

# VFM from Supported Accommodation Project Plan 2021-22

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# VFM from Supported Accommodation Project Plan 2021-22



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#### **Section 1. Overview**

#### Introduction

East Staffordshire Borough Council has experienced a £422,899¹ increase in net cost over the past 2 years for supported accommodation provided by voluntary organisations. This is the single largest cost pressure facing the Council, and is due to sustained growth² in the amount of such provision in the Borough.

The cost arises from housing benefit subsidy losses for housing benefit payments in respect of supported accommodation provided by organisations that are not Registered Providers of Social Housing<sup>3</sup>, which means that the Council is currently funding some of the costs of supported accommodation through unsubsidised housing benefit payments. Housing Benefit for supported accommodation is known as 'exempt accommodation' and was created within the Housing Benefit (HB) Regulations<sup>5</sup> to acknowledge the higher costs of providing and running certain types of supported accommodation, e.g. homeless hostels and older persons accommodation. Where the provider is a Registered Provider full subsidy for the Housing Benefit payment is available. It is not fully explained why there a dramatically reduced amount of subsidy available if the provider is not registered.

Government has repeatedly backed away from meaningful reform in this area,<sup>678</sup> and therefore the Council needs to ensure VFM by utilising the tools currently available.

#### The Vision

 $https://publications.parliament.uk/pa/cm201617/cmselect/cmcomloc/867/867.pdf\#: \sim :text= Published\%~20on\%~20~1\%~20May\%~202017\%~20by\%~20authority\%~20of, 2016\%~E2\%~80\%~9317\%~20Twelfth\%~20Report\%~20of\%~20the\%~20C~ommunities\%~20and\%~20Local$ 

 $https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/732692/Support\ ed\_Housing\_Funding\_Consultation\_Response.pdf$ 

 $<sup>^1</sup>$  Net cost over the last 3 years is as follows: 2018/19 (£119,957); 2019/20 (£353,109) and 2020/21 (£542,856). The difference between 2018/19 and 2020/21 provides the figure of £422,899.

<sup>&</sup>lt;sup>2</sup> The beds provided by this cohort of providers have increased from 153 to 168 in the past 12 months.

<sup>&</sup>lt;sup>3</sup> https://www.gov.uk/social-housing-provider-registration

<sup>&</sup>lt;sup>4</sup> This is to indicate that these payments are exempt from a number of the general regulations covering ordinary housing benefit payments, in particular the cap on the total amount of rent that can be charged.

<sup>&</sup>lt;sup>5</sup> http://www.legislation.gov.uk/ukdsi/2013/9780111531938/schedule/1

<sup>&</sup>lt;sup>6</sup> https://www.gov.uk/government/publications/supported-accommodation-review

The Council will ensure the VFM of supported accommodation provision, whilst retaining the benefits of such provision where possible.

#### The Objective

The objective is for the Council to:

- 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.
- Contain the growth of shared supported housing, particularly where this is provided by organisations that are not Registered Providers of Social Housing.
- Support the best organisations to become registered with the Regulator of Social Housing, eliminating the subsidy loss.
- Investigate and enforce where organisations in this sector are not meeting the required standards.

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<sup>9</sup> which give rise to this cost change.

#### **Section 2. VFM Measures**

# **Pathway to Settled Housing**

Residents of supported housing are moved into independent housing where appropriate.

Rationale: Reducing the length of time that people occupy supported accommodation will increase the availability of support for newly identified and ongoing need, and will remove the need for further expansion. This activity is also likely to apply downward pressure to the existing stock of supported accommodation if the growth of the sector has been disproportionate to the needs of the Borough.

Actions to improve the exit pathway at scale:

- Ensure that any barriers to the operation of the existing provisions within the Allocations Policy to exit supported accommodation into settled accommodation (i.e. a normal social rented tenancy) are removed or minimised.

<sup>9</sup> http://www.legislation.gov.uk/ukdsi/2013/9780111531938/schedule/1

- Promote residents of supported housing joining the Housing Register where appropriate, supporting and facilitating this activity where necessary.
- Explore opportunities to expand the exit pathways using S106 commuted sums, for example by increasing the supply of suitable social rented accommodation through open market acquisitions.

#### Contain the growth in the sector

Growth is currently unrestrained, and control is needed to ensure that a proper balance of provision is maintained.

Rationale: The rapid growth in the sector needs to be controlled and managed if the Council is to ensure VFM.

Actions to contain the growth of shared supported housing:

- Explore the application of an Article 4 direction power to place an alteration to planning regulations which will mean that an owner of a single dwelling, residential property (a Class C3) would only be able to convert that property to a small HMO (a Class C4) if they secured planning consent to do so.
- Informal discussions with supported accommodation providers about the impact of further expansion, and alternatives which may be more beneficial.

# Registration with the Regulator

Support the best organisations to become registered with the Regulator of Social Housing.

Rationale: Upon successful registration the Council will receive full subsidy for the Housing Benefit paid to the organisation.

Actions to support registration with the Regulator of Social Housing:

- The Council contracted specialist housing consultants Altair Ltd<sup>10</sup> to undertake an evaluation exercise on whether the four voluntary sector providers have a scheme that will meet the definition of social housing before recommending whether or not to proceed with an application for registration as non-profit registered provider. Unfortunately, Altair Ltd finds that the chances of achieving registration for the 3 providers which have been assessed are low.

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<sup>10</sup> https://altairltd.co.uk/

- There is 1 unregistered provider who is yet to be assessed, and is believed to be in the strongest position to achieve registration.

#### **Enforcement**

Investigate and enforce where organisations are not meeting the required standards.

Rationale: Regulation of the sector is light touch, and the Council needs to ensure they root out bad actors and avoid paying for a poor quality service.

Actions to investigate and enforce the required standards:

- The Council will periodically review whether each organisation within this cohort satisfies the Council that they provide 'Supported Exempt Accommodation' (SEA) in accordance with the Housing Benefit regulations.<sup>11</sup>
- Ensure that Houses in Multiple Occupation (HMO) Licensing<sup>12</sup> has been sought and secured in all cases where this applies.<sup>13</sup>
- The Housing Health and Safety Rating System (HHSRS) can be used by the Council's Housing Standards Team to deal with housing disrepair<sup>14</sup> following the complaint of a resident.
- The Council operates a selective licensing scheme<sup>15</sup> which aims to ensure that all property within the designated area is managed to a satisfactory standard and are safe and free from serious hazards prior to a licence being granted.

#### **National Role**

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

Rationale: Successive governments have sought to reform the sector, the experience in East Staffordshire should be used to inform any proposed changes.

Actions to play our National Role:

- Contribute to any government consultations concerning the provision of supported accommodation.
- Provide appropriate contributions based on our local experience to reputable organisations seeking to influence government policy.

<sup>&</sup>lt;sup>11</sup> Level of rent, service charge, eligibility of the organisation and whether the scheme is 'contrived' to take advantage of the benefits system can all be evaluated.

<sup>12</sup> http://www.eaststaffsbc.gov.uk/housing-and-property/landlords/houses-in-multiple-occupation-licence

<sup>&</sup>lt;sup>13</sup> HMO licencing applies when the property contains 5 or more occupants and 2 or more households.

<sup>&</sup>lt;sup>14</sup> http://www.eaststaffsbc.gov.uk/housing-and-property/your-home/tenant-complaints

<sup>&</sup>lt;sup>15</sup> http://www.eaststaffsbc.gov.uk/housing-and-property/landlords/selective-licensing-scheme

#### Section 3. Governance

The Housing Manager will be responsible for this project plan, providing quarterly progress updates to the Head of Service and the respective Deputy Leader. Alongside attendance at the Business Assurance Group and monthly updates to the Deputy Leader, an update report will be taken to LDL in Autumn 2021.

# Section 4. Programme Plan

This section outlines in more detail how the outcomes described within the themes in Section 3 will delivered.

- Pathway to Settled Housing
  - Outcome 1: Maximise access to allocation via the Housing Register (P1)
  - Outcome 2: Expand the number of exit pathways (P2)
  - Outcome 3: Upskill and assist relevant support staff to utilise the available pathways (P3)
- Contain the Growth of the Sector
  - Outcome 1: Informal engagement with existing providers (C1)
  - Outcome 2: Creation of an Article 4 Direction requiring providers to gain planning permission (C2)
- Registration with the Regulator
  - Outcome 1: Final provider to be assessed by Altair Ltd. (R1)
  - Outcome 2: Assess whether providers / environment have changed to facilitate registration (R2)
- Enforcement
  - Outcome 1: Regular detailed assessment against relevant SEA rules within the Housing Benefit regulations and Local Authority 'good practice' (E1)
  - Outcome 2: Effective application of the rules concerning HMO & Selective Licencing where applicable (E2)
  - Outcome 3: Explore potential ways that selective and additional licencing can be introduced and monitored in the borough (E3)
- National Role
  - Outcome 1: Make a meaningful contribution to government policy on supported housing wherever possible. (N1)

This action plans describes a number of projects and initiatives that have been identified at the outset of the programme. Naturally, the programme plan will evolve over the lifecycle of the strategy.

ESBC - VFM from Supported Accommodation	Expected Start:	Expected End:	Component Lead:	Link to Outcomes:
<ol> <li>Improvements to Housing Register Service</li> </ol>	2021	2022	Housing Strategy	P1, P3

Barriers for applicant to the Housing Register to be rectified include:

- Availability of the information required to join the Housing Register, such as risk assessments. Information sought to be reduced, and clarified for applicants and those supporting them.
- A transitionary step between shared supported accommodation and independent accommodation for those who need it, otherwise known as Stage 2 accommodation. These bed spaces will be for people who are at the advanced stages of being ready for independent living but need to work on some specific barriers to move on e.g. former tenant arrears & budgeting. They will be charged at standard social rents for which full subsidy is applicable. Existing small scale project<sup>16</sup> to be maximised and enhanced where feasible.
- Improve the knowledge and links of support staff about the relevant provisions within the allocations policy to facilitate move on from supported accommodation, and monitor take up.

Initial Milestones & Timescales:	Key Outcomes & Benefits:	Key Performance Measures:	
Approve refreshed Allocations Policy (December 2021)	<ul> <li>Improve access to allocation of social rented property for target cohort.</li> </ul>	<ul> <li>Increased numbers of residents of supported housing attain Band 1 priority more rapidly when ready to move into independent living.</li> </ul>	
Component Dependencies:	Reliance on 3 <sup>rd</sup> parties who in some cases may be hesitant or reluctant to make the changes that are required.  Wider impact across the larger set of applicants to the Housing Register may be a constraint.		
Contribution to Corporate Objectives:	Value for Money Council		

<sup>&</sup>lt;sup>16</sup> This provision has been created by a combination of MHCLG and S106 funding (10 units of accommodation are due to available as from March 2021). Current project has 10 beds, 6 of which are MHCLG funded and available for rough sleepers for the next 30 years. A further bid has been submitted to the MHCLG for 14 additional units with revenue support.

ESBC - VFM from Supported Accommodation	Expected Start:	Expected End:	Component Lead:	Link Outcomes:
<ol><li>Expand the Exit Pathways</li></ol>	2020	2023	Housing Strategy	P2

Measure 1 above pertains to securing a competitive advantage to secure allocation, whilst this measure concerns meeting any additional support needs that cannot be addressed in the existing supported accommodation and evaluating whether there sufficient supply of suitable accommodation.

- Maximise the benefits of the Stage 2 Accommodation Project, which provides self-contained accommodation with support as a stepping stone to independent living for those who need it, and seek to expand the project where appropriate.
- Conduct a local housing needs study and survey to formally consider local affordable housing need and how acquiring property from the open market to use as social renting housing can help meet this need.
- Consult relevant Registered Providers (RPs) to establish what their experience is in relation to the target cohort, and whether there any specific measures that can improve the accessibility of an exit into social rented accommodation.

Initial Milestones & Timescales:	Key Outcomes & Benefits:	Key Performance Measures:
<ul> <li>Maximise the benefits of the Stage 2 Accommodation Project (2024)</li> <li>Conduct a local housing needs study (2022)</li> <li>Consult relevant RPs (2021)</li> </ul>	<ul> <li>Routes out of shared supported accommodation to deliver at scale, and across need profiles.</li> </ul>	<ul> <li>Effective performance monitoring of the Stage 2 Accommodation Project.</li> <li>Completion of a local housing needs study.</li> <li>Bring forward any workable actions from consultation with RPs.</li> </ul>
Component Dependencies:	Reliance on contract managemer Reliance on data availability to co	nt to achieve Stage 2 outcomes. Implete the housing needs survey.
Contribution to Corporate Objectives:	Value for Money Council	

ESBC - VFM from Supported Accommodation	Expected Start:	Expected End:	Component Lead:	Link to Outcomes:
Contain Growth	2021	2023	Planning, Housing Strategy	C1, C2

An Article 4 direction could limit the growth in shared supported accommodation by non-RP providers. This measure will not prevent the conversion to a HMO, it will trigger the need for planning consent within the specified area which has been identified as being more problematic before the development can take place. This will enable the Council to fully consider the implications of each proposal on merit and against policy, and where appropriate include conditions on the decision.

This planning measure could run alongside informal discussions with supported accommodation providers about the impact of further expansion, and alternatives which may be more beneficial.

Initial Milestones & Timescales:	Key Outcomes & Benefits:	Key Performance Measures:
<ul> <li>Creation of an Article 4 Direction (TBC)</li> <li>Maintain communications with the sector (Ongoing)</li> </ul>	<ul> <li>Control over further development of HMOs in the designated area</li> <li>Improved data set to inform any future measures.</li> <li>Voluntary cooperation where possible.</li> </ul>	<ul> <li>Implementation of an Article 4 direction</li> <li>Number. of claims for Housing Benefit under the SEA rules in the HB regulations from non-RP providers.</li> </ul>
Component Dependencies:	Possible changes to the Article 4 legislation Reliance on voluntary cooperation until an A	
Contribution to Corporate Objectives:	Value for Money Council	

ESBC - VFM from Supported Accommodation	Expected Start:	Expected End:	Component Lead:	Link to Outcomes:
Registration with the Regulator of Social Housing	2020	2022	Housing Strategy	R1, R2

This measure is reasonably well advanced, with 3 of the 4 organisations having been assessed. The organization that is yet to be assessed is believed to be in the strongest position to achieve registration, but unfortunately nothing is assured. The Regulator of Social Housing is currently taking action against registered providers leasing from the private sector to provide supported accommodation. <sup>1718</sup> In this context, any application for registration is likely to experience a significant amount of scrutiny and a diminished prospect of success. The three assessed organisations were found to be unlikely to achieve registration for the following reasons:

- The Supported Housing providers are not currently providing social housing as defined by the Housing and Regeneration Act 2008.<sup>19</sup>
- There is no evidence that the rents being charged for the accommodation are below the market rate and comply with regulatory requirements.
- Even if the rent charges and accommodation offered could be considered as complying with the Act, they do not meet the
  prescriptive requirements set out in the Rent Standard.
- The governance arrangements for each of the companies will require significant development and investment in order to bring them to the standard required by Regulator of Social Housing. It is not clear that the assessed organisations have the expertise or capacity to bring about the required changes, even with external support and advice.

Initial Milestones & Timescales:

Key Outcomes & Benefits:

Key Performance Measures:

 $<sup>^{17}\</sup> https://www.socialhousing.co.uk/news/news/regulator-adds-to-list-of-non-compliant-lease-based-providers-69071$ 

<sup>18</sup> https://www.insidehousing.co.uk/news/non-compliant-housing-association-to-be-closed-down-this-summer-69670

<sup>19</sup> https://www.legislation.gov.uk/ukpga/2008/17/part/2/chapter/1/crossheading/social-housing

<ul> <li>Pursue the remaining organisation for assessment (December 2021).</li> <li>Monitor any changes to the criteria or suitability of the organisations.</li> </ul>	Full subsidy on exempt Housing Benefit paid by the Council.	Completion of the final assessment.
Component Dependencies:	Reliance on the registration criteria a	applied by the Regulator of Social Housing.
Contribution to Corporate Objectives:	Value for Money Council	

ESBC - VFM from Supported Accommodation	Expected Start:	Expected End:	Component Lead:	Link to Outcomes:
<ol><li>Ensure Housing Benefit costs are reasonable</li></ol>	2021	2023	Housing Benefit	E1

Housing Benefit (HB) is a statutory scheme, administered by local authorities, under the detailed provisions of the Housing Benefit Regulations 2006 (SI 213/2006). As such, local authorities have very little, if any, discretion over the eligibility rules for SEA Housing Benefit awards. The regulations do enable the Council to undertake the following relevant assessments:

- Scrutiny of eligible costs, and the amount of those costs to ensure only reasonable costs are claimed via exempt housing benefit.
- Review the support to ensure that the support is "more than minimal"; to ensure that sub-standard Schemes are not given exempt status, and to provide an opportunity for Schemes which do not meet minimum standards to make appropriate improvements.
- Assess providers thoroughly for any potential structures which are designed to take financial advantage of the housing benefit scheme.

Initial Milestones & Timescales:	Key Outcomes & Benefits:	Key Performance Measures:	
<ul> <li>Scrutinise the cost base of SEA HB claims to ensure reasonability. (2022)</li> <li>Review of support to evaluate providers' eligibility for SEA status. (2022)</li> <li>Assess financial structures of SEA HB recipients. (2023)</li> </ul>	<ul> <li>Ensure costs are VFM.</li> <li>Ensure support services are delivered and are meaningful.</li> <li>Ensure organisations meet the not-for-profit criteria.</li> </ul>	<ul> <li>Claimant organisations are challenged on the composition of their rent where appropriate.</li> <li>Conduct an evaluation of the support provided to residents across the sector.</li> <li>Conduct an evaluation of the underpinning financial structures of organisations receiving SEA HB.</li> </ul>	
Component Dependencies:	Compliance of respondent	organisations, albeit the Council can require responses.	
Contribution to Corporate Objectives:	Value for Money		

ESBC - VFM from Supported Accommodation	Expected Start:	Expected End:	Component Lead:	Link to Outcomes:
<ol><li>Ensure Housing Standards are Upheld</li></ol>	2020	2021	Environmental Health	E2, E3

Only HMOs of a certain size are subject to the statutory licencing regime,<sup>20</sup> many of the HMOs in East Staffordshire would fall below this threshold. A selective licencing regime is in place in part of Burton upon Trent with a high concentration of private rented sector accommodation, which may capture many of the HMOs provided by non-RP supported accommodation providers.

The evidence underpinning the proposed Article 4 direction can also be used to support the work of the Environmental Health Dept. in exploring potential ways that selective and additional licencing can be introduced and monitored in the borough, including addressing the impacts of increasing numbers of unregulated supported exempt providers.

Initial Milestones & Timescales:	Key Outcomes & Benefits:	Key Performance Measures:
Appraisal of the location data collated by the Article 4 team (2022)	<ul> <li>Identification of any additional areas to be considered for a licencing regime.</li> </ul>	<ul> <li>Completion of an appraisal of the data, comparing existing licencing regimes with the HMO footprint across the borough.</li> </ul>
Component Dependencies:	None identified.	
Contribution to Corporate Objectives:	Value for Money Council	

<sup>&</sup>lt;sup>20</sup> The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018

ESBC - VFM from Supported Accommodation	Expected Start:	Expected End:	Component Lead:	Link to Outcomes:
<ol><li>Meaningful contribution to government policy on supported housing.</li></ol>	2021	2023	Housing Strategy	N1

Successive governments have sought to reform the sector, the experience in East Staffordshire should be used to inform any proposed changes.

Initial Milestones & Timescales:	Key Outcomes & Benefits:	Key Performance Measures:
Monitor developments in the sector & respond to relevant consultations (2021)	<ul> <li>Identification of opportunities to influence government policy and practice.</li> </ul>	<ul> <li>All relevant opportunities to contribute to reform of the sector are seized upon.</li> <li>.</li> </ul>
Component Dependencies:	None identified.	
Contribution to Corporate Objectives:	Value for Money Council	

# **Section 5. Risk Management**

A programme such as this introduces risks into the authority both at an operational and strategic level. The key risks of this strategy have been identified and are listed below.

The table below describes a number of strategic risks, how they are to be mitigated, the likelihood of them occurring and the impact on the organisation. The quantification of the risk likelihood, impact and risk level are taken from the Council's Risk Management Strategy.

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level
Negative public or sector perception of activities.  Reputational risk that measures are regarded as heavy handed and disproportionate.	measures are regarded as	Maintain open lines of communication with the sector, staggering the measures where appropriate.	1	2	3
	Utilise the Council's communication strategy to manage any media interest.				
Cost is not controlled.  Measures are ineffective and the cost continues to grow.	Revisit possible tools identified through the MHCLG pilot scheme which is yet to conclude.	1	2	3	
	Thorough evaluation exercise with appropriate scrutiny.		_		
Sector becomes destabilised.  Repeat homelessness		Collaborate with the sector to avoid rapid uncontrolled changes.			6
	Repeat homelessness	Review the capacity of measures 1 & 2, both with regard to reducing the cohort over time but also to flex numbers if necessary.	1	3	

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level
Measures cannot be delivered.	One or more of the measures identified are not implemented.	Review reasons for implementation failure, and whether the measure is still fit for purposes and barriers can be overcome.	1	2	3
Alignment to corporate priorities	Changing corporate priorities do not align with approach to the sector.	Objectives in the strategy included in corporate planning.	1	2	3

#### Section 6. Further Information

If you want to know more about this strategy or want to know more about any of the ways that you can contribute to its success, please contact us.

Alternative formats of this publication are available on request. Please contact us to discuss an appropriate format.

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