4.1. Value for Money Council

² <http://www.legislation.gov.uk/ukdsi/2013/9780111531938/schedule/1>

³ <https://webarchive.nationalarchives.gov.uk/20111115165911/http://www.dwp.gov.uk/docs/a22-2008.pdf>

⁴ The landlord performs functions that are different to that of an 'ordinary' landlord and have an impact on the resident's life, because of the nature of the cohort served by that accommodation.

5. National Policy Context

- 5.1. The government has been looking to introduce reform into the supported accommodation sector over successive years, The Supported Accommodation Review⁵ was published in 2016, alongside a consultation paper containing a set of proposals. There has been a Select Committee inquiry into the sector, which reported⁶ in May 2017. Also in 2017, there was a new consultation with a different range of proposals from those contained in the 2016 consultation. In 2018 the MHCLG and DWP published a response⁷ to the 2017 consultation which concluded that the proposals were not the right steps for the future funding of supported accommodation. Instead, the government said that funding for all supported accommodation should continue to be provided by keeping the housing benefit system in place, administered and paid by local authorities.
- 5.2. Therefore, local authorities will continue to be responsible for funding supported accommodation through housing benefit administration and payment.

6. Local Picture

- 6.1. Exempt HB is paid in respect of 2 main types of supported accommodation locally; that is older person's accommodation and accommodation for single people with additional needs, frequently related to homelessness and rough sleeping. The average rates of HB payable in respect of these 2 different types of accommodation are markedly different, and as older persons accommodation is not relevant to the increase in costs it will not be considered further in this report.
- 6.2. Almost all the growth in exempt HB claims over the past 3 years has come from supported accommodation to single homeless people by non-Housing Association providers. No one reason fully explains the sustained growth in such provision, with individual providers seemingly entering the market for their own reasons in each case.

⁵ <https://www.gov.uk/government/publications/supported-accommodation-review>

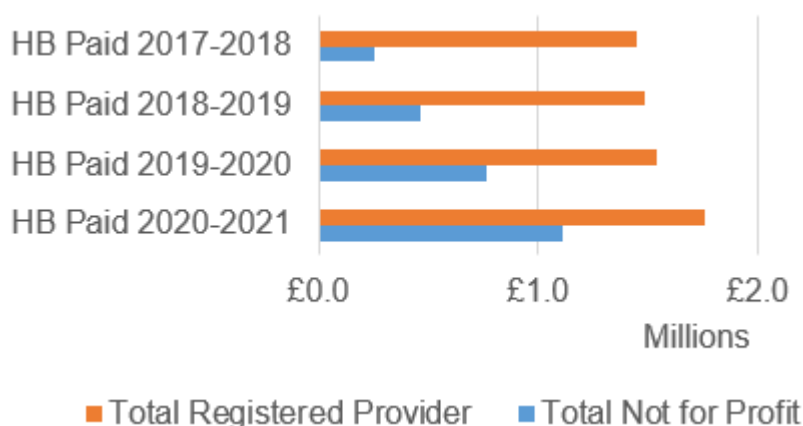
⁶

<https://publications.parliament.uk/pa/cm201617/cmselect/cmcomloc/867/867.pdf#:~:text=Published%20on%201%20May%202017%20by%20authority%20of,2016%E2%80%9317%20Twelfth%20Report%20of%20the%20Communities%20and%20Local>

⁷

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732692/Supported_Housing_Funding_Consultation_Response.pdf

6.3. Figure 1: Housing Benefit paid to Supported Accommodation Providers⁸



6.4. It is noticeable that the housing benefit paid to Not for Profit providers has quadrupled over the last 4 years.⁹ Conversations with these providers have led to the view that most of these providers have the intention to expand their portfolio, with the beds provided by this cohort of providers increasing from 153 to 168 in the past 12 months. The Council’s Housing Strategy states that: “For quality assurance and budgetary reasons the Council intends to increase the percentage of supported beds provided by Housing Associations.”

6.5. Supported accommodation is utilised to house individuals or households that are unable to manage their own independent accommodation and need care and/or support to overcome their issues. Common presenting issues include: substance misuse, mental health problems, lack of life skills, learning disabilities.¹⁰ This cohort would be rejected by mainstream landlords due to concerns over the likelihood tenancy failure and the associated cost, and where the landlord was persuaded to offer accommodation repeat homeless would be a significant risk unless outside assistance¹¹ was provided in order to prevent this outcome.

6.6. The increase in provision for single homeless people has facilitated significant gains in respect of a reduction in rough sleeping¹², reduced expenditure on Bed & Breakfast¹³ and there is anecdotal evidence of recovery from addiction and reduced marginalisation. This additional resource has also been crucial to the creation of the Burton & East Staffs Homeless Partnership.¹⁴

⁸ The graph is based on gross expenditure figures, the Council receives some HB subsidy to support this expenditure.

⁹ The figure for 2020/21 is actually significantly lower than might otherwise be the case due to a 6 month suspension of payments in respect of one landlord.

¹⁰ Anecdotal, based on the experience of the Council’s Housing Options Dept.

¹¹ Such assistance is in short supply, historically there was funding for ‘floating support’ however very little of this service remains since the demise of the SCC Supporting People Fund in 2016.

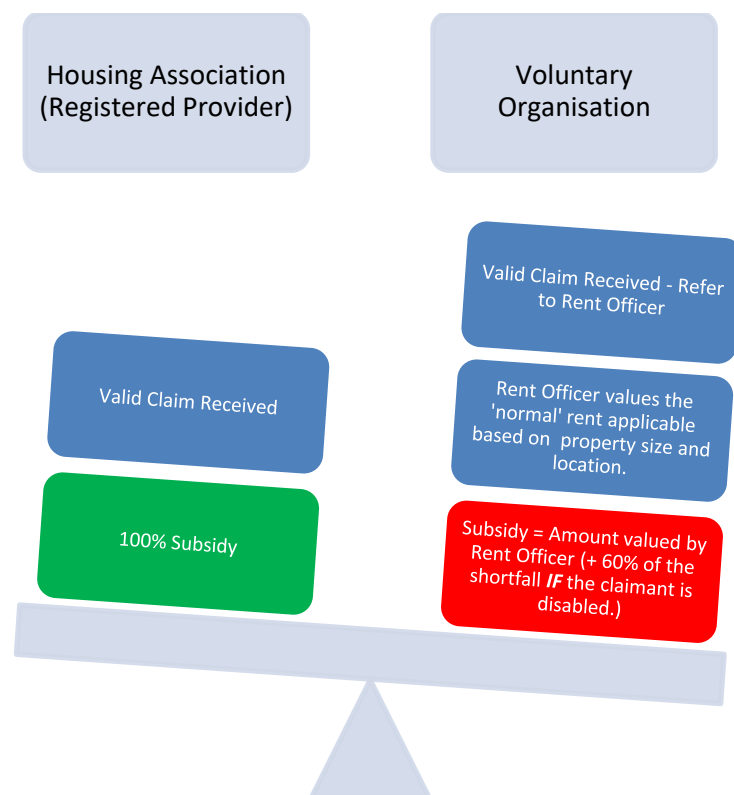
¹² Rough Sleeper Count Figures: 16 in 2017, 11 in 2018, 5 in 2019, 0 in 2020.

¹³ Gross cost for 2020/21 was £206,177.06, 2019/20 was £174,980.90, £133,175.91 in 19/20 and £308,156.81 in 18/19.

¹⁴ <https://www.burtones-homeless.co.uk/>

7. Applicable Subsidy Levels based on the type of Provider

- 7.1. Housing benefit for supported accommodation is already one of the most complex areas of housing benefit as well as one of the main areas of housing benefit subsidy loss for local authorities. The often significant housing benefit subsidy losses to local authorities for housing benefit payments in respect of supported accommodation means that unitary and lower tier local authorities are currently funding some of the costs of supported accommodation through unsubsidised housing benefit payments.
- 7.2. As referred to in paragraph 3.1.1 above, there are 4 possibilities for the types of organisation eligible to receive exempt rates of HB; however only housing associations (HAs) attract full government subsidy for the money paid out by local authorities in respect of exempt HB claims.
- 7.3. The 3 other types of organisation that could provide the supported accommodation and receive the exempt rates of HB¹⁵ will in most cases apply for and receive a similar level of income from exempt HB, but the local authority administering these payments will receive a much lower level of subsidy purely due to the type of organisation that is providing the accommodation. In East Staffordshire the subsidy available in respect of non-HA exempt HB claims equated to 26% of the cost of supported housing in 2020-21.¹⁶
- 7.4. Figure 2: Subsidy calculation in respect of Exempt HB payments.



¹⁵ Non-metropolitan county council, registered charity or voluntary organisation.

¹⁶ The Council received the equivalent of 26% in subsidy (£187,919/£730,775) against the full cost of supported housing cost in 20-21.

7.5. The graphic of figure 2 is weighted down by to the right by the voluntary organisations due the cost burden that is borne by the Council. The total amount payable in HB payments to these non-HA providers of supported accommodation has been increasing year on year. In practice the additional 60% of the shortfall payable in respect of disabled residents is secured in 85% of cases.¹⁷

8. Overview of the VFM Project Plan

8.1. The vision for the plan is to ensure the VFM of supported accommodation provision, whilst retaining the benefits of such provision where possible.

8.2. The objectives required to realise the vision are as follows:

8.2.1. Ensure that the residents of supported housing are moved into independent housing when it is appropriate to do so, making the support available for someone who needs it. This will be done by maximising access to allocation via the Housing Register, expanding the number of exit pathways and upskilling the relevant support staff working for the accommodation provider.

8.2.2. Contain the growth of shared supported housing, particularly where this is provided by organisations that are not Registered Providers of Social Housing. This will be done by engaging informally with existing providers and creating an Article 4 Direction requiring providers to gain planning permission for the creation of any additional units.

8.2.3. Support the best organisations to become registered with the Regulator of Social Housing, eliminating the subsidy loss. This will be done by assessing the one remaining provider that has not yet been assessed, and monitoring the remaining set of providers to see whether their circumstances have sufficiently changed to warrant revisiting the assessment.

8.2.4. Investigate and enforce where organisations in this sector are not meeting the required standards. This will be done by rigorously applying standards across Housing Benefit regulations and HMO & Selective Licencing where applicable. There will be also be an exercise to explore potential ways that selective and additional licencing can be introduced and monitored in the borough.

8.2.5. Make a meaningful contribution to government policy on supported housing wherever possible.

¹⁷ This percentage is based on costs for which 60% subsidy was received (cell 96), as opposed to costs for which 0% subsidy was received (cell 97) in 2019/20.

- 8.3. This operation will be undertaken across a variety of Council departments, and is likely to remain in place in some form until such time as the Housing Benefit regulations which give rise to this cost change.

9. Financial Considerations

This section has been approved by the following member of the Financial Management Unit: Geoff Bagnall

- 9.1. The tasks set out in the project plan at Appendix 1 are expected to be completed within existing resources.

10. Risk Assessment and Management

- 10.1. The main risks to this Report and the Council achieving its objectives are as follows:

10.2. Positive (Opportunities/Benefits):

10.2.1. Improve the reintegration prospects of those currently residing in supported accommodation.

10.2.2. Improve the availability of supply of supported accommodation for those requiring the same.

10.2.3. Opportunity to control growth in Housing Benefit costs.

10.2.4. Improve the standard of housing where applicable.

10.3. Negative (Threats):

10.3.1. Reputational risk that measures are regarded as heavy handed and disproportionate.

10.3.2. One or more of the measures identified are not implemented, and VFM is not achieved.

10.3.3. Sector becomes destabilised, negatively impacting on residents.

- 10.4. The risks do not need to be entered in the Risk Register. Any financial implications to mitigate against these risks are considered above.

11. Legal Considerations

This section has been approved by the following member of the Legal Team: Angela Wakefield

- 11.1. There are no significant legal issues arising from this Report.

12. Equalities and Health

12.1. **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

12.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

13. Human Rights

13.1. There are no Human Rights issues arising from this Report.

14. Sustainability (including climate change and change adaptation measures)

14.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) N/A

15. Recommendation(s)

15.1. To implement the project plan at Appendix 1.

16. Background Papers

16.1. The Housing Strategy 2021 to 2025.

16.2. Houses in Multiple Occupation Policy 2018

16.3. Selective Licensing Policy 2017

17. Appendices

17.1. Appendix 1 – VFM from Supported Accommodation Project Plan