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Communities and Local Government and Work and Pensions Committees

Oral evidence: Future of Supported Housing, HC 904

Tuesday 21 February 2017

Ordered by the House of Commons to be published on 23 February 2017.

[Watch the meeting](#)

Members present: Richard Graham (Chair); Heidi Allen; James Cartlidge; Helen Hayes; Kevin Hollinrake; Melanie Onn; Mary Robinson; Alison Thewliss.

Questions 1 - 39

Witnesses

I: David Orr, Chief Executive, National Housing Federation; Zhan McIntyre, Policy Lead, Scottish Federation of Housing Associations; Dr Jonathan Hobson, Academic Subject Leader Social Sciences, University of Gloucestershire.

Written evidence from witnesses:

[National Housing Federation](#)

[Scottish Federation of Housing Associations](#)



Examination of witnesses

Witnesses: David Orr, Zhan McIntyre and Dr Jonathan Hobson.

Q1 Chair: Welcome, ladies and gentlemen. Thank you for coming to this inquiry on supported housing. It is a joint venture inquiry between the Communities and Local Government Committee, which Helen is heading—we are jointly co-chairing it—and the Work and Pensions Committee. We are sitting in no particular seating order.

Can I welcome our three witnesses today? David, would you like to introduce yourself briefly, saying who you are and who you are representing, and then pass on to Zhan McIntyre and Jon Hobson?

David Orr: I am David Orr. I am from the National Housing Federation, which is the trade body for housing associations in England.

Zhan McIntyre: I am Zhan McIntyre. I am one of the policy leads at the Scottish Federation of Housing Associations. SFHA exists to support and represent members and is the national voice of housing associations and co-operatives across Scotland.

Dr Jonathan Hobson: I am Dr Jon Hobson from the University of Gloucestershire. I am in charge of its social sciences provision. We have been conducting some work focused on Gloucestershire as a county, the experiences of supported housing providers and how they are reacting to and managing change.

Q2 Chair: Thank you all very much. As you know, what we are trying to prise out today is your sense of how important supported housing is, whether there are issues in it and what the Government could be looking at in their response to the consultation to help shape future direction. Can I start things off by asking each of you in turn how important supported housing is to your housing association, particularly in terms of looking after vulnerable people? How successful do you think it has been in the past?

David Orr: Supported and sheltered housing—it is important to say that we are talking about both—have been absolutely central to a pattern of provision that has meant that people who need support or are vulnerable in some way or another are able to live independent and fulfilling lives in the community. That is the first and most important thing.

It is about providing high-quality homes in ordinary neighbourhoods for people who need a bit of support. There is a financial imperative here, because if we did not have it the consequences to other parts of state provision would be pretty huge. One of the things that we are anxious



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about is that we are already behind in the provision that we need. A number of studies that we and others have been involved in doing suggest that we are something like 17,000 supported housing units short at present. On current projections, that is likely to double. We might be as much as 200,000 or more short in terms of specialist housing for older people by 2030.

We have done this quite well in this country. We have done supported and sheltered housing well. Many of us are very anxious about the current conversation we are having. While it has protected the overall amount of public investment, the proposition of how that money is distributed is likely to undermine the effectiveness of this provision, particularly from a housing association point of view.

While there are many organisations that are involved in the provision of supported housing, such as the voluntary sector, local authorities and obviously housing associations themselves, about three-quarters of all supported and sheltered housing in the country is owned by and often managed by housing associations. We are, by a considerable margin, the primary providers of this accommodation.

Chair: Thank you. That is very helpful. I am sure we will come back to some of those themes. Zhan, would you like to highlight a couple of key things from your point of view?

Zhan McIntyre: Yes, certainly. I would reflect and echo what David has just said. When we think about supported housing, we need to realise that it does not exist in isolation; it is part of a wider housing system and it has a role to play in delivering and supporting the outcomes of other public services, such as the NHS and the criminal justice system. Any changes that are made to supported housing will have a knock-on impact on the rest of those systems. We need to keep that in mind when we are talking about changes.

It is also important to say that supported housing saves lives. That is not hyperbole. We have heard from our members who work with very vulnerable people that it has saved lives. As you can imagine, individuals with significant housing support needs, such as financial difficulties, mental health or physical health problems, alcohol, drug or other addiction problems, relationship breakdown, social isolation, lack of family networks or reintegration into society after a custodial sentence, often have very substantial support needs from a housing point of view and in terms of reintegrating into society. They need tailored support to start on a recovery journey. Sometimes that length of stay is a couple of weeks; sometimes it is much longer.

There are many housing support organisations that help those vulnerable individuals turn their lives round, get back on track and move into mainstream accommodation. Without the supported housing that is provided by many of our members, the individuals have admitted that they probably would have ended up dead or taken steps to end their own



lives. That is really important. When we are talking about this more widely, anything that undermines the funding for that can undermine the provision of services for those very vulnerable individuals.

Q3 Chair: Thank you. We will come back, Zhan, on some of the questions about whether you think there is need for change and so on. Jon, can we turn to you for an introductory thought or two? Where do you come from on supported housing? How do you see it fitting in?

Dr Jonathan Hobson: Our interest has largely been in supported housing as a provision for the most vulnerable people in society. These are people who struggle to manage their own lives and often have chaotic lives, people whose experiences are problematic for them when it comes to managing tenancy and a whole range of other aspects of their existence.

We are really interested in the ways in which supported housing ties into a whole range of other services and the ways in which people can be supported in living full and happy lives. Our work has been looking at mapping some of the trends, the ways in which providers of supported housing provide that service, given the level of change that has been happening for the past seven or eight years. We came into this in late 2012 or early 2013. We looked at a cohort of providers across Gloucestershire. Our work is very place-based, to look at how these wider policy issues are manifesting on that local and national level.

Q4 Chair: There is a starting point for David and Zhan that looks fairly similar: everything is pretty good, we should not rock the boat too much, it is incredibly important to have stability and so on. Do you start from a similar position or are you more questioning about how successful the current arrangements have really been?

Dr Jonathan Hobson: We have come into this work from a position of change happening. We have been very interested in how change has been managed.

Q5 Chair: Why do we need change?

Dr Jonathan Hobson: Our work is focused on not so much the need for change but the fact that change has been here and that these providers are dealing with an environment that is there. That is not to say supported housing has been perfect before that. Our concern is largely around an ongoing retreat, in some ways, from the provision of supported housing.

We have been mapping a process that is termed "residualisation": that services, particularly supported housing, are being provided to a smaller and smaller proportion of the population, which means they are increasingly high risk and makes it very difficult for people to escape this trap of inequality and poverty. Our work has come from the position that change is happening. We are very interested in how that change is being mitigated and managed.



Q6 Alison Thewliss: At the moment, the way in which the funding works is one particular way: it covers a huge, broad range of different types of housing, different services, different levels of service within that and different funding models in different places. Do you have an overview of averages for how different types of services are being provided and the different types of cost for those? Homeless accommodation might cost such and such an amount; supported accommodation for particular types of elderly people with dementia might cost this. Do you have a breakdown of that? We are trying to get a picture of how the funding works at the moment and what limitations there are around that.

David Orr: Not exactly in those terms, because so much of the different costs of services are to do with the way in which the capital was financed and at what point. If you built provision 20 years ago and got 80% of the capital as upfront grant, then the cost of that provision in terms of repayment of private debt is very small.

If you are trying to do something now and you get 30% as a capital grant, let us say—and even that figure varies—you are borrowing a lot more money, so a much higher proportion of your cost is in repaying that debt. There is additional cost in the provision of supported housing that is specifically about the nature of the housing. You need more circulation space in supported housing, typically about 40% more space than you would have. You need more communal space. Very often, even in a two-storey building, you will need a lift, because people have physical challenges that make it difficult for them to use stairs.

There is a whole range of things purely about the physical structure of the building. Even for places that look like someone's home, there are still likely to be additional costs. People in the business talk a lot about intensive housing support; it is not so much the support, but housing management. Helping people in the day-to-day task of managing the tenancy is a more intensive occupation than helping people who are not vulnerable and do not need that support to manage their tenancy.

All of that has, until now, been covered, sometimes by self-payers but, in the very large majority of cases, by housing benefit. Rent and eligible service charges are paid by housing benefit. The support that is also offered, until recently, mainly came from Supporting People funding through local authorities, but that has been predicated on a commissioning and contracting model where, because of the challenges that local government faces and the way that Supporting People funding has reduced, we have found that that has been a bit like a race to the bottom.

People are expecting to do more with less money. It has meant that a whole lot of cost has been stripped out of supported housing and, in some cases, organisations have said that they cannot continue to provide this. A lot of supported housing in our sector is only there because the other activities of housing associations are cross-subsidising it.



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On sheltered housing, typically the cost of providing sheltered housing is only a small amount more than average rental incomes. The proposals from Government at present are in some ways even more challenging for sheltered housing than for the rest, partly because the cost differential is so small and we need to do something that just deals with sheltered housing collectively across the country.

Zhan McIntyre: I would echo what David is saying there. There is no definitive list of reasons, as he has pointed out, because of the difference in funding models and how those were built. There are also different costs associated with different activities and the different services that are on offer. In some areas, you might have a very high level of need that is required to be met; in other areas, it could be slightly lower, but it is still called the same thing. It often depends on what local authorities are looking for or what the need is in the particular area. That is part of the challenge: there is no definitive list at the moment to allow us to understand what the costs are.

Going back to what David said about the enhanced management or housing management costs of communal areas, cleaning those, lifts and serving those, 24-hour staffing in some cases, CCTV, higher repair costs, often higher turnover rates, assisted bathrooms, and enhanced fire monitoring and safety equipment, these are all required in some areas but not others. It is quite difficult to get that definitive list.

Dr Jonathan Hobson: One of the things we have seen in Gloucestershire, as service levels have reduced, is that the bricks and mortar physical provision has become increasingly high support. These are housing projects or schemes that have physical space and are more often than not occupied by people with very chaotic lifestyles. That has two effects. Number one, it means it is very hard to move people on from those projects because there are compound issues with people.

These are people with long-term offending histories, maybe sexual offending, or long-term alcohol and drug issues. It makes it very hard to manage not only their tenancy needs but also the wider support needs those people have in order to live individual lives outside of support, such as getting to work or whatever it may be. They are becoming more high support, and the low and medium levels of support in housing are being increasingly met, we have found, by floating support provision.

In some ways, floating support provision can be a very productive method of providing help to people: people can stay and live in their own houses, and people can come in and help them, but it is not suitable in every case. The problem is that those in low and medium support who might need a bit more intensive support do not have as many places they can go to, because that bricks and mortar provision is occupied by people who are much higher in need.

The low and medium support cases would include, for example, a young person who has left care, needs help with a tenancy, might have some



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low-level alcohol issues, but does not need to be in a difficult, chaotic environment and does not have anywhere to access that depth and level of support.

Q7 Chair: There is no simple agreed definition of supported housing. Is there any agreed definition within the housing associations of what exactly is needed for supported housing or, David, in the way that you were suggesting, because the needs vary hugely, are you unable to plan specific provision for supported housing in general? You would have to break it down into smaller bits: people with disabilities, people who are old, people who are vulnerable or whatever.

David Orr: Any organisation providing supported housing is trying to ensure that that housing is suitable for the client group or groups that it is working with. NHS England has a strategy at present to try to ensure that people with learning disabilities do not need to stay in long-term institutional, residential care, but can live in supported housing in the community. Depending on the nature and extent of these learning difficulties, the nature of support and the housing cost of that may be considerably greater.

If you are providing hopefully short-term accommodation for women fleeing domestic violence, then the challenge, the nature of the support and the nature of the housing is going to be different. As to coming up with some catch-all phrase, the search for it is a bit of a chimera. In the end, it is not helpful.

There is an understanding that, when we talk about supported housing, we are talking about housing where the people living in it require a bit of additional support because, for some reason, they are at that point in their lives vulnerable and need a bit of support to be able to live independently.

Q8 Helen Hayes: We have already been talking about the diversity within the supported housing sector, the different reasons why people need supported housing, the different routes they take and the different relationships they have with other parts of the public sector. Do you think that a one-size-fits-all approach to funding works at the moment, can ever work, or do we need an approach that thinks about the specific needs of different parts of the supported housing sector and organises the funding and support in a way that is better tailored to the cost differentials and the ways in which different parts of the sector work?

David Orr: One-size-fits-all is not quite the way that I would describe the current structure. We have a mechanism whereby someone who is making a claim for housing benefit in a supported housing environment has that claim assessed by the local authority. If they are deemed eligible, they are entitled to housing benefit. This word "entitled" is important. Once you are deemed eligible, you have an entitlement to that benefit. The amount of rent and eligible service charge varies



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depending to some extent on the nature of the services, the housing provision and the intensive housing support.

The support costs are then separately funding, mainly through the commissioning and contracting relationship I was talking about earlier, where the amount of money, again, will vary depending on the needs, and sometimes by charitable fundraising and other things that individual organisations do.

Q9 Chair: Why are you not convinced that the contracting and commissioning approach through local government is the right way of giving it a local dimension?

David Orr: If you are in a position where you have signed a three-year contract and one year later the local authority comes back to you and says, "We cannot afford that any longer. We are going to cut it by 10% and you can either give the contract back or just suck it up and get on with the 10% cut", that is no basis for planning and managing high-quality supported housing. I am afraid that is the position we are in.

When the ring fence was removed from the Supporting People fund, in the first year of that fund in some local authority areas 50% of it disappeared, even though, in theory, it was all still eligible for the same purposes. I do not wish to be overcritical of local authorities here; they have very significant funding challenges to deal with and manage, but as soon as the ring fence went, the pressure was on to reduce cost and reduce cost. Some local authorities are now commissioning services at an hourly rate, where it is impossible—impossible—to pay the living wage.

As a provider, you are then caught between a rock and a hard place. Do you go and pay less than the living wage to people who are providing a really important service, or do you back off and say, "We are not going to do this any longer?"

Q10 Helen Hayes: Have either of the two organisations that represent housing associations done any mapping of the issue that David was describing of housing associations that have other parts to their businesses deciding that they can no longer afford to do supported housing? That issue is borne out by my experience of what housing associations in my constituency are telling me. Is there any work that demonstrates the scale of that issue across the sector and, if not, through the course of this inquiry might you be prepared to survey your members in that way, to give us evidence of the extent to which that is a problem?

Zhan McIntyre: Again, we have not done it in a systematic way, but we know that many of our members have changed the way they have been providing services to reflect the fact that their contracts have been cut and they cannot deliver the services at the prices that are being offered



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to them. They have changed what they are offering and cut back, in consultation with their tenants. They have had to do it. A recent example was in Glasgow, where funding for sheltered housing has been reduced substantially and it is set to almost disappear altogether. There will have to be discussions with tenants about what to do in order to maintain a level of service that keeps them safe but that can still operate. We have not done it in a systematic way, but we certainly are aware of that. It is something we could go back to our members on.

David Orr: We have not done that kind of systematic mapping, but if we can work with you to define the questions and be clear about those, so that we are getting to the issues you want addressed, we would be very happy. We have a lot of members who are happy to put as much effort into this as possible to get the right answer.

Helen Hayes: That would be really helpful.

Q11 **Chair:** Helen, you are absolutely right. One of the many things we are struggling with is the geographical variety. There are different implications for funding and different costs involved in different parts of the country. I do not know about other members, but at the moment I do not have a very clear sense as to what is the average cost of providing supported housing really is.

Given the variety around that, with what you describe vaguely as quality supported housing, how much does that cost one housing association to provide and another, and are they providing the same thing? That is one of the challenges we wrestle with. Jon, have you had a chance to look at that sort of issue? What does quality supported housing really cost?

Dr Jonathan Hobson: I cannot say much about the cost in terms of quality supported housing, but in terms of the varying provision and the varying cost between areas, one thing we found in our research in Gloucestershire is that there was a fracturing of services between need and provision. Some supported housing providers would provide very high-support provision, which costs a lot more money than low or medium support. The people are more chaotic, as I said. There are transactional costs for that kind of service. There are costs to do with the facilities, which are damaged more frequently. There are costs to do with the court cases of evicting people. These are much more intensive projects, and they tend to be located in one or two places.

What is interesting about Gloucestershire as a county is that it has this urban and rural mix. In the rural places, we have much more floating support going out and helping people in their particular homes. It is not necessarily that all housing providers are giving the same sort of service. Some are dealing with high costs and a high level of support. Some are dealing with floating support, which is cheaper to provide in many ways. That means that there is not an even coverage of support.

Q12 **Helen Hayes:** I am not suggesting that it would be any of your roles to



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undertake this but is there, to the best of your knowledge, any mapping of the need for supported housing, including the unmet need: for example, the extent of waiting lists for your members, the extent of inquiries coming in and of which type, such as sheltered housing and other types of supported housing?

David Orr: Yes. We have commissioned some work on this and can ensure that you have the report.

Q13 **Chair:** You mentioned earlier the rather alarming figure of a shortage of 300,000. I guess that comes from your mapping.

David Orr: It is 240,000 for older people by 2030, unless we start doing something now.

Q14 **Melanie Onn:** Do you have any information about the percentage splits of the provision being provided? When we are talking about older people, younger vulnerable people or mental health supported living, is there a pie chart that says this is 50%, for instance? Is it in the documentation?

James Cartlidge: Yes. It is mainly elderly.

David Orr: It is predominantly elderly.

Zhan McIntyre: It is predominantly elderly in England, but there is a different profile in Scotland because of the homelessness legislation that we have. There are different obligations, so the profile is a bit different in Scotland.

Q15 **James Cartlidge:** Going forward, Suffolk has the oldest demographic after Norfolk. Our supported housing is mainly elderly. What you are saying, David, is particularly about interaction with the care system. Presumably, those 200,000 who are not going to be helped would otherwise be in the care system or in hospitals.

David Orr: They would be in hospitals, other forms of residential care or not receiving the support that they need at all. Any of these things is possible.

Chair: They could also be looked after at home.

David Orr: This is ideally where we would like to be. One of the challenges we all have is understanding how important supported housing is to a sensible system of provision of social care. I understand, of course, why we have to look at this in its own terms at present and think about a funding structure for it, but it has such ramifications on social care services and the National Health Service that it is really important to understanding just how much of an impact that may have.

Q16 **James Cartlidge:** I have a technical question and I want to be absolutely clear. Maybe I do not understand this. These are all your own units. You do not include people who are looked after at home in any way.



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David Orr: There are some places where housing associations and others, such as voluntary organisations, provide support to people at home. Local government is doing that, but that is not included in these figures.

Q17 **Mary Robinson:** David, earlier you said that one of the criteria behind supported living is to support vulnerable people to live independently, fulfilling their lives in the community. Zhan, you mentioned getting their lives back on track. Very often, we think of being able to work as being quite pivotal in that relationship. You also mentioned homelessness and the differences in Scotland, which I thought was really interesting.

The CLG Committee has conducted an inquiry into homelessness and, as part of that, we talked to people who had been homeless and who were in hostels. We visited them. We were surprised to learn that many people, younger people particularly, were being told that it was not worthwhile seeking work. They were being actively discouraged from seeking work in the hostels, because it would affect their benefits and funding. Do the current funding arrangements create disincentives for people to find work?

David Orr: To some extent, they do. This has been a challenge with housing benefit ever since its inception. It is not the fact of housing benefit per se, but it is the rate of withdrawal when people find work. One of the things that universal credit is being designed to assist with is to make it easier to manage going in and out of work. The early indication is that this is one of the things in universal credit that has been working better than the current system.

However, it does not matter how efficient the system is; if the rate of withdrawal of benefit is high, then it is like a very high level of tax on starting a new job. I am afraid that, for years and years, some of us argued that the fundamental problem that we had in supported housing for a whole range of people was the rate of withdrawal of housing benefit. We are about to repeat that mistake with universal credit.

Zhan McIntyre: I would echo what David is saying. I would take one step back and say, for some people, supported housing is the right long-term housing solution, such as adults with learning disabilities or older people, but that is not who you are talking about.

For young people who are getting their lives back on track, where rents are high—and we know the reasons why rents are high; there are higher associated costs—when those payments are withdrawn, it will be very difficult if not impossible to make payments on the very high rents. However, when some people are in the hostel or supported accommodation, getting a job is probably the last thing on their minds until they have finished their recovery journey. What David was saying is absolutely right: the rate of removal of the benefit allows that person to transit.



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Going forward, any system that we develop has to make allowances for that transition period, so that it does not become a sharp withdrawal that makes it impossible and traps them there. That goes back to what I was saying earlier about how supported housing is part of a wider housing system. It could be that the person has been through the recovery journey, developed their skills, managed their problems and challenges and is ready to work and move on to general needs housing; but there is no general needs housing or there is a lack of it. We need to bear that in mind when we are having these discussions as well.

Q18 Alison Thewliss: I wanted to pick up on that recovery journey and how long somebody might be in supported accommodation. I know from my own constituency that it can vary quite widely. One of the things I picked up with some concern from the ministerial statements on this issue was an inference that there might be an outcome-based element to this funding, so they would expect somebody to move on, perhaps, after a particular period of time. I wondered what your views were on that and whether flexibility needs to be maintained within the system.

Dr Jonathan Hobson: One of the main things that the providers who spoke to us said was of concern was the reduction in time that people could stay in supported housing. In many cases, it has dropped from two years to six months. At the end of six months, people in the bricks and mortar provision projects in particular are often not ready to move on.

The problem is that there are no or very few medium or lower support projects you can move people on to. There is a reduction in number, which means that the providers are facing a circumstance where they either have to look at evicting somebody because they have not met their move-on criteria, or are in danger of breaking their agreement with the local housing authority that is funding them, because that person has hit their maximum stay in that provision.

They are really struggling to find where move-on can occur. Even when that move-on is successful, as Zhan is saying, there is a real lack of housing and one or two-bedroom flats for people to move into. It is particularly problematic for under 35-year-olds who have the additional burden of funding there. Certainly our providers have said that is a significant area of concern for them.

Q19 Heidi Allen: We have talked quite a lot about the sector in general and why it is so different to other forms of housing. Ultimately, while the ink is not yet dry on the consultation paper, this inquiry is about whether we can do anything to influence the final supported housing funding model that comes out. I am interested in your views on the funding proposals at the moment, what is good about them but, equally, what worries you.

Providers in my constituency, my women's refuge and housing providers, talk a lot about the LHA cap, the top-up, whether that will be standard, whether it will reflect the actual costs, and issues about types of housing that are so different that they should be taken out the model altogether,



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such as very short-term housing like women's refuges. I am interested in what works and what are the things, if Ministers are listening, you would like to see fixed.

David Orr: Let us start with the positives, shall we? It was extremely good news that Government decided that the total amount of money presently going into supported housing should be protected. None of us underestimates the importance of that. Statements that it should be allowed to grow as need grows are extremely welcome. Secondly, the decision that a shared accommodation rate is not appropriate for supported housing is another very important and positive decision. That is really helpful. That is the end of the good news, I am afraid.

The fundamental challenge that every provider we have spoken to sees in this is basing the amount of money that comes from universal credit on the local housing allowance. I try to use words carefully when I am saying this: it is not a competent starting point. The problem for many of us is that we are being asked to work with Government to build a structure, based on a foundation that is just not competent for the job it is being asked to do. The challenge we have is that the local housing allowance is a reflection of the specific circumstances of the private rented market for general needs housing. It bears no relationship of any kind to the way that supported housing is provided or the cost of that provision.

If you are a housing association working with a voluntary organisation partner, providing housing for people with learning disabilities, there is not a thriving market in your local area in that; you are the provider of it. Basing the provision and the part of the housing cost that is an entitlement under universal credit on the local housing allowance is starting from the wrong place.

Q20 **Chair:** Where would you start it from, then? If you are the monopoly provider, does that not give you the opportunity to ratchet up the costs as you think appropriate to provide "quality" supported housing? How do you price it?

David Orr: We have argued for some time now there should be some proper assessment of organisations providing this accommodation, and that there should be mechanisms by which the quality and the cost can be tested. The LHA cap is not going to achieve either of these things, unfortunately.

Q21 **Chair:** To put the challenge back to you as the national association, can you not sit down with your members and say, "We want to work with Government on this. It is up to us to come up with a form of pricing that makes sense and can be standard across the country"?

David Orr: We have accepted the principle of there being a cap. This is not a huge intellectual leap: we think the cap should be crafted around the form of accommodation that it relates to, whereas the current proposition is based on a cap for a completely different form of



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accommodation. This means that we have created an environment where there is an active incentive, if you are in an organisation providing in a range of different local authority areas, to go to high-cost, high-value areas because the LHA cap is high. If you are trying to provide accommodation in Hull or Middlesbrough, this is going to be enormously difficult.

Heidi Allen: Those, ironically, are some of the areas that need this sort of housing more than ever.

David Orr: Absolutely.

Q22 **Heidi Allen:** Building on where Richard was going with that, if we are going to really pull this apart and try to find a solution for Government, of the various types of supported housing there are, are there any that could work alongside the LHA model or do you think they all need to be looked at separately in terms of funding?

David Orr: It would be relatively straightforward to have a sheltered housing allowance. If you do that, then you protect 400,000 existing homes and create the environment that the large-scale providers of that accommodation need, to be able to invest with confidence in future supply. That would not cost the Treasury anything, and none of the proposals we are making are working on the assumption that the £6.2 billion overall figure is insufficient for current need.

We are not asking for more money. We are just saying that the way in which Government are proposing that the money should be distributed is creating a level of uncertainty, complexity, inefficiency and bureaucracy that is going to waste some of that money and take away the kind of confidence that people need to be able to organise long-term debt, in order to build new supply.

Zhan McIntyre: As an example, we have providers who provide in more than one local authority area and across different local HA areas, but they would charge the same levels of rent for their supported accommodation. For instance, in Dundee and Angus, the LHA rate would be £79.24 a week, but in Aberdeen it is £107.25. You can see there is already a huge disparity there. It is not based on anything more logical, as David said, than what the private market is doing, and it is set up for a very different reason. You can see that the provider that has provided in Dundee and Angus would have to have recourse to more of the top fund to provide the same level of service as those in Aberdeen. It does not make sense to have that as a starting place.

Q23 **Heidi Allen:** Are you saying, then, that it is almost like the Government are creating more work for themselves than they need to, by setting off from the wrong foundation of comparing this to any other kind of housing model, but saying, "We will fix it with a top-up"? It is an Elastoplast put on afterwards, is it not, to deal with the fact that the fundamental model is not fit for purpose? Is that a fair description?



David Orr: It is. I try hard not to be too alarmist about this, but I am very anxious. The proposal is that a proportion of the money that currently goes to rent and eligible service charge through housing benefit from DWP will be packaged up, go to DCLG, be further packaged up and go to local authorities around the country with a ring fence around it. No one trusts ring fences, I am afraid. That is fair and reasonable, given history and people's experience. This is also, certainly in England, in the context where by the end of this Parliament there will not be a mechanism for block transfers of grant from central Government to local government. It will all be paid from business rates and council tax.

If you are already in an area of high-value LHA because there is a high-value housing market there, you are almost certainly also in an area where there will be a high business rate take and a high council tax take. If you are in an area like, say, Hull, where the LHA cap is already low, one of the lowest in the country, most of the council tax is going to be in band A property and business rate take will not be sufficient. By what means will money be siphoned from the high-value local authorities to those with lower value? There is no answer to that question at present.

Chair: Pause there, because we have a series of questions that come on to this. A number of people have already quite clearly expressed, both today and in other forums, the problems. We need to search towards possible solutions.

Q24 **James Cartlidge:** I have a clarification, and, again, forgive me if this is slight ignorance. You said if we moved to a sheltered housing allowance it would not cost the Treasury anything. Is that in absolute terms or taking into account other savings it would bring?

David Orr: I am saying that we think it is possible to craft a sheltered housing allowance that would allow sheltered housing providers to continue to provide the housing they are providing, at the cost at which they are providing it, without the addition of a huge amount of additional and unhelpful bureaucracy. We think it is possible to craft. I would personally have maybe three bands of supported housing allowance, so I would assess the cost of supported housing and create a cap that is relevant to the nature of that provision.

Q25 **James Cartlidge:** Would it be revenue-neutral from the taxpayer's point of view?

David Orr: We are not asking to do this as a means of putting further money in. Any time that there is more money to provide greater services for supported housing, it is welcome.

Q26 **James Cartlidge:** It is recycled within the sector.

David Orr: It is reorganising it within what is already there.

Q27 **Chair:** This sheltered housing is for the older people, for the bulk of those who go into what we call supported housing.



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David Orr: Sheltered housing for older people is the majority. Partly this is because, in many places, the gap with the LHA cap is not huge.

Q28 **Mary Robinson:** I would like a quick clarification on James's point. You mentioned, David, that you are not looking for more money. This is not about a bigger package; it is more the way the package is distributed. Given that there is going to be a funding envelope that is agreed but distributed differently, it implies that there will be winners and losers. Where do you see the winners and losers, if that is the case?

David Orr: If we move to the system that is being proposed by Government, overwhelmingly the winners will be those organisations providing services in high-value, high-cost areas.

Q29 **Mary Robinson:** Who would be the losers?

David Orr: People who are providing services in low-value, low-demand housing markets.

Dr Jonathan Hobson: One of the issues that we found a lot of organisations are concerned about is complexity. The smaller providers really struggle to deal with the complexity of these issues. They do not have the staff; they do not have the expertise. We have seen smaller providers falling out of the market and being replaced by larger providers. That does not necessarily have to be a good thing or a bad thing; it could just be a thing, but a lot of these smaller providers have a lot of local knowledge, can be very reflective on local needs and sometimes more targeted in what they do. They are struggling with the demands of working out how they are going to provide this service.

Chair: Jon, that is helpful, and we have seen experiences of that in other inquiries we have done, for example on charities supporting people with disabilities. We do not want to consolidate this into a handful of very big providers.

Q30 **Melanie Onn:** One question is about trying to tease out the human cost and how individuals would be affected by the proposed funding changes. Looking at those different categories, recognising that the bulk seems to be in the sheltered housing for older people category, how will those people be affected by these changes? What will happen to them?

David Orr: There is an element of assessment based on a system that is not in place. It is difficult to answer that question with any degree of certainty, but the worst potential outcome and one that many, many providers genuinely fear is that services will close: not all of them, but a significant number of services will close.

If that is the case, people who have moved into sheltered housing expecting that to be their home for the rest of their lives may find themselves not having that security any longer. Even if there is just the possibility of it, as I am sure you will understand, what many people living in sheltered housing most value is that sense of safety and



security. Introducing that level of uncertainty is not good for them, never mind the longer-term provision.

Q31 Melanie Onn: Is there no more give in the system? If I think about my constituency, we have seen over time that wardens are no longer part of the sheltered housing schemes. That is one service that has gone. Are there no other elements within any of the different provisions that could be removed while still allowing the provision as it exists to continue, but with a reduction in services, perhaps?

David Orr: I do not know of any provider that would want to close services. Everyone will do their best to keep things going, but in some cases it will be very difficult to do that. As I was saying earlier, particularly for supported housing and less so for sheltered, although there have been challenges there, the squeezing of support funding under the commissioning and contracting relationship has meant that people have driven a whole lot of efficiencies and changed the nature of their services, exactly as you say: moving from warden services to floating support. That is not just for older people; that is in a variety of different services. People have done their very best to try to respond to the challenges that they face.

Dr Jonathan Hobson: That change is certainly something we have seen: the move to more and more floating support provision, which does not just change the nature of the provision for people who are receiving floating support, but changes the nature of the provision for people in the bricks and mortar support, because that becomes more and more condensed to higher support for very chaotic, very at-need people. This means that bricks and mortar support becomes unsuitable for almost every other type of group that does not need very, very high levels of support. If you change one element of the system, the knock-on effects for the rest of it can be quite significant. That is certainly what we have found.

Q32 Melanie Onn: Does that mean there will be pressures on other areas of publicly funded systems and support networks?

Dr Jonathan Hobson: Absolutely. The knock-on cost of that for social services, the court system and the NHS is significant. The cost of provision of the bricks and mortar housing has gone up. From the providers we have spoken to, the add-on costs and delivery costs are much, much higher because the nature of the support they are providing is much higher. What might seem like a saving on one end of the system can make the other end of the system much, much more expensive.

Zhan McIntyre: You asked about the impact on existing tenants, but it is also worthwhile thinking about potential tenants, people who are in their own homes and are thinking that perhaps they need more support but, with all the uncertainty, might make the decision not to move on. This could mean they are not getting the support that they need; they



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might go into a crisis; they might need to go into a care home or be hospitalised. It has that impact.

As I was mentioning before, there is an impact on the wider housing system, if they are occupying a two or three-bedroom home and could move into supported housing, but are not making that move because they fear they are not going to get the funding that they need. That means a family home is not being made available for families to move into. As Jon was saying, it is about the whole knock-on effect for other parts of the system as well.

Q33 Melanie Onn: The final question is about how providers can try to mitigate the 1% rent cut and if there are any ways to do that, by innovating or securing additional funding elsewhere.

Dr Jonathan Hobson: We found, when we started our research in late 2012 and early 2013, that providers were looking at ways to mitigate and change. To some extent, that was driving innovative approaches. In Gloucestershire, there was much greater use of something called a reconnection policy, where providers were spending a lot of time looking with people at if there were local connections elsewhere that they could move people on to, whether that be levels of family support, school networks or anything that could aid their development. The problem is that that only works if there is housing support provision where they want to be moved on to.

More interestingly, there has been a much greater use of ABCD, asset-based community development, which is a strength-based approach, where you look at other assets within local communities that you can tie into support. It is sometimes called smart commissioning, where you look at directed, targeted commissioning of services to help people connect to other parts of the community and to keep them active in the community, which can take some of the burden off the supported housing provider.

Again, it is the idea of tying people more into community. People in supported housing often tend to be dislocated from their communities. Some of these approaches that try to relocate people and get rid of the dislocation in terms of their participation have been successful to some extent, we find, but I am not sure how much of a long-term impact they are going to have.

Q34 Kevin Hollinrake: I am sorry if you have already covered this. Obviously I was late to the meeting, but as I came in, Mr Orr, you were talking about the regional problems and disparities here. One housing association that covers the north is Riverside. Under the local housing allowance cap, 95% of tenancies will be affected, and 3% of tenancies in London will be affected by these changes. This is causing huge and unsustainable pressure. What is the solution to that?



David Orr: Honestly, I feel slightly frustrated saying this, because we produced a fairly detailed series of proposals for Government a number of months ago, before the consultation was launched, that talked about ways in which you could have a supported housing allowance. You could have a degree of assessment of the quality of what was being provided. The fundamental question here is whether we try to use the current system to reflect the specific challenges of supported housing, rather than using the LHA cap as a basis.

Q35 **Kevin Hollinrake:** Are you saying the LHA cap is incompatible?

David Orr: The word I used earlier on is that it is not competent. It does not bear any relationship to the nature of this provision. You might as well talk about what it costs to rent a shop. It does not have any relationship to the cost of this provision.

Q36 **Kevin Hollinrake:** How would a supported housing allowance be different? Would it be more refined to a specific area?

David Orr: There are a number of ways you can do it. If there was any kind of suggestion from Government that they were prepared to have a proper conversation on this, we would be delighted to spend some time sitting down with them, modelling it and looking through what the different possibilities might be. We would be really delighted to do that.

Heidi Allen: The penny has really dropped for me this afternoon. I had not really thought about it in this term before, but when you are talking about supported housing, it is support that comes with housing, whereas the LHA and everything to do with that is to do with market forces, housing, renting and buying. We should be looking at funding this because it is a service that is required, which happens to have accommodation with it. It is the other way of looking at the LHA, because that is to do with market forces and housing provision.

Q37 **Chair:** The challenge, of course, for us is that the total amount of money is not under threat. As Mary put it earlier, it is the distribution that is the challenge. What we have not yet been able to get on to, but maybe Helen can come to, are the solutions to it, other than the sheltered housing proposal, which David can perhaps send us more details of.

David Orr: It is sheltered and stepped levels for two different kinds of supported housing.

Q38 **Helen Hayes:** Your proposal relates to the whole sector, but provides for differentiation within the sector.

David Orr: Yes.

Q39 **Helen Hayes:** This has been a really interesting first oral evidence session. We are going now into a series of sessions where we will hear from different parts of the sector. We will be hearing from tenants and residents who live in supported housing, a wide range of providers and others who have a relationship to the sector. In your view, what are the



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things that we should be most seeking to tease out of those evidence sessions and conversations with the breadth of people who interact with the sector?

David Orr: Question number one is what impact this has on users of the services. Question number two is, for providers, to what extent they will be able to continue to provide services and the ways in which we could work with Government to ensure that these services are provided and supported. The thing that has been particularly frustrating for us in all of this is that I do not think there is the width of a cigarette paper between us and Government on the objective here. The objective is about the provision of good-quality supported housing, financed in a way that is sustainable in the long term. In the end, this is not fundamentally about providers. It is about the impact on the people who live and want to live in these homes.

Chair: That is very helpful. David, that is a perfectly fair comment. The Government's consultation, of course, spells out very clearly that the current system for funding is not well designed to ensure effective oversight of quality or control of spending to ensure value for money, both of which are perfectly legitimate concerns for Government about taxpayer funds. That is where the focus will be.

I would ask all three of you if you have any thoughts on those two aspects, both the quality and the control of spending for value for money, and, Jon, if you have any academic studies on your side that look at what best practice, good quality oversight and value for money mean. Anything you can send us in writing during this inquiry would be incredibly helpful.

We are next meeting on 7 March. Helen will be chairing that session. Anything you can get to us before then would be very much appreciated. Meanwhile, I am conscious that time moves on. You have given up a lot of your day to come and join us, so thank you, all three of you, very much.