

Beyond Bricks and Mortar



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Foreword – Brian Johnson, Chief Executive

At Metropolitan we are looking to build almost 6,000 more new homes by 2020, investing around £700 million to meet housing need. That means thousands of people – new customers – will benefit from a new home.

It's right that house building should be our focus – housing is our core purpose. But we know that we are in a position to add other value to society beyond bricks and mortar. What about the value we can give to our existing customers – in our case, more than 80,000 people – beyond delivering housing services?

Housing associations have a strong tradition of providing access to jobs and training, and fostering cohesion in the communities in which they work. But beyond that, what more should the housing sector be doing? How can housing associations provide greater social value?

In many of the communities in which we work there are high levels of deprivation – with individuals facing barriers such as poverty, unemployment, social exclusion, lack of educational qualifications, and diminished community and personal resilience. These barriers limit people's capacity to realise their aspirations.

At Metropolitan we want to support customers in achieving their own goals – to the benefit not only of the individual, but of the community and wider society too.

This means tailoring services to meet individual needs. It could involve supporting people to gain the skills necessary to get into employment or secure a better job; it could involve enabling care and support customers to transition to lower intensity services; or it could involve supporting people into shared ownership so they have a financial stake in their home.

We know there are huge benefits to providing these types of opportunities. There are numerous studies that identify a link between personal wellbeing and successful societies – successful in terms of more sustainable economies, higher levels of good health, lower crime rates, and much more besides.

Of course housing associations can't tackle every issue we faced by society – but we should be looking at what else we can do: how in our unique position, we can deliver more social value through enabling greater independence. At Metropolitan we are already looking at how we can measure our impact in this area and we'll continue to refine this.

To help us, we have conducted an inquiry and produced this report, *Beyond Bricks and Mortar*, to compile views from across the sector and better understand the benefits of independence.

As part of this, we have developed a survey and collated evidence through a series of round-table stakeholder discussions. To keep the work focused, we examined the following areas – areas in which we think organisations like ours can best make a contribution:

- Employment
- Transition from high intensity care and support
- Social housing and home ownership

Beyond Bricks and Mortar has helped us to better understand the evidence that exists in these areas, as well as develop some recommendations for the future.

Overall I believe our work has yielded an interesting and valuable insight into the concept of independence and its role in the social housing, care and employment support sectors.



Brian Johnson, Chief Executive

Executive summary

Independence is vital for people's sense of self-worth and well-being. It enables people to live more happily and pursue their aspirations. Housing associations have a long tradition of empowering people to find work, earn more, buy homes, and live independently.

Despite this tradition, many of those surveyed for the report felt that the relationship between housing associations and their customers was too paternalistic. There is, however, much that housing associations can do to change this and extend opportunities for people to live more independently.

Care and support

Health is a vital component of living independently. Physical and mental ill-health is not only a major barrier to work, and the benefits that employment brings, but also has negative implications on wellbeing. Providing support for people at home and in the community has proven to be popular, it can also reduce pressures on strained services and enables people to live more independently.

- Government should undertake an evaluation into the potential net savings, including the benefits of prevention and the impact on demand for other services, in funding floating support to people in their own home.

Housing association tenants are more likely than the general public to have a mental or physical health problem. Associations are therefore more likely to feel the pressure of an ageing society. However, they have the advantage of being in close contact with their customers.

- Being able to spot problems early, and signpost customers to appropriate services, can require training for those who most often come into contact with customers. Such training is not cost-free but could prevent expensive problems occurring down the line.
- Housing associations, the Chartered Institute of Housing and the National Housing Federation should consider whether it is feasible to establish a benchmarking scheme for the provision of care and support services that social landlords provide. This could operate in a similar way to how HouseMark does for social housing stock. This could help improve service quality as well as provide an evidence base for housing associations when they tender for funding. This could also apply to employment services.
- The additional pressures of an older tenant population should feature in housing associations' medium- and long-term asset management strategies. Failure to prepare now is likely to cost associations over time, and reduce the independence and wellbeing of residents.

Housing associations provide a range of care and support services. With society ageing, the need for additional support within the home will become even more essential in managing demand on other services, not least acute healthcare. More, therefore, could be done to support partnership working to help people live independently.

- Housing associations could do more to understand what individual health partners require and be much clearer about the financial benefit they could offer. For successful partnerships to be formed, time needs to be dedicated to forming good relationships. There could also be scope for establishing local forums for the two sectors to discuss how to collaborate, gain better understanding of priorities and financial drivers, and explore the mutual benefits of partnership working.
- The Department of Health should reconsider its decision not to require health and wellbeing boards to include representatives from housing providers. Housing associations should in the meantime actively try to ensure a presence on these boards – an early study found that only 31% included housing leads.¹
- Having a housing lead on the Health and Wellbeing Boards could help ensure all Joint Strategic Needs Assessments adequately consider the housing needs of an area. The Local Government Association and National Housing Federation could consider sharing contact details of housing organisations and contacts in an area so they are fully consulted.

Increasing provision of intense support is required to enable more people to live independently and reduce pressures on services. There is also strong case for ensuring that general needs homes allow people to live independently and for using the scarce supply of affordable housing flexibly to support those with particular health and mobility issues.

- Government, the Department of Health and NHS trusts should consider whether simply selling off surplus land for the highest short term cash value offers best value over the longer term. Measuring savings that can be delivered across departments could support the case for using public land for health and housing interventions. They might also consider the need to introduce new appraisal processes for surplus land which includes the value of improving care pathways in communities and not just the value of the sale (perhaps in a similar way as the 2012 Social Value Act).
- Associations, local authorities and charities should work more with local communities to allay fears about the provision of supported housing for people with mental health problems.
- Government should undertake a review of the costs of housing repairs and adaptations for older people and how much this spending is likely to save other public services. Based on such a review, there could be a case for a 'decent homes for older people programme' which would require a minimum standard that properties with older tenants need to reach, not least on insulation and access.
- With lower grant levels, an aging population and a constrained land market, housing associations will need a combination of flexibility and creativity to adapt to changing market conditions in the coming years. Housing associations should assess the need for more Life Time Homes in their areas of delivery and seek greater flexibility on allocations, so existing homes can best serve older people.

¹ Humphries, R and Galea, A Health and Wellbeing Boards: One Year On (King's Fund, 2013)

Employment, volunteering and training

Work gives us greater financial independence and the money to make choices, but employment is more than just about the pay cheque: it is about identity and a sense of feeling valued. Being out of work not only increases the chances of being in poverty, it also affects mental and physical health. In our survey, helping customers into work was seen as the most important way housing associations could promote independence.

Many housing associations already play a critical role in helping people back into work. On average, associations have a tenant population which is far more likely than the general population to be out of work. Social tenants are four times more likely to be out of employment, education or training at age 18 – and 11 times more likely at age 30. This puts associations in a unique position to identify need and to support people into work.

- Housing associations should ensure their employees are able to signpost customers who may need support to employment services. This may in some cases require funding but could save money over the longer term.
- Pre-tenancy courses and tenancy agreements can be linked with training and employment opportunities. This allows for associations to identify those in need of support to find work. Associations that don't should work to better understand unemployed tenants to inform decisions about service provision.
- Housing associations should be alert to the potential employment needs of tenants and proactively offer additional support at potential crisis points – for example when someone enters rent arrears.
- Housing associations can make a unique contribution to helping people into work. Government, agencies and third sector organisations should work more closely with associations when seeking to support people into work.

Supporting people into work often involves multiple organisations. Fostering partnership working can help extend opportunities and avoid duplication.

- Housing associations work with a wide range of organisations to deliver employment and training activities. Where housing associations have limited stock, they should seek to work closely with other providers to ensure opportunities for employment support for more customers.
- To avoid duplication of services and foster joint working, holding regular forums can be a way to bring together stakeholders. This could also ensure that any gaps in services are plugged.
- Housing associations should form relationships with local employers. Tailored mentoring schemes and pre-work training could encourage employers that potential employees are ready for work.

Housing associations are themselves major employers and play an important role in local economies, through activities including regeneration schemes. This role as direct employer and as contractor can help residents and the wider community find employment.

- Housing associations should consider not only what staff can offer to support residents but also how unused physical space can support employment. Using their assets to provide space for business start ups or to provide childcare can help support the independence of residents and help improve neighbourhoods.
- Housing associations, as major employers, should adopt clear employment policies within their organisations and the wider supply chain, demonstrating how they can support tenants and customers into work through their own activities.
- Housing associations also need to ensure that contractor's obligations are being met. Care should be given to the quality of the apprenticeships being offered, an issue highlighted in the Government-commissioned Richard Review of apprenticeships. This means ensuring quality is kept high when seeking to maximise the numbers of placements.²

Social housing and homeownership

Housing is a basic human need and access to decent, secure and affordable housing is vital to leading an independent life. Housing associations are the leading providers of social housing, but also offer a range of other tenures.

Ensuring greater flexibility and a broad offer is necessary to delivering housing independence for people with different and changing circumstances, whilst also ensuring the best use of existing housing stock.

- The government should consider undertaking a wider review of what a new social housing deal might look like regarding tenancies and rents in a changing policy environment. This could involve people transitioning through tenures and build on proposals in the May 2015 budget to adjust rent levels for those with higher incomes. This should seek to make the best use of a scarce resource, enable investment and increase independence among tenants.
- The National Housing Federation and the Local Government Association should work together to put in place a set of recommendations regarding nomination flexibilities for people transitioning from intensive support into general needs housing – and people with health problems in need of a more appropriate property. This should be in the interests of local authorities who often have to pick up the bill in the form of mental health support or social care. It could also look at greater freedoms as a way to reward those who meet tenancy agreements and those who become more independent.
- Housing associations should examine the feasibility of putting stricter rules within the terms of tenancies to ensure that social housing residents treat their home and wider community with respect. Allowing housing associations greater control over their own properties could be a means of encouraging people to meet the terms of their tenancies. This could include the option of moving residents to a new property.

² Richard, D Richard Review of Apprenticeships (2012)

Despite a recovery in development numbers in recent years, there is a growing consensus that the UK is not building the number of homes it needs to cope with increasing household numbers. Moreover, this shortage is impacting both home ownership levels and the number of homes for rent across a range of tenures.

- The Treasury, Department for Work and Pensions and the Department for Communities and Local Government should undertake a joint appraisal of the cost of rising levels of housing benefit claimants over the longer term. The appraisal should also include an assessment of the savings that can be made for the housing benefit bill by supporting the development of social and affordable housing.
- Access to land to supply much needed new affordable homes was mentioned throughout the inquiry. More should be done by government to ensure public land is released to enable new development.
- With the cost of temporary accommodation high, Government should consider what support it can provide for people in emergency accommodation. Greater nomination flexibilities could also help ensure a smooth transition into general needs social housing from temporary accommodation.

Homeownership remains the tenure of choice for most people and can offer security and independence. With declining rates of homeownership and high prices, shared ownership can make homeownership a more affordable option.

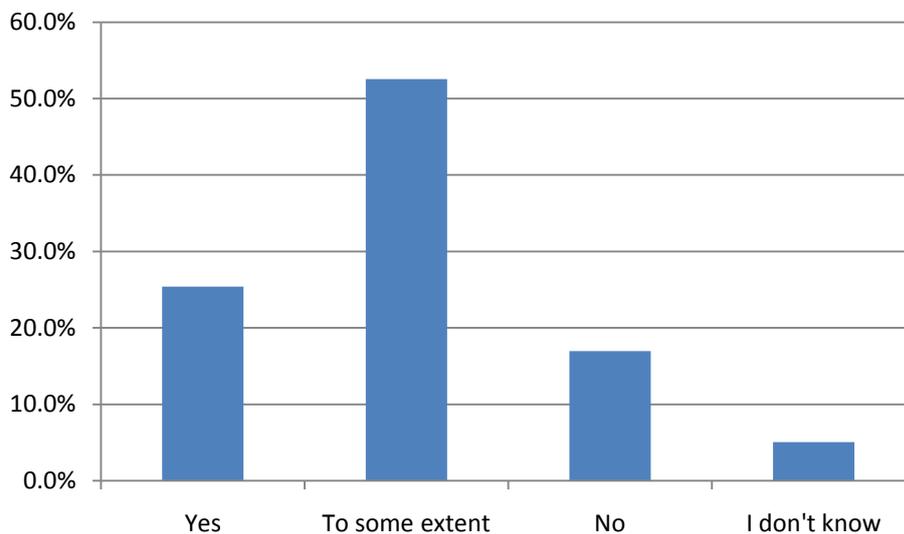
- Housing associations should do more to raise awareness of shared ownership schemes and ensure transparency for consumers to avoid later disappointment. This could be helped by having fewer, simpler products.
- Local authorities could include stronger emphasis and incentives for shared ownership in Local Plans and government should consider flexibility within grant programmes to support expansion of shared ownership.
- To encourage staircasing for those in shared ownership, housing associations should provide easy to use tools on the benefits of staircasing. They could also consider the feasibility of support for some costs, such as valuations.
- More could be done to support the resale market of shared ownership homes. This could include considering how compensation for the uplift in value created by the owner-occupier is calculated.
- Housing associations and lenders should work together to develop more flexible mortgage products that can better support consumers' ability and desire to staircase and increase ownership of their home.

Introduction: The mutual benefits of independence

Feeling independent gives people a sense of self-worth and wellbeing. Few people would want to be seen as dependent and most people want to be authors of their own lives. The weight of evidence shows how a lack of independence or autonomy has detrimental impacts on the quality of people's lives, their happiness, health and life chances.

Despite the benefits of independence, for many housing associations the relationship with their customers has often been too paternalistic. Recent studies show, for example, that social tenants are twice as likely as the general population to report low rates of self-efficacy.³ Moreover, when stakeholders were asked about the relationship in a survey for the inquiry, the vast majority thought it “too paternalistic” or to “some extent paternalistic”.

Do you think that the relationship between housing associations and their customers is too paternalistic?



Source: Survey for Metropolitan's Independence Inquiry

Despite this image, associations have, over the decades, given people the power and confidence to find work, earn more, buy a house and live independently in their own home. At their best, housing associations have offered a 'hand-up' to the thousands of people they support.

A core mission of Metropolitan is to build on this tradition; to provide opportunities for customers to help themselves. Indeed, the most important ways that social landlords can deliver social value is through enabling our residents to become more independent, a win-

³ Feinstein, L et al *The public value of social housing: a longitudinal analysis of the relationship between housing and life chances* (Smith Institute, 2008)

win-win for the individual, the community and for housing associations. The aim is to create a virtuous cycle of investment for advancing opportunity, rather than paying for failure.

This is no easy task. Many customers face barriers such as poverty, unemployment, social exclusion, lack of qualifications, and low levels of individual and community resilience. Overcoming these hurdles requires incentives and support to enable people to become more independent.

Failure to do so can lead to increased dependence on the state and prevent people from taking steps to become more financially independent. They limit people's capacity to make their own choices, reach their own goals and achieve personal fulfilment. Metropolitan aspires to tackle these barriers and put the promotion of individual and community agency, participation, inclusion and resilience at the heart of its definition of independence. Such an approach demands that housing associations have faith in their customers. Promoting independence means letting go and giving people more responsibility to be authors of their own destiny. It also means customers being more accountable when things within their control go wrong.

There are serious negative social and individual risks of failing to foster independence. For example, the scarring affects of the failure to support people into work are well known – including increased risk of depression and addiction. Such periods out of work also impact future chances of being unemployed and prospective earnings, even after taking into account educational achievement, family background and individual characteristics.⁴

Neighbourhoods are also likely to suffer. Large numbers of people out of work or in very low paid jobs will impact the local economy, hamper efforts at regeneration and increase incidents of anti-social behaviour. If left unchecked it can lead to concentrations of deprivation, which further reinforce negative social outcomes and curtail independence.⁵ Furthermore, for the government large numbers of people out of work affects the economy, reduces the tax take and can increase the benefits bill.

Independence is also about health and wellbeing. There is an overwhelming body of evidence that people prefer support in the community to being kept in hospital. Care at home and in the community is viewed by patients as better quality and allowing them greater freedom. It can also be significantly more cost effective than care in an acute ward.

Promoting and fostering independence can therefore have a transformational impact on people's lives. It can give people a new sense of freedom by providing a secure home, a

⁴ Gregg, P and Tominey, E "The Wage Scar from Youth Unemployment" CMPO Working Paper Series No. 04/097 (2004)

⁵ See for example Hills, J *Ends and means: the future roles of social housing in England* (2007)

feeling of pride and meaning by getting a job, or the feeling of achievement when buying a first home. Independence can also support and underpin the social and commercial purposes of housing associations. In this way enabling independence should help secure better outcomes for people but also reduce pressures on services, thereby supporting investment in new and existing stock or improvements to services.

Successive governments have actively promoted greater independence as a policy goal, through initiatives such as payment of housing benefit to tenants rather than directly to landlords. Universal Credit is extending this to the social housing sector - with responsibility for paying the rent given over to the tenant. Customers could receive less money from the state but they will have greater control over the money they do receive. The onus is now on associations to further enable tenants to become more independent. Failure to do so is likely to result in more tenants in rent arrears, a less certain rental stream and impact on the wellbeing of those affected.

Independence does not mean that there should not be financial and other support for residents and communities. A strong social safety net is essential for the future of social housing, especially given the employment profile of social housing residents. Significant reductions in welfare risk limiting the independence of those in work but on low incomes, exacerbating deprivation. However, greater independence achieved through investment and opportunities can reduce reliance on the state.

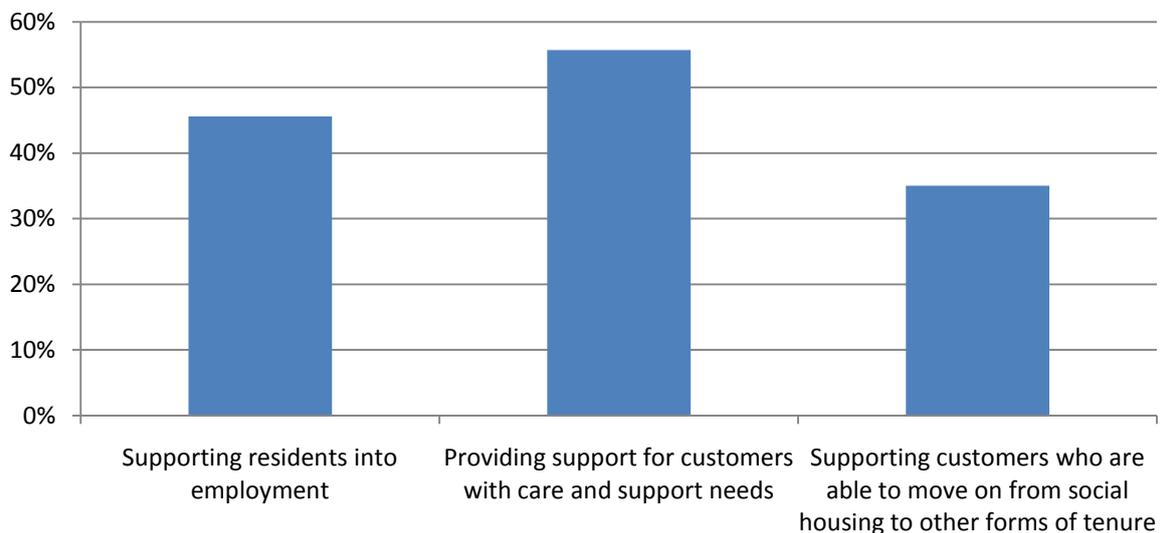
Associations are in many respects better placed to help than some other agencies and charities. For example, our understanding of our customers, many of whom face multiple disadvantages, should be viewed as a significant asset. However, housing associations must do more to change the perception of a paternalistic relationship with customers. This demands a new type of relationship, based on support and greater trust from associations but equally one that offers greater freedoms and responsibilities. It will also require associations to consider long and hard new ways of deciding what they should be providing and how they measure success. But as this report makes clear, the prize for customers, the community and associations of achieving greater independence is well worth the effort.

Chapter 1: Care and support

Introduction

Being healthy is a critical component of being independent. Physical and mental ill-health are a major barrier not only to work, and the benefits that employment brings, but they also have negative implications on self-reported wellbeing, whereas ensuring good health helps customers lead a fuller life and achieve their potential. In our stakeholder survey, care and support was seen as the most important service that housing associations provide. Good health and healthcare are also a priority for government. The additional pressures of an ageing society on the NHS demand both prevention of ill-health and services to enable people to leave hospital as soon as they can. This is not just a matter of saving money but also about the quality of the service. Evidence shows patients much prefer care at home and in the community than in a hospital ward.⁶

The proportion of those who think that it is very important for housing associations to deliver the following areas



Source: Survey for Metropolitan's Independence Inquiry

Housing associations have an active interest in tackling social problems in their capacity as a landlord. As was noted in all of our roundtable discussions, the challenges and potential costs of an ageing society and the problems of mental ill-health are disproportionately felt by social tenants than the population as a whole. According to longitudinal data those in social housing are not only more likely to suffer mental or physical ill-health but also more likely to smoke, more likely to be obese and more likely to have drug and alcohol problems.⁷ These issues themselves can also lead to greater isolation.

⁶ The Health Foundation, *Getting out of hospital? The evidence for shifting acute inpatient and day case services from hospitals into the community* (2011)

⁷ Feinstein, L et al *The public value of social housing: a longitudinal analysis of the relationship between housing and life chances* (Smith Institute, 2008)

Furthermore, housing association tenants are more likely than the general public to have lower incomes⁸ and be socially excluded,⁹ all of which represent challenges to ensuring independence in older age. Problems with mobility¹⁰ can seriously constrain the ability to go shopping or socialise. Lower incomes in older age are likely to have a similar impact as well as negatively affecting health outcomes.¹¹ And with one in six tenants over retirement age,¹² demands on housing association stock and services are only likely to increase as the tenant population ages.

Challenge of an ageing population

The nation as a whole faces the growing challenge of caring and supporting an ageing population. Over the coming decades the ONS forecasts the number of older people increasing by nearly 2.5%, or well over 200,000 people each year. The oldest age groups are expected to grow at an even faster rate with the number of people over 85 increasing by 3% a year. Although many older people will live independently and free of ill-health, the additional cost pressure of an ageing society on government finances has been estimated by the OBR at an additional 1% of GDP per decade.¹³ In the shorter term the additional pressures of an ageing society (including things such as emergency admissions¹⁴) alongside tighter budgets, also means considerable efficiency savings need to be made within the NHS – the so-called ‘Nicholson challenge’.¹⁵

At Metropolitan we have a particular interest in mental health and provide a range of commissioned services for those experiencing mental ill-health. Nationally, around one in four people experience a mental health problem during their lifetime and one in six adults have a mental health problem at any one time.¹⁶ This not only blights the lives and the independence of those suffering from mental ill-health, but also comes at significant cost. It represents almost a quarter of the total burden of ill-health and over £2 billion each year is spent on social care alone for people with mental health problems. The total bill for mental ill-health, including: Sickness absence, lost productivity, pressures on the criminal justice system, education and homelessness as well as the direct costs on the health system, has been estimated at over £100 billion a year.¹⁷

Studies have shown the risk of mental health problems, depression and feeling dissatisfied with life are at least twice as high amongst social tenants.¹⁸ This is a reflection of the known causal associations between unemployment, poor physical health, living alone and mental

⁸ English Housing Survey 2011/12 (DCLG)

⁹ For a summary see for example: Tunstall, R Social Housing and Social Exclusion 2000-2011 (CASE, 2011)

¹⁰ According to 2011 census 70% of people over 65 in social housing describe their day-to-day activities as “limited” and 40% says it’s “limited a lot” (compared with 52% and 25% in the general population).

¹¹) Marmot, M Fair society, health lives (2008)

¹² ONS, 2011 Census

¹³ OBR

¹⁴ NAO *Emergency admissions to hospital: managing the demand* (2013)

¹⁵ See for example: NHS, “The NHS belongs to the people: a call to action” (2013)

<http://www.england.nhs.uk/2013/07/11/call-to-action/>

¹⁶ HMG/DH *No health without mental health: A cross-government mental health outcomes strategy for people of all ages* (2011)

¹⁷ HMG/DH *No health without mental health A cross-government mental health outcomes strategy for people of all ages* (2011)

¹⁸ Feinstein, L et al *The public value of social housing: a longitudinal analysis of the relationship between housing and life chances* (Smith Institute, 2008)

health problems¹⁹ and the fact these indicators are high amongst tenants. Moreover, social tenants are likely to face more than one of these issues, thus further increasing the risk of mental ill-health.

The cost of failure – the NHS and housing associations

The challenge of an ageing population and significant levels of poor mental and physical health in social housing underlines the need to put enabling of independence for these residents at the heart of our work. Preventing ill-health is a key driver to lowering costs and meeting demand, both in healthcare and housing. However, ensuring greater independence to promote the health and wellbeing of customers often demands additional resources upfront, while also continuing to support those currently suffering from ill-health. Failure to find those resources for preventative action will mean mounting cost pressures over the longer-term.

There is considerable scope for improving how we support better health outcomes and independence to avoid ill-health in the first place. But more could be done to support people leaving acute care. The UK performs poorly by international standards at supporting people back into their home or community.²⁰ The social housing sector has a potentially crucial role to play in working with customers and other partners to respond to the challenges of promoting good health, avoiding admissions and supporting people out of acute care.

Participants at our roundtables repeatedly stressed that housing associations should be seen as potential partners with the NHS and it is clear that there could be significant benefits of partnership working. It is encouraging that the NHS *Five Year Forward View* now states there needs to be integration of: “health and social care, but also other public services such as welfare, education and affordable housing.” There is therefore enormous potential for housing associations to help the Department of Health deliver its plans for efficiencies through quality, innovation, productivity and prevention - and not just to social tenants, but also for the wider communities that housing associations serve.

Housing associations and specialist care and support

Housing associations already play an important role in providing care and support to their customers. Housing associations provide a range of services to young and old with mental and physical illnesses as well others with particular needs. These services are vital to helping residents live independently and can offer value for money by preventing the need for more expensive acute services.

Metropolitan care and support services

Metropolitan helps thousands of people live independently. The people Metropolitan work with have a diverse range of needs. Services are tailored to each individual, working with them to achieve their potential. Metropolitan is able to share its specialist knowledge of each particular client group, learning from colleagues to improve the way it does things.

¹⁹ For example see: Beaumont, J and Lofts, H *Measuring National Well-being - Health, 2013* (2013)

Customer groups include:

- people experiencing [mental ill-health](#)
- people with [learning disabilities](#), asperger's syndrome and autism
- [older people](#)
- [younger people](#) with support needs, including teenage parents
- [refugees, asylum seekers and new migrants](#)
- people escaping [domestic violence](#)
- people who experience [substance misuse and require addiction support](#)
- homeless people and families
- people with [HIV and AIDS](#).

Support services include:

- supported housing
- floating support: support in your own home or in the community
- support to get out and about or take part in social activity
- support to help you home from hospital
- support to [maintain your tenancy](#)
- drop-in support and outreach work
- respite
- day services.

Professional support

Professional support is vital to enable those with mental and physical health problems to remain independent. It is clear in evidence to the inquiry that professional support services in the community are essential to reducing demand for acute services.

Whilst housing associations often provide services directly, they also have a role to ensure their customers can access provision from others. For some, advocacy and help navigating the system is provided by friends and family. However, for others without strong social networks this needs to be provided for them.

"If there isn't someone there advocating for that person then things can get blocked, delayed or stuck"

Comment at roundtable discussion

The view often expressed during our research was that it is essential that any support provided is not overly complicated to access and navigate, and that service providers recognise that those requiring support often interact with various agencies offering different services. This is backed up by evidence from existing research and reports relating to a wide range of client groups. Simplifying this can be an important part of ensuring decent care and enable people to live more independently. The overwhelming view was that even the most complex support should be simple to engage with from a customer perspective.

"One generic problem... is reduced investment in low-intensity support services that stay in regular contact with a person, preventing them from becoming isolated. This means people

don't get the help they need at an early stage and end up having a mental health crisis or using other acute services."

Response to inquiry survey

Metropolitan – delivering independence for Fran

On referral to our intensive enablement service Fran had experienced a prolonged period of deteriorating mental health and multiple periods of crisis which had eventually led to several hospital admissions and the loss of her tenancy.

Fran experienced low self esteem, an inability to cope with daily life and lost any sense of hope for the future.

Metropolitan's approach was to help Fran identify what had been helpful in the past, what personal goals and personal strengths could support her aspirations and develop the skills and resilience to self-manage her mental health. Fran also began to identify a longer term aspiration to return to employment and live independently

Reflective key work sessions celebrated progress and Fran continued to display personal insights into her health and wellbeing. And through an intensive support programme Fran's confidence increased.

A new plan was co-produced with Fran and multi agency supporters, identifying steps to move on and into employment. Fran developed further employment skills and accessed a voluntary position with Metropolitan's Business Management Team. After three she was successful in securing a permanent paid position within Metropolitan and was successfully discharged from the Community Mental Health Team. She is now living independently within the community.

In order to ensure privacy the customer's name has been changed to Fran

Such support has proved to be successful. The Supporting People programme has been shown to deliver significant cost savings²¹ – and not just in specialist housing, but to those living in general needs accommodation. However, as the fund is no longer ring-fenced some local authorities have used the funding to fill gaps in their general funds. The Better Care Fund could, however, provide additional financial support to deliver and integrate services but it is vital that housing providers are involved in planning how this fund is spent locally.

"There needs to be much more good quality floating support"

Responses to inquiry survey

²¹ The Supporting People programme launched in 2003 brought together various funding streams into a single grant for local authorities to fund services aimed at helping people live independently. It was used to provide various services, including visiting support services for older people in their own home, those transitioning from care into general needs and on-going support to help people adjust to independent living. Analysis for DCLG found the programme offered a net financial benefit of £3.4 billion. See: Ashton, T and Hempenstall C *Research into the financial benefits of the Supporting People programme* (DCLG, 2009)

Signposting and peripheral vision

At a time of constrained public finances, greater investment may be difficult to obtain. However, housing associations could look to do more to intervene early and signpost customers to different services. Housing associations are often in regular contact with their residents, which provides opportunities for highlighting services and support which may benefit residents in need.

Associations also have a key role in identifying issues at an early stage and providing peripheral vision to identify where residents may be in need of additional support. In particular, roundtable attendees highlighted that repairs services could play a key role in this regard; identifying behaviours or issues that might indicate health or care needs. Appropriate training for staff to identify early signs of support needs for mental health issues or conditions like dementia is also important to ensure this is effective. This is something which could also apply to supporting people into work – something examined in the following chapter.

“There can be an issue with people understanding how to access services”
Comment at roundtable discussion

Evidence and benchmarking

Despite findings about the cost benefits to health and social care of housing investment and services, a number of attendees at roundtables highlighted that there was limited quantitative evidence of tangible benefits collected by relevant public bodies. Such evidence was seen as critical in getting support services commissioned. Roundtable participants indicated that, in an environment of very limited public funding, it would be unreasonable to expect services to be commissioned without a concrete evidence base behind them. Participants felt that the housing sector could do more to work with partners to demonstrate the benefits of housing investment and services to improving health outcomes.

Voluntary support

Volunteering and peer-support have huge potential to support vulnerable people in the community, and housing associations have a vital role to play in promoting volunteering. Housing associations already support and encourage peer-to-peer support and volunteering. Many participants felt this should continue and could be built upon.

Participants did caution that voluntary support could not replace commissioned services. However, the consensus was that peer-to-peer support was an important part of the mix and during the discussions it was highlighted how effective it could be. It could also be a ‘win-win’ helping both those receiving assistance and the volunteer to feel the benefits of independence.²²

“The challenge is not expecting too much of volunteers. People say ‘I’m happy to do it but I don’t want to be expected to it’”
Comment at roundtable discussion

Professional and peer-to-peer to support – the case of ‘Peter’

Peter was referred to Metropolitan for support after a conviction for GBH and a history of substance misuse. Through an intensive multi-agency approach Peter began to take

²² See also research from Professor Richard Layard which documents the importance of volunteering on improving self-esteem and happiness.

ownership of his wellbeing plan.

The steps in his support plan included joining a peer support group which helped Peter build his confidence and acquire new skills.

Working with his peer support group, Peter took the initiative to organise a monthly football training session for existing and former customers, which produced positive outcomes both for himself and his peers.

Peter has had no relapses in his mental health or substance misuse for eight months and is now running the football training with little support and has joined his local community team.

Housing and healthcare services

Housing associations have a long history of providing supported and specialist housing; from traditional sheltered housing to more intensive and specialist forms of housing with care.

Participants at our roundtables were strongly of the view that high quality sheltered, supported and older persons' housing could play a key role in enabling independence. More broadly, there is growing recognition amongst policymakers and health professionals of the role housing can play in meeting health and social care objectives, for example through the deployment of housing stock to support health outcomes. The 2014 Care Act made clear the link between housing and health, and housing is referenced explicitly as part of the local authorities' new duties to promote integration of health and social care. The Department of Health is committing £300 million to support the development of new specialist housing. This interest in joint working is exemplified in a Memorandum of Understanding between the two sectors which was signed in December 2014.²³

"There needs to be more joined up services - agencies often appear to work in isolation."
Response to inquiry survey

Whilst these are welcome steps there remain considerable barriers to the sectors working closely together. At our care and support roundtable, attendees identified barriers of funding and incentives for joint working as well as specialist language and cultural barriers between each sector which inhibit collaboration.

Aligning incentives

One of the main challenges preventing greater integration between health, housing and social care is the lack of aligned financial incentives. Acute care hospitals pay to keep wards open and beds free regardless of whether someone is using them. They are then paid a tariff for the work they do. This can be a stumbling block for joint ventures. Housing associations can provide step-down and community services at a fraction of the cost. However, NHS trusts often don't recoup these savings directly themselves and still incur basic costs if a bed is empty. Surplus NHS land, for example, could be used to build supported housing to provide step-down care, which is cheaper and allows people to live independently. Combining with a housing association also means that private finance can be levered up to pay for the cost of the new home. However, at present the ultimate aim of disposing of

²³ A Memorandum of Understanding (MoU) to support joint action on improving health through the home (2014)
<http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/MOU%20project%20final%20Dec%2014.pdf>

surplus NHS land (which trusts are under increasing pressure to sell) is to maximise the price. This is often the only way an individual NHS trust will see any financial reward. So land is sold to the highest bidder rather than supporting services that could provide better long-term value. It could also require reducing services or closing wards - something which remains extremely controversial with the public.

Under the recent Memorandum of Understanding there has been movement with proposed guidance notes on how local systems can use assets better, including land to deliver housing-related schemes. This could be developed further through piloting of joint working, building on existing mechanisms for joint working such as the Better Care Fund.

Participants at our roundtable on care and support identified the devolution agenda as potentially providing significant impetus for integration between housing and healthcare. In particular, the devolution of healthcare powers to Manchester²⁴ could enable greater partnership working. Whilst still at a very early stage it was felt that devolution could offer a way of incentivising authorities to take a more strategic approach. However, it was noted that there may still be departmental silos operating at a city-region level rather than at a national level and tough choices over resource allocation remain. Nevertheless, it offers the opportunity to do things differently and for housing associations to work more closely with commissioners.

Getting housing on the health agenda

Whilst decentralisation and 'Devo-Manc' may potentially offer solutions to some of the problems around aligning incentives, roundtable participants felt that housing is too often not part of the mainstream health agenda. Under the 2012 Health and Social Care Act Health and Wellbeing Boards (HWBs) were introduced and tasked with improving local health and social care provision and reducing health inequalities. HWBs act as a forum in every 'upper-tier' local authority between NHS, social care, public health, local authorities, and other services. They scrutinise the plans and activities of Clinical Commissioning Groups to see whether they match local needs and other local strategies. At present, however, there is no requirement for a local housing partner to be on the Board. It was overwhelmingly felt by roundtable participants that, given the importance of housing in delivering care and support as well as the wider role housing plays in health outcomes, this is an omission. The consensus view was that having housing providers on HWBs could ensure the housing voice is heard when plans are being scrutinised and help ensure integration between housing, social care and health.

One of the roles of HWBs is to produce Joint Strategic Needs Assessments (JSNAs). These JSNAs are designed to provide information on the health and wellbeing of a local area and inform the HWB's Health and Wellbeing Strategy. Again, it was the consensus at our care and support roundtable that housing should be included within the JSNAs and health and wellbeing strategies to ensure that the impact and benefit of housing and housing services was fully recognised within health and social care planning.

²⁴ In a deal announced early in 2015 responsibility for health and social care is set to be devolved to Greater Manchester. The aim is for decisions to be taken closer to the population and also help integrate health and social care. Furthermore, some hope that it could lead to smarter ways of ensuring healthy local populations (population health systems) by focus on the broader determinants of health.

Supply of decent and appropriate housing stock

Whilst services provided for customers and the wider community are important, housing associations need to ensure that their stock meets the needs of existing and future tenants. Many housing associations also play a vital role in delivering new homes which better meet the needs of residents with health and care needs.

Existing stock

With an ageing population housing associations are likely to face increasing demands on their stock. Tomorrow's housing association tenant is likely to already be a resident. Moreover, they are likely to be living in existing stock and may well not move. Housing associations can therefore to an extent forecast future demand based on the profile of existing tenants, which can then be planned for.

The sector may also need to look to government to provide additional support to ensure older people living in social housing have the homes they need. Roundtable participants stated that present funding is often inadequate to meet the scale of the challenge. For example, under the Better Care Fund only £1.5m is available for upper tier local authorities to spend on housing adaptations.²⁵

“Getting someone’s house right can really transform someone’s life. Ensuring it’s accessible can deliver a range of benefits”

Comment at roundtable discussion

Nominations

Local authorities currently hold nomination rights over who is housed in housing association stock. It was noted during the discussions that housing association calls for greater flexibility over who they house can cause tensions with local authorities, who have housing duties to meet. However, local authorities and housing associations often do reach agreements on allocating housing to older tenants.

Nevertheless, there is arguably room for greater flexibility regarding tenants with particular needs, such as mental health needs. During the roundtable on care and support a key challenge articulated was how restrictions on nomination rights meant housing providers often did not have general needs homes for their customers leaving specialist accommodation. Instead, such customers were often re-housed in homes owned and managed by other providers, potentially disrupting continuity of care. Greater nomination flexibility would provide a much smoother transition into general needs housing and could help ensure customers benefit from greater continuity of support.

New supply

The UK is suffering from a shortage of specialist housing for older people. According to the HCA building rates of homes for older people are at least four times lower than in the 1980s, despite the growth in demand.²⁶ Indeed, compared with other countries the UK has relatively

²⁵ Wheatley, M *Are Housing Associations Ready for an Ageing Population?* (Smith Institute, 2015)

²⁶ McGeough, K Presentation to the Royal Town Planning Institute conference “Planning for an Ageing Population” in Leeds, 2014

low levels of supported housing.²⁷ Furthermore, many social landlords have started withdrawing provision of housing for older people following reductions in grant levels and the impact of welfare reforms.²⁸ If there is to be a step change in the development of new specialist housing for older people, grant levels will need to change. There can also be concerns from communities over building or converting properties for supported housing for those with mental health problems. Working with local communities and overcoming any fears or concerns will be a vital part of building new specialist housing.

"We can't build the homes we need for older people quick enough"
Comment at roundtable discussion

Building homes which are more easily adaptable to meet changing needs could enable people to stay in their home and live independently. In recent years there has also been increased interest in housing standards and the scope for adapting homes when required (i.e. Lifetime Homes standard).²⁹ Whilst the Lifetime Homes standard is important in ensuring homes are able to be adapted as required it is not cost free – including additional land costs. It was highlighted to the inquiry that, even at Lifetime Homes standards, accommodation was often still not appropriate for people with significant or specialist needs. Nevertheless, housing associations should consider, where possible, building homes to lifetime homes standards to help people live as independently as possible, especially given the pressures of an ageing resident population.

"Housing associations need to be building suitable social housing, which allows for tenants changing needs.... Properties that can change if they become physically disabled."
Response to inquiry survey

Public health

Housing associations play an important role in improving public health outcomes. With residents at a higher risk of negative health outcomes than those in other tenures, housing associations could do more on the public health agenda. Providing opportunities for physical activity, for example, could help reduce long-term pressures on their housing stock and the need for support at home. And there seem to be easy improvements to make; a study for the Design Council found that few tenants (1%) use green spaces on estates.³⁰ This could be complemented by decisions at a planning stage to encourage more active lifestyles. For example, the National Planning Policy Framework includes guidance for planning departments to consider working with health leads and organisations to take into account the health needs of the local population and support local strategies to improve health outcomes.³¹ Local authorities could use these powers to ensure new developments promote healthy lifestyles.

²⁷ Although there are difficulties comparing nations, as many as 25% of Danes receive home care compared with just 6% in the UK. See: Knap, M et al Dementia: international comparisons (PPSRU, LSE and Institute of Psychiatry, Kings College, 2007)

²⁸ Chevin, D Housing associations and the NHS: new thinking, new partnerships (Smith Institute, 2014)

²⁹ See for example Housing our Ageing Population: Panel for Innovation reports

³⁰ CABE *Community green: using local spaces to tackle inequality and improve health* (2010)

³¹ DCLG *National Planning Policy Framework* (2012)

Care and support recommendations

Health is a vital component of living independently. Physical and mental ill-health is not only a major barrier to work, and the benefits that employment brings, but also has negative implications on wellbeing. Providing support for people at home and in the community has proven to be popular, it can also reduce pressures on strained services and enables people to live more independently.

- Government should undertake an evaluation into the potential net savings, including the benefits of prevention and the impact on demand for other services, in funding floating support to people in their own home.

Housing association tenants are more likely than the general public to have a mental or physical health problem. Associations are therefore more likely to feel the pressure of an ageing society. However, they have the advantage of being in close contact with their customers.

- Being able to spot problems early, and signpost customers to appropriate services, can require training for those who most often come into contact with customers. Such training is not cost-free but could prevent expensive problems occurring down the line.
- Housing associations, the Chartered Institute of Housing and the National Housing Federation should consider whether it is feasible to establish a benchmarking scheme for the provision of care and support services that social landlords provide. This could operate in a similar way to how HouseMark does for social housing stock. This could help improve service quality as well as provide an evidence base for housing associations when they tender for funding. This could also apply to employment services.
- The additional pressures of an older tenant population should feature in housing associations' medium- and long-term asset management strategies. Failure to prepare now is likely to cost associations over time, and reduce the independence and wellbeing of residents.

Housing associations provide a range of care and support services. With society ageing, the need for additional support within the home will become even more essential in managing demand on other services, not least acute healthcare. More, therefore, could be done to support partnership working to help people live independently.

- Housing associations could do more to understand what individual health partners require and be much clearer about the financial benefit they could offer. For successful partnerships to be formed, time needs to be dedicated to forming good relationships. There could also be scope for establishing local forums for the two sectors to discuss how to collaborate, gain better understanding of priorities and financial drivers, and explore the mutual benefits of partnership working.
- The Department of Health should reconsider its decision not to require health and wellbeing boards to include representatives from housing providers. Housing

associations should in the meantime actively try to ensure a presence on these boards – an early study found that only 31% included housing leads.³²

- Having a housing lead on the Health and Wellbeing Boards could help ensure all Joint Strategic Needs Assessments adequately consider the housing needs of an area. The Local Government Association and National Housing Federation could consider sharing contact details of housing organisations and contacts in an area so they are fully consulted.

Increasing provision of intense support is required to enable more people to live independently and reduce pressures on services. There is also strong case for ensuring that general needs homes allow people to live independently and for using the scarce supply of affordable housing flexibly to support those with particular health and mobility issues.

- Government, the Department of Health and NHS trusts should consider whether simply selling off surplus land for the highest short term cash value offers best value over the longer term. Measuring savings that can be delivered across departments could support the case for using public land for health and housing interventions. They might also consider the need to introduce new appraisal processes for surplus land which includes the value of improving care pathways in communities and not just the value of the sale (perhaps in a similar way as the 2012 Social Value Act).
- Associations, local authorities and charities should work more with local communities to allay fears about the provision of supported housing for people with mental health problems.
- Government should undertake a review of the costs of housing repairs and adaptations for older people and how much this spending is likely to save other public services. Based on such a review, there could be a case for a 'decent homes for older people programme' which would require a minimum standard that properties with older tenants need to reach, not least on insulation and access.
- With lower grant levels, an aging population and a constrained land market, housing associations will need a combination of flexibility and creativity to adapt to changing market conditions in the coming years. Housing associations should assess the need for more Life Time Homes in their areas of delivery and seek greater flexibility on allocations, so existing homes can best serve older people.

32 Humphries, R and Galea, A Health and Wellbeing Boards: One Year On (King's Fund, 2013)

Chapter 2: Employment, volunteering and training

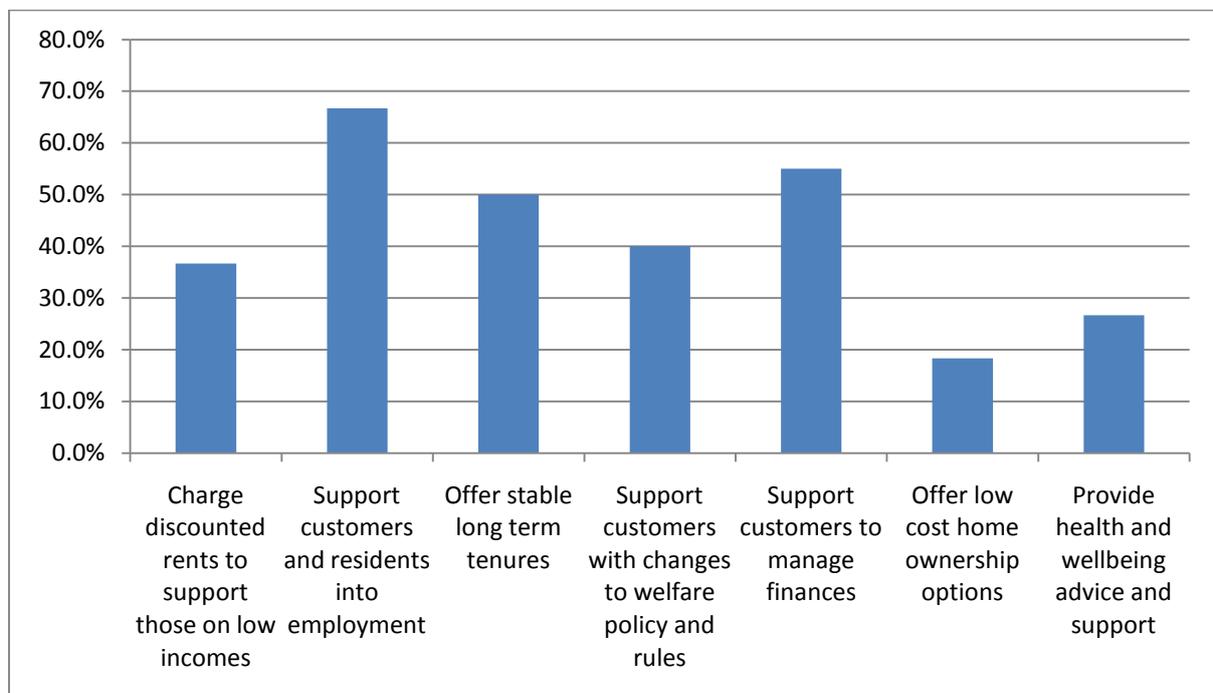
Introduction

Employment is vital to our sense of independence. Work gives us greater financial independence and the wherewithal to make choices. But work is more than just about money; it is about identity and feeling valued.

Being unemployed has the opposite effect; it increases the risk of poverty and can have devastating effects on mental and physical health.³³ The same can be true, although to a lesser extent, for low paid, insecure work.³⁴

Given the evidence it is not surprising that the survey for the inquiry showed supporting people into work was seen as contributing most to the independence of residents. Furthermore, employment and the need to support residents into work were highlighted as crucial at all of the roundtables we held with stakeholders.

Outlined below are a number of activities of social housing providers, please indicate which three you think most contribute to promoting independence:



Source: Survey for Metropolitan's Independence Inquiry

The risk and lack of independence associated with unemployment, underemployment, and low pay are often most keenly felt by housing association tenants. Social tenants are significantly more likely than the general population to be out of work or in low paid employment. 10% of Household Reference Persons (HRPs are usually the lead earner) in

³³ Waddell, G and Burton K *Is work good for your health and well-being?* (TSO, 2006)

³⁴ Gallie, D et al *Fear at Work in Britain* (Economic and Social Research Council/LLAKES, 2013)

social housing are out of work compared to just 1% amongst owner occupiers.³⁵ Moreover, social renters are less likely to be working full-time – just 23% HRP's compared with 61% in the private rental sector (PRS) and 54% among owner occupiers.³⁶ This can have longer term implications for tenants who can enter retirement with a low or no private pension.

Whilst social housing exists to provide housing primarily for those with the greatest needs, there are significant societal and community risks associated with unemployment and, importantly, low wages, including crime and anti-social behaviour.³⁷ According to the government's Troubled Families Unit, the average reactive expenditure on troubled families with multiple problems is nearly three and a half times more for the most complex families.³⁸

Housing associations also have a vested interest in securing the financial independence of tenants. Tenants in work are better able to meet their rent payments, which is particularly crucial in light of the rollout of Universal Credit. Furthermore, tenants in work are better placed to weather reductions in welfare spending. Government should also have an interest in the role housing associations play supporting people into work. Unemployment comes at a substantial cost to the Treasury. In 2013/14 the UK Government spent £4.4 billion on Jobseekers Allowance.³⁹ However, the full cost of unemployment is substantially higher than this.

Poverty and employment

At our roundtable on employment the lack of skills (particularly basic skills) was highlighted as one of the main barriers to people finding work. The last census showed that fewer than half of those aged 25-64 without a qualification were in work⁴⁰. Being out of work also vastly increases the risk of being in poverty. In households where all working-age adults are in work just 9% of those adults are in poverty; where no-one is in work the figure jumps to 62%.⁴¹ This affects independence not only in terms of having the income to cover the costs of necessities and have an acceptable standard of living, but it also has negative impacts on other life chances and health outcomes.

It was noted during roundtable discussions that the risk of poverty and other negative outcomes is not just confined to those out of work but also those in low paid work. Work might be the best route to a better income, but it is not a guaranteed passport to exiting poverty. This reflects the low levels of productivity in the British economy, underemployment and the fact that around one in five of the workforce are in low paid work.⁴² The rise of in-work poverty - working households formed 38% of those in poverty at the turn of the

³⁵ DWP *Households Below Average Income: An analysis of the income distribution 1994/95 – 2011/12* (2013)

³⁶ DWP *Households Below Average Income: An analysis of the income distribution 1994/95 – 2011/12* (2013)

³⁷ Machin, S and Meghir, C *Crime and Economic Incentives* (IFS, 2000)

³⁸ DCLG *The Benefits of the Troubled Families Programme to the Taxpayer* (2014)

³⁹ DWP *Annual report and accounts 2013/14* (2014)

⁴⁰ ONS, 2011 Census <http://www.ons.gov.uk/ons/rel/census/2011-census/qualifications-and-labour-market-participation-in-england-and-wales/sty-qualifications-and-employment.html>

⁴¹ DWP *Households Below Average Income: An analysis of the income distribution 1994/95 – 2011/12* (2013)

⁴² See OECD Stat for comparisons with other countries. Most up-to-date information from the government's Annual Survey of Hours and Earnings. This figures are based on hourly earnings below 60% of median. Differences may depend on whether all employees or just full-time workers.

century, now they form half⁴³ - also adds to the benefit bill. For example, around £2 billion a year is spent on those claiming housing benefit in social housing and in work.⁴⁴

Clearly, work is an important factor in ensuring independence, but secure, decently paid work also matters. It was also felt in the discussions that the stereotype of households which haven't worked for decades misses the most important dynamic at the bottom of the labour market – those moving between periods of unemployment and periods of low-paid, insecure work.

“Independence isn't [always] a linear thing that people move into permanently. People move in and out over a lifetime”

Comment at roundtable discussion

The cost of unemployment

- The vast majority of those in receipt of JSA find work within a year of first claiming⁴⁵.
- However, around 40% of JSA claimants who find work make another claim within six months and two-thirds of JSA claims are repeat claimants.⁴⁶
- The risk of being in and out of work tends to be higher among particular groups. For example, lone parents move into work at similar rates as others, however they are twice as likely to leave paid work as partnered parents.⁴⁷
- A spell out of work can have a long-term impact on wages. A young person who loses a job reduces their life time earnings by 17%.⁴⁸
- There is also a cost for employers when people are unprepared for work. Each time this happens the employer has to go through the cost and time of hiring a new member of staff.

Whilst unemployment in the UK is lower than many of our international competitors, we have above average levels of youth unemployment.⁴⁹ What has particularly concerned policy makers and some of those attending the roundtable discussions, are those who are not just unemployed but are also not receiving education or training – so-called NEETs. Extended periods out of work have long-term scarring effects on future employment and wages and those without qualifications are more likely to be unemployed.

43 DWP Households Below Average Income 1994/95-2001/01 and DWP *Households Below Average Income: An analysis of the income distribution 1994/95 – 2011/12* (2013)

44 DWP statistics, accessed on 20/02/15

45 Hills, J *Good Times Bad Times: The welfare myth of them and us* (Policy Press, 2015)

46 NAO *Sustainable employment: supporting people to stay in work and advance* (2007)

47 NAO *Sustainable employment: supporting people to stay in work and advance* (2007)

48 Bell, K et al *Staying on, stepping up: how can employment and retention policies be made to work for lone parents?* (One Parent Families, 2006)

49 OECD *Economic Surveys: United Kingdom* (2015)

Younger social tenants and work

Younger people in the social rented sector are also less likely to be in work. The census highlighted that:

- 87% of 16-34 year olds are economically active as opposed to 70% of 16-34 year olds in social housing.
- Social tenants are more likely to be carers and the long-term sick but less likely to be students.
- Across the UK 92% of economically active people aged 16-34 are in employment.⁵⁰ This figure is 78% for those in social housing.⁵¹
- Moreover, of those aged 16-34 in social housing who are economically active – 44% are in full-time work and a quarter employed part-time. This compared with 67% in full-time work for the same age group across all tenures and only 11% in part-time work.⁵²
- Part-time work not only impacts the amount of money a household brings in because of hours worked but also because part-time work is associated with lower rates of pay – the so-called ‘part-time pay penalty’.

Social tenants are also less likely to have had training. One piece of research based on longitudinal data found that social tenants were three times more likely to have no qualifications, three times more likely not to have level 2 qualifications (for example A-C GCSEs) and nine times more likely not to have a level 4 qualification. Moreover, social tenants were four times more likely not to be in employment, education or training at 18, and 11 times more likely aged 30.⁵³

Problems are not just confined to young people, older people also face considerable challenges. Older people are more likely than younger people to be long-term unemployed.⁵⁴ The estimated cost to GDP of higher rates of unemployment amongst those 50+ has been put at £18billion per year. Moreover a major concern for older people out of work for long periods is that they will enter retirement with low or no savings and with an increased risk of mental and physical ill-health.⁵⁵

Employment and housing associations

In general terms, the main barriers to work include physical health, skills, low paid insecure work, the availability of work, mental health, and caring responsibilities.⁵⁶ These are all characteristics which disproportionately affect social housing tenants. Indeed, during the inquiry similar barriers to work were identified for social tenants:

50 ONS, 2011 Census

51 ONS, 2011 Census

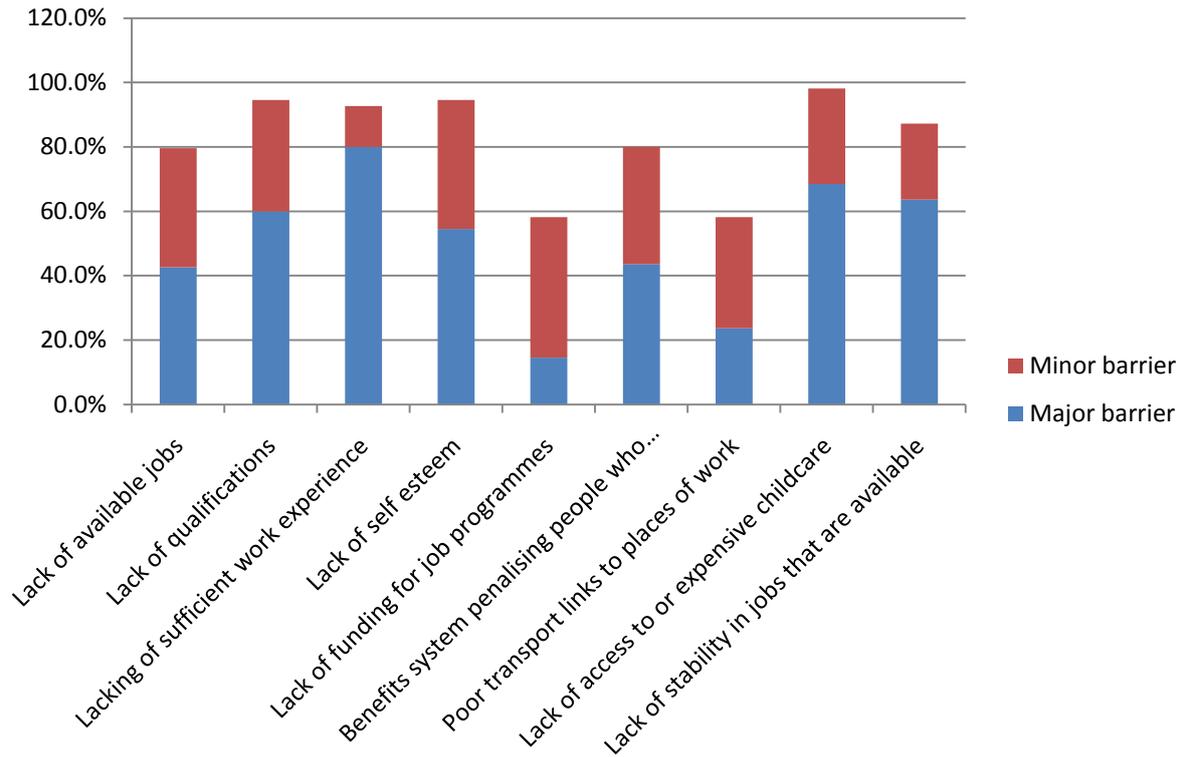
52 ONS, 2011 Census

53 Feinstein, L et al *The public value of social housing: a longitudinal analysis of the relationship between housing and life chances* (Smith Institute, 2008)

⁵⁴ For example, while 34% of JSA claimants aged 16 or over have been out of work for 12 months, the figure is 44% for those over 50. ONS, *Labour Market Statistics* (March 2015)

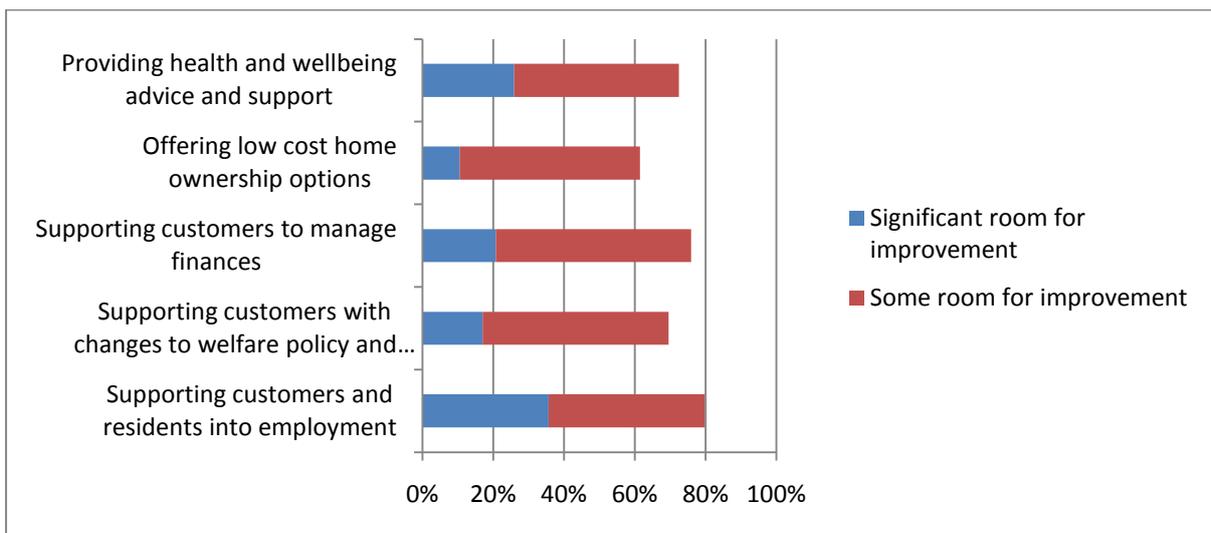
55 DWP *Fuller working lives: a framework for action* (2014)

⁵⁶ Populus/Working Links *Breaking down boundaries* (2008), HAILO/CASE *Work and welfare reform* (2014)



Source: Survey for Metropolitan's Independence Inquiry

It is not surprising that these barriers disproportionately affect social tenants as arguably the main role of social housing is to provide affordable homes for those on lower incomes. However, it would be wrong to adopt a fatalistic outlook and much more can be done to support people into work and help them reach their potential more broadly. This need to do more on employment was clearly articulated by survey respondents:



Source: Survey for Metropolitan's Independence Inquiry

Housing associations - more than just homes

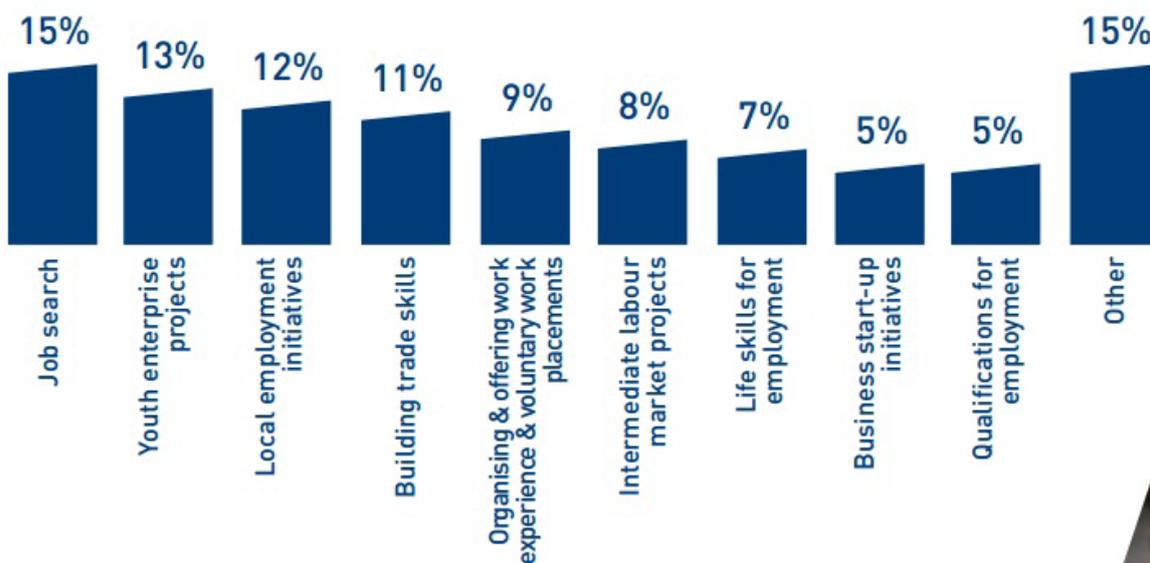
Despite the need to do more, housing associations already play an important role supporting people into work, not least, by providing stable, secure and affordable housing. The range of additional support was also discussed and highlighted during the Inquiry. Through advice, training and opportunities to volunteer, many associations also offer a route to employment for thousands of people each year. According to polling by Ipsos-Mori around 39% offer employment and skills support with a further 28% planning to do so in the future.⁵⁷

Housing associations also offer opportunities for work and apprenticeships as major employers and through their supply chains. Moreover, they are important institutions and investors in regenerating areas, which can support employment.

There are also significant wider benefits created by helping people into work. Tackling unemployment helps secure a steady rental stream for social landlords, which as social businesses means they can support others to become more independent – either through services or provision of additional affordable housing. Helping people into work also benefits local economies, which in turn can support additional job opportunities. Getting people into work can also reduce levels of anti-social behaviour. And those in work are likely to be longer term residents, which help create stronger communities.

Housing associations and employment and skills training

In 2011 the National Housing Federation conducted a *Neighbourhood Audit* tracking, amongst other things, the levels of employment support and opportunities housing associations provide to residents. It found that associations invested over £80m in jobs and skills projects including £39.5m from their own money and £40.5m raised from other organisations. This was broken down as follows:



⁵⁷ Ipsos Mori, National Housing Federation commissioned research (2014) cited in *National Housing Federation, A home, a job, a future* (2014)

Volunteers – pathway to employment

Metropolitan provides volunteering opportunities to customers and those living in our communities through a wide range of initiatives, including tutoring and mentoring young people.

Volunteering provides an opportunity to give something back to their community and can also be a route to employment – providing a chance to develop skills and gain valuable work experience.

Gary, 29, lives in a Metropolitan property in Nottingham. He completed a volunteer traineeship with the organisation's grounds maintenance contractor last year, and impressed his supervisor so much that he was offered a full-time, paid job.

"I first heard about the volunteer trainee opportunity when Tom, a neighbourhood investment officer from Metropolitan, knocked on my door with a leaflet. I was unemployed at the time, but had worked in landscaping before that – so an opportunity to get some training in grounds maintenance was exactly what I was looking for.

"The scheme was full-time and lasted three months. A lot of the work I did involved grass and hedge cutting, litter picking, and path clearing. Doing a traineeship for my landlord's contractor meant I was working around the area I live, so it was rewarding to do that close to home.

"After the three months were up, my supervisor recommended that I be kept on in a full-time role, and I've been doing that now for over a year. I've also gained an accredited British Agricultural and Garden Machinery Association (BAGMA) qualification in using different types of gardening equipment.

"I feel like I've got my confidence back now. Getting a job meant I could afford to get my car back on the road again, which was really satisfying. I'm also doing an online garden design and maintenance diploma, which I should finish in a month or two. I want to get back into landscaping eventually, and having that certificate should help me do that."

Roundtable participants frequently stated that housing associations are in a unique position to understand and reach out to the large numbers of those who are unemployed. With around 75% of young people out of work living in social housing, social landlords can identify those in need of employment and training support, not least because housing associations have a workforce that has frequent contact with customers.

Some housing associations also undertake assessments of particular employment and training needs as people enter tenancies. Many also provide advice and support at crisis points, for example when they start to get into rent arrears, about routes to employment. Furthermore, associations also have a good understanding of local employment markets.

"We should be using our existing relationships with tenants to promote training and employment initiatives - both in-house projects and partnerships with local providers and colleges"

Partnership working

Whilst housing associations are in a unique position, partnering offers ways to concentrate on doing a few things well and an efficient use of resources. Housing associations have been successful at partnering with other organisations in providing employment and skills training. Building on this success will be vital to ensuring the independence of customers.

Housing associations work with a range of partners to deliver employment and training activities. A Ipsos-Mori poll for the National Housing Federation found⁵⁸

- 53% worked with colleges and training providers
- 39% worked with charities and third sector
- 27% worked with Job Centre Plus
- 26% worked with local authorities
- 21% worked with DWP and Pensions contractors
- 19% worked with employers

At a roundtable discussion it was noted that some housing associations with limited stock or small pockets of properties in an area can find it difficult to provide support, because of the lack of scale. It was felt that greater joint working could help provide opportunities for more customers.

There were also concerns that associations should avoid duplicating existing services. One suggestion was to hold regular forums which bring together local providers with agencies, employers, colleges, charities and local authorities. These were felt to be a useful way to not only avoid duplication of services, but also spread best practice and form relationships which could support partnership working. Such forums should be encouraged and should include not just those associations already providing employment support and skills training.

Joint working between housing providers could also provide economies of scale and reduce overheads. Having a standard set of expectations could also provide consistency for suppliers, which could help increase the apprenticeship and employment opportunities on offer.

“Housing associations need to compliment local job seeking services, this might be job clubs, CV and interview support, training programmes in line with local skills shortages, brokering candidates and having a talent pool local employers can access”

Response to inquiry survey

Housing associations as employers

Housing associations can be major employers in local areas. Across the country around 170,000 people work for housing associations.⁵⁹ Housing associations can therefore play a role in providing employment opportunities for residents. This includes building services and construction as well as customer services, administration, finance and other roles. As large organisations they also offer not only entry positions but also chances to progress at work.

⁵⁸ Ipsos Mori, National Housing Federation commissioned research (2014) cited in National Housing Federation, A home, a job, a future (2014)

⁵⁹ Mutuo, *The Mutuels Yearbook* (2011)

It was noted during the inquiry that many associations provide apprenticeship opportunities for tenants. Through procurement contracts they can also include clauses which stipulate levels of apprenticeships or factor it into the tendering process. Using procurement can be an effective way of providing opportunities for tenants and customers.

“Housing associations should use their influence, either individually or collectively, to improve residents employment prospects. This should include working to support residents, supporting back to work programmes and using influence with contractors to take on residents.”

Response to inquiry survey

Nevertheless, offering apprenticeships or employment opportunities in-house still relies on residents being ready to work - i.e. having basic skills and capabilities. Associations also need to ensure appropriate support and signposting to opportunities through newsletters as well as through staff interaction with customers. Housing association staff could also be trained to become mentors, supporting people as they make the transition into work.

Gaining the experience

Chantelle Clarke-Medford lives in Brixton and was based at Metropolitan’s Ashmole Estate Office in Lambeth, south London, during her apprenticeship.

“I applied for this apprenticeship because I wanted to move in to office administration work but I didn’t have any experience. Someone I know suggested that I apply to Metropolitan because their programme included an NVQ in Business Administration, so I gave it a try.

“I’ve got a retail background so at first it was difficult because I had to get used to the new working environment.

“The training I’ve received towards the NVQ has been really useful.

“I’ve been planning to set up my own photography business for a while now, so after the apprenticeship is finished, I’m going to work towards that.”

Using physical assets

Housing associations often have physical assets which can be used to support people into work such as community centres, retail and garage space. In one of the discussions an attendee from a housing association gave the example of renovating an unused asset and let at peppercorn rent to provide child care at a reduced cost to residents. This provided a service to residents and tackled a lack of childcare provision in the area, which had been identified as a key barrier to work for residents. Another example of this is a scheme Metropolitan undertakes in Clapham providing office space for social entrepreneurs.

Clapham Park social business incubator

In March 2012 the Young Foundation and Metropolitan came together to develop a 12-month programme of support for local social entrepreneurs. During the development of the programme one of the biggest challenges that was identified was the lack of office space at affordable rates. The social entrepreneurs were all working which had a negative impact on their ability to win contracts, register their business and hold professional meetings with clients.

The Young Foundation identified a Metropolitan retail unit in Clapham Park that had the potential to host the social entrepreneurs. With support from a local construction social enterprise (Urban Construction Services), the empty retail unit was transformed into a multi-purpose office space for local social entrepreneurs.

The business incubator now provides a great place for people to network and work with Metropolitan customers. The entrepreneurs who are based at the incubator each benefit from rent-free office space and facilities for 12 months.

Employment, volunteering and training recommendations

Work gives us greater financial independence and the money to make choices, but employment is more than just about the pay cheque: it is about identity and a sense of feeling valued. Being out of work not only increases the chances of being in poverty, it also affects mental and physical health. In our survey, helping customers into work was seen as the most important way housing associations could promote independence.

Many housing associations already play a critical role in helping people back into work. On average, associations have a tenant population which is far more likely than the general population to be out of work. Social tenants are four times more likely to be out of employment, education or training at age 18 – and 11 times more likely at age 30. This puts associations in a unique position to identify need and to support people into work.

- Housing associations should ensure their employees are able to signpost customers who may need support to employment services. This may in some cases require funding but could save money over the longer term.
- Pre-tenancy courses and tenancy agreements can be linked with training and employment opportunities. This allows for associations to identify those in need of support to find work. Associations that don't should work to better understand unemployed tenants to inform decisions about service provision.
- Housing associations should be alert to the potential employment needs of tenants and proactively offer additional support at potential crisis points – for example when someone enters rent arrears.
- Housing associations can make a unique contribution to helping people into work. Government, agencies and third sector organisations should work more closely with

associations when seeking to support people into work.

Supporting people into work often involves multiple organisations. Fostering partnership working can help extend opportunities and avoid duplication.

- Housing associations work with a wide range of organisations to deliver employment and training activities. Where housing associations have limited stock, they should seek to work closely with other providers to ensure opportunities for employment support for more customers.
- To avoid duplication of services and foster joint working, holding regular forums can be a way to bring together stakeholders. This could also ensure that any gaps in services are plugged.
- Housing associations should form relationships with local employers. Tailored mentoring schemes and pre-work training could encourage employers that potential employees are ready for work.

Housing associations are themselves major employers and play an important role in local economies, through activities including regeneration schemes. This role as direct employer and as contractor can help residents and the wider community find employment.

- Housing associations should consider not only what staff can offer to support residents but also how unused physical space can support employment. Using their assets to provide space for business start ups or to provide childcare can help support the independence of residents and help improve neighbourhoods.
- Housing associations, as major employers, should adopt clear employment policies within their organisations and the wider supply chain, demonstrating how they can support tenants and customers into work through their own activities.
- Housing associations also need to ensure that contractor's obligations are being met. Care should be given to the quality of the apprenticeships being offered, an issue highlighted in the Government-commissioned Richard Review of apprenticeships. This means ensuring quality is kept high when seeking to maximise the numbers of placements.⁶⁰

⁶⁰ Richard, D Richard Review of Apprenticeships (2012)

Chapter 3: Social housing and home ownership

Introduction

Housing is a basic human need and an enabler of independence. Having a secure, decent and affordable home allows people to get on with their lives, encourages work, and helps ensure well-being. Whilst greater housing independence is beneficial what it means changes depending on circumstance. For some, independence can mean moving from hostel accommodation to general needs housing or not being in rent arrears. For others it is making the transition from renting into homeownership.

The costs of failing to promote greater independence in housing can be high. For example, at its most extreme temporary accommodation is expensive (especially in high demand areas like London) and closely associated with problems of mental illness. For other people the lack of housing independence can stop them earning, doesn't support a stable family life or curtails their ability to save for the future.

Helping the independence of residents depends on delivering new homes, allocating existing homes and ensuring a fair housing deal for all. This should include access to affordable homes for those in need which requires greater flexibility over tenancies and rents, which can help deliver additional homes and in turn help more people to live independently.

Supporting independence is also about enabling access to homeownership. The declining rate of homeownership looks set to have significant fiscal implications as large numbers of people enter retirement without a housing asset. As house prices have risen in excess of wages extending the shared ownership offer has many potential benefits. However, there are significant challenges in the supply of new shared ownership properties. There are also challenges in supporting people to staircase up to full ownership, something which many would like to do and which frees up funds for housing associations to invest in new supply.

Housing independence: the benefits of social housing

It was noted during the inquiry that affordable housing provides security which allows people to live independently.⁶¹ Lower rents in affordable housing can reduce disincentives to work⁶² and encourages independence. Furthermore, the quality of homes in the housing association sector is often better than the PRS and the housing association model means that surpluses are reinvested in communities, for example to promote employment⁶³ and build more homes. By offering lower rents affordable housing can offer a better chance of escaping poverty than the PRS⁶⁴ and improves the life chances of children.

"For some people their independence is reliant on having secure housing"
Comment at roundtable discussion

⁶¹ See also Hills, J *Ends and means: the future roles of social housing in England* (CASE, 2007)

⁶² See also Exford, K *What role for social renting in the new world* (CIH, 2014)

⁶³ Frontier Economics, *Assessing the social and economic input of affordable housing investment* (2014)

⁶⁴ Tunstall, R et al found that: "In general, evidence that poverty affects housing circumstances is stronger than evidence that housing circumstances affect poverty. Nonetheless, it appears that low-cost, decent-quality housing, in an attractive job market could make a substantial contribution to increasing disposable income, preventing material deprivation and maintaining work incentives" *The links between housing and poverty: an evidence review* (JRF, 2013)

There is also a potential fiscal return over the longer term for investing in affordable housing. Housing benefit is now the third largest component of welfare spending after pensions and tax credits, and new affordable homes could help ensure the bill does not rise further.⁶⁵

Whilst the benefits of social housing have remained over time it was remarked during the roundtables that the context in which social housing is provided has however changed dramatically over the last decade, both for tenants and providers.

Welfare reforms have meant some tenants have less financial support from the state. Reductions in welfare spending and policies such as the under occupancy charge or 'bedroom tax' have put pressure on some living in social housing. The impact of reduced welfare spending and the introduction of Universal Credit increase the risks around housing association income, particularly in relation to rent arrears. It should be noted, however, that some associations, including Metropolitan, have continued to be successful in reducing rents arrears despite increasing arrears in the sector as a whole.

Pressure on welfare spending has corresponded with a reduction in grant funding for new homes. The current Affordable Homes Programme is premised on lower capital investment, more upfront borrowing and higher rents. To compensate for the drop in grant, housing associations have looked to cross subsidise from private sale and rents and increasingly to the bond market to finance new development.

This all comes alongside a long term under-supply of housing, including new and affordable housing stock. Estimates suggest that around 80,000 submarket homes for rent need to be built in England each year to meet growth needs.⁶⁶ Whilst social landlords continue to build thousands of new homes each year the emphasis placed on affordable rent and the loss of existing stock, not least through right to buy sales, saw the numbers of social homes drop last year by 44,000.⁶⁷

Given the changing environment, a view from some at the roundtable discussions was that it was perhaps time to revisit the social housing deal. Within the context of encouraging greater independence this entailed examining:

- How best to use a scarce resource to encourage and support independence
- To encourage, not penalise work whilst also having the support of the public
- How can we help people transition on from social housing who can?
- How can we ensure those unable to afford to move to a different tenure are independent enough to pay their rent?
- How can this be achieved without causing residualisation of social housing stock?

Independence and a new deal on sub-market renting

There was a sense at the discussions that the current social housing deal could do more to support independence and ensure that the system is perceived as being fair. Even if there was a significant expansion in affordable house building, it would be a considerable time

⁶⁵ For example see: PwC/L&Q *The Numbers Game: Increasing housing supply and funding in hard times* (2014) and Capital Economics, *Building new social homes for rent* (SHOUT/National Federation of ALMOs, 2015).

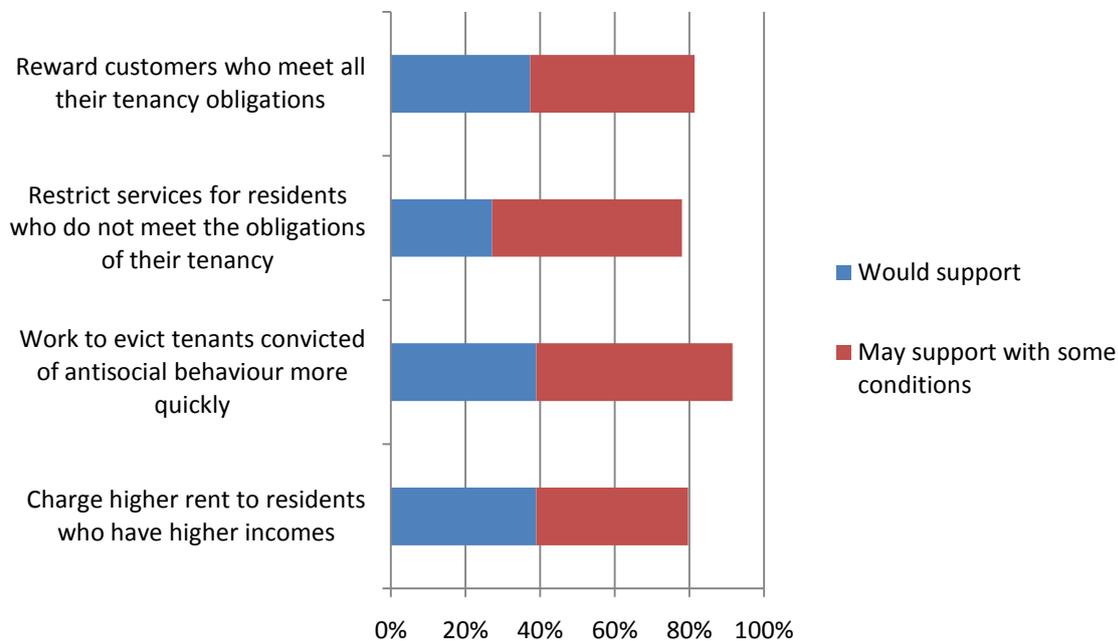
⁶⁶ Holmans, *A New estimates of housing demand and need in England, 2011 to 2031* (TCPA, 2013)

⁶⁷ CIH "Even more social rented homes lost in 2014 than in 2013" (2015)

before supply met demand. Making effective use of existing social housing resource is therefore crucial.

Affordable housing offers millions of households discounted rents. The government has estimated that the average household in affordable housing is subsidised by £3,600 per year in rent relative to market rents. Given the shortage of affordable homes to support the independence of those most in need, the desire for additional revenue to invest in new housing and the need for the system to be perceived as fair - moving to a system where households pay more as they progress (but not so much that it penalises work or pushes up the HB bill) seems a logical option. This view was borne out in our survey of stakeholders – 80% of whom were open to supporting charging higher rents to those with higher incomes.

Support for paying higher rents the more tenants earn and other questions on tenancies



Such a move would incentivise social landlords to invest in helping tenants already in employment to upskill and progress at work. Some attendees at the discussions felt that tenure needed to reflect better people's life course and changes in circumstance and more flexible rent models were needed to support transition away from subsidised housing without pushing residents into poverty.

The views expressed at the roundtables and in the survey suggest that it is time for the government to be undertaking a review of what a new social housing deal might look like regarding tenancies and rents. The current government will permit landlords to charge higher rents to higher earning residents. However, concerns were voiced at the roundtables regarding how landlords would maintain up-to-date data on the income of residents, something that will need to be addressed within the government's proposals. Another approach might be to revisit tenure and rents together, with an assessment of how best to guard against harming work incentives.

Nominations

There is potential for tensions between local authorities and housing associations over the nomination of households to housing associations. Welfare reforms have placed some tenants at higher risk of being unable to pay their rent. This could result in housing associations having to house people through local authority nomination who cannot pay their rent and are likely to quickly find themselves in significant arrears. Housing associations and local authorities will need to work closely to ensure these issues can be addressed.

Regardless of the changing policy environment, there are other examples which would benefit the independence and well-being of customers. As the section on care and support highlighted, more could be done to ensure those moving from intense support into general needs housing should be able to stay with the same provider who has built up a relationship. Greater flexibility could help ease that transition and deliver better outcomes for the most vulnerable and allow them greater independence. Moreover, there is also a case that as our population ages, those who are no longer able to live in a particular property could move into a home which could be better suited for maintaining their independence.

“We can take someone with a mental health issue from hospital and get them into employment but they will be stuck in supported accommodation”

Comment at roundtable discussion

Greater flexibility around nominations, like tenancies, could also encourage independence amongst those without health problems. Housing associations would have greater control of their stock to ensure people meet their tenancy obligations. In addition, if someone is paying a higher rent then part of a new deal might be giving them the option of moving to a new or newly renovated property. Along with greater flexibility, associations should be encouraged to negotiate more often on nomination rights with local authorities.

Tenancies and responsibility

Being independent is also about taking responsibility for your decisions and actions. There was a feeling amongst a number of roundtable participants that those renting properties had little incentive to maintain their homes. Stronger rules linked to maintaining homes in good order and responsibility in communities were discussed by a number of participants.

Similarly sanctions could be stronger for anti-social tenants. For many hard working and law abiding social tenants, anti-social behaviour can blight their lives and inhibit their independence. Taking a tougher stance with individuals and whole households could help ensure neighbourhoods are safer and better places to live. Allowing housing associations greater control over their own properties could be a means of encouraging people to meet the terms of their tenancies.

Financial literacy, debt and rent arrears

Greater independence is also about not having unsustainable levels of debt which increases the reliance on others and reduces, in all but the very short-term, household income. This also applies to rent arrears where tenants rely on forbearance from the landlord and where evictions can often lead to the need for greater support from friends, family and the state, including temporary accommodation. It is also a matter of concern for housing associations. With borrowing for new homes underpinned by rents, if arrears become too widespread then it will jeopardise new building as well as reducing funds to spend on existing stock and

services for tenants. The problems associated with debt, not least on mental health, also push up the demand for housing association services.

In the social housing sector around 12% of tenants were not up to date with their rent (compared with 4% in the PRS), and of those who were up to date, 5% had fallen behind at some point in the previous 12 months.⁶⁸ There are also serious concerns that this level of arrears could become more severe. Around 80% of housing associations fear direct payment will impact negatively on their organisation when Universal Credit is rolled out. Similar levels thought the overall package of welfare reforms would lead to a rise in arrears.⁶⁹ HouseMark has noticed early signs that collection rates have fallen and associations have increased spending on collecting rent and arrears.⁷⁰ These changes suggest that ensuring greater financial literacy and resilience is required to ensure that fewer tenants accrue substantial debt and can live independently.

Free money advice service

A financial advice service for social housing residents in Lambeth, south London has successfully enabled nearly 550 people to manage combined debts of more than £430,000 in the last 12 months.

Lambeth FACE (Financial Advice and Confidence Education), helps residents negotiate manageable payment plans to reduce rent arrears and other household debts.

The Big Lottery-funded service is designed for people who are worried about their finances, offering training and assistance with effective budgeting, prioritising bills and maximising income.

After signing up, residents are assigned specialist advisers who assess their financial situations, compile money management plans and investigate benefits or services they might be entitled to. Regular group sessions are also available to provide practical tips and training.

Lambeth FACE additionally runs a 'Money Mentoring' programme which offers accredited financial management training to volunteers – including those who have received assistance through the service and want to become mentors themselves for other residents.

Metropolitan leads on Lambeth FACE, in collaboration with other third sector organisations. Monique Nembhard, 21, lives in Upper Norwood and heard about Lambeth FACE from a friend after she moved into her own flat for the first time and started to struggle with bills.

She said: "I was finding it difficult to manage my rent and bills, so I went to the Citizens Advice Bureau and was put in touch with my mentor Matilda. It made me so happy to get advice and help through Lambeth FACE. It gave me confidence and made me realise that I wasn't on my own.

⁶⁸ DCLG, English Housing Survey 2012-13 (2014)

⁶⁹ Ipsos-MORI/CCHPR *Impact of welfare reform on housing associations – 2012 Baseline report For the National Housing Federation* (2013)

⁷⁰ HouseMark *Welfare reform impact club report* (November 2013)

“They helped me to negotiate a new payment plan with my housing association and gave me really useful money advice – so I’ve become a lot better at budgeting. Now I’m at uni studying Criminology, Psychology and Social Justice – I love it!”

Investment in social housing supply

The undersupply of affordable housing, particularly in high-demand areas, can be a constraint on independence. The need to increase supply of housing and in particular affordable housing was a central message coming out of all of the independence roundtables. Reduced supply has led to higher prices, restricting access to home ownership and market renting for those on lower incomes and young people.

Two separate reports undertaken by Capital Economics and PriceWaterhouseCoopers (PWC) have shown there are substantial savings to be made by investing in social housing.⁷¹ Households would be better off, have greater security and be more likely to be living in homes which met the basic housing standard. Investment in social housing will over the longer term save the Treasury money while also increasing the independence of households.

With growing levels of households in private rented housing (see below for more details), there is significant scope for offering a housing deal for younger generations which would offer them the freedom to save for the future.

Improving access to land to develop on was also identified as important for delivering more affordable homes. Key to this was access to public land for development, including working with the NHS around supported housing that can support better health outcomes.

Moving from temporary accommodation into general needs housing

Temporary accommodation is a poor foundation from which to lead an independent life. In total there are around 61,000 households in temporary accommodation costing⁷² local authorities around £100 million a year.⁷³ There are also longer term consequences for individuals and for the public finances, including poorer health outcomes and the educational achievement of children.

Helping people to transition into general needs housing is an important step to reducing the costs of homelessness and encouraging independence. Having a home with a secure tenure is vital to finding work and living a settled life, especially for those with children. And provision of such housing by a social landlord can also offer additional support for those who have been homeless.

⁷¹ PwC/L&Q *The Numbers Game: Increasing housing supply and funding in hard times* (2014) and Capital Economics, *Building new social homes for rent* (SHOUT/National Federation of ALMOs, 2015). Capital Economics found that if . If the government borrowed to build 100,000 new social rent homes the national debt as a percentage of GDP would be 5.2 percentage points lower over a 50 year period. PwC found: 100% revenue subsidy is more cost effective over the short-term, higher capital subsidies are far more cost efficient over the longer-term.”

⁷² DCLG Live tables, Statutory homelessness

⁷³ DCLG *Evidence review of the costs of homelessness* (2012)

Transition to home ownership

For many who are currently renting their housing aspiration is to buy a home. However, levels of homeownership have been in decline since its peak in 2002, when 70% of all properties in England were owner occupied. By 2012/13 that figure had fallen to 64%. Home ownership rates have fallen most significantly among younger people. As the table shows, far fewer younger people today than a decade earlier have accessed homeownership.

Figure 3.2: Housing tenure in the UK by age of head of household

Age of Head	Owned outright	Buying with a mortgage	Social rented	Private rented	All
2002/03					
16-24	1%	21%	32%	46%	100%
25-34	3%	59%	18%	20%	100%
35-44	7%	66%	18%	10%	100%
45-54	21%	58%	15%	7%	100%
55-64	47%	31%	17%	5%	100%
65+	62%	5%	28%	5%	100%
All	29%	40%	20%	11%	100%
2012/13					
16-24	2%	8%	23%	67%	100%
25-34	3%	38%	17%	42%	100%
35-44	7%	54%	17%	23%	100%
45-54	21%	50%	17%	12%	100%
55-64	49%	27%	15%	8%	100%
65+	71%	5%	20%	5%	100%
All	33%	31%	18%	18%	100%

There are several reasons why homeownership has been in decline.⁷⁴ However the largest single reason has been the rapid rises in house prices compared with earnings. As prices have risen, deposits needed to buy a home in high demand areas have become out of reach for many. Added to which, accessing mortgage finance has been constrained by tougher regulation and more prudent lending. As prices have risen and mortgages constrained, larger deposits are now required.

"The disconnect between earnings and prices is moving further apart"
Comment at roundtable discussion

Unaffordable homes

The house price to earnings ratio has risen from 3.5 to 1 in 1997 to 6.7 to 1⁷⁵ today. And, even higher in more expensive high-demand areas where job growth is often strongest. This can in part be explained by the failure to build enough new homes with demand outstripping supply and thereby pushing up prices. Last year around 112k⁷⁶ homes were built in England

⁷⁴ For a fuller discussion see: Heywood, A *The End of the Affair: implications of declining homeownership* (Smith Institute, 2011)

⁷⁵ DCLG, Live Table 577

⁷⁶ DCLG, Live Table 209

whilst population growth is estimated to be around 210k⁷⁷ per year. According to the Lyon's Housing Review the housing backlog in supply is estimated at over 1 million homes⁷⁸, which exacerbates the already severe overcrowding problem. The English Housing Survey estimates that around 640,000 households live in overcrowded accommodation, with the largest grouping in social rented homes.

The change in levels of owner occupation and the rising number of people within the private rented sector is likely to have significant long-term implications on personal and national finances. If more and more people reach retirement in the PRS then they will be faced with having to pay the rent in retirement, and if they cannot afford to do so the state could be left picking up the tab through housing benefit. Equally, housing assets are currently used by a lot of older people to pay for their social care. Again, if they have no housing asset then the state could end up paying.

It also has shorter term implications. Younger people are paying similar levels of rent as they might expect in mortgage repayments, except the landlord is taking a slice of the money that would be going towards accruing an asset.

The financial reasons for owning are often the most cited reason for preferring homeownership as a tenure especially compared with the PRS. However, at the roundtable on homeownership several attendees highlighted that home ownership provided security and stability.⁷⁹ It was also wrapped up with feeling proud about personal achievements and seen as a cultural aspiration.⁸⁰ Falling levels of homeownership are therefore likely to have significant impacts on people's sense of independence. It is little wonder then that 61% of those in the PRS stated that they expected to buy a property.⁸¹ And across the whole population, consistently around 80% of people would prefer homeownership to renting.⁸²

Homeownership aspirations are not however confined to those in the PRS. Whilst social tenants are far less likely to want to buy, just under a quarter do. Of those expecting to buy around 40% thought they would buy their current home, many of whom would be looking to take advantage of Right to Buy (or Preserved Right to Buy or Right to Acquire for some housing association tenants).⁸³ This could increase further with the proposed extension to Right to Buy to housing associations – although much depends on the eventual form it takes.

Despite an observable appetite for people to move to owner occupation relatively few do. Only around 15,000 social renting households moved into homeownership in 2012/13 (0.4% of social housing households per year).⁸⁴ And when they did it was usually with the help of right to buy – with around 11,000 homes sold under Right to Buy.⁸⁵

⁷⁷ DCLG 2012-based household projections: England 2012-2037 (2015)

⁷⁸ *Lyon's Housing Review: Mobilising across the nation to build the homes our children need* (2014)

⁷⁹ See also Wallace, *A Public attitudes to housing* (JRF/University of York, 2010)

<http://www.jrf.org.uk/system/files/housing-public-attitudes-full.pdf>

⁸⁰ See also Wallace, *A Public attitudes to housing* (JRF/University of York, 2010)

<http://www.jrf.org.uk/system/files/housing-public-attitudes-full.pdf>

⁸¹ DCLG, English Housing Survey 2012-13 (2014)

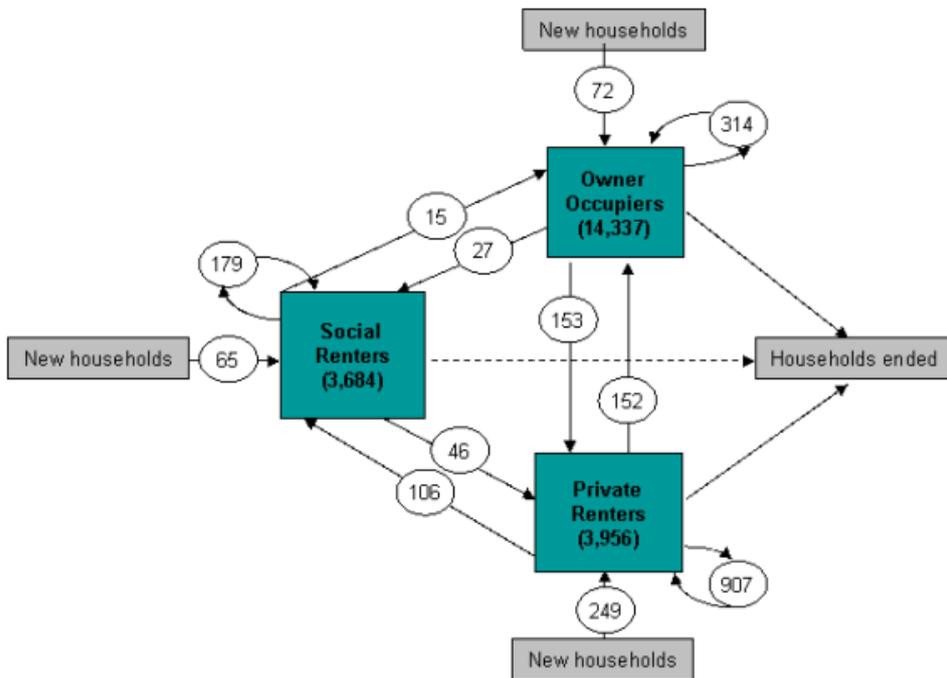
⁸² CML "Maturing attitudes to homeownership" *Housing Finance* Issue 02 2012

⁸³ DCLG, English Housing Survey 2012-13 (2014)

⁸⁴ DCLG, English Housing Survey 2012-13 (2014)

⁸⁵ DCLG, *Right to Buy Sales: Jan 2014 to Mar 2014, England* (2014)

Figure 6.5: Number of households moving into and out of sectors, 2012-13



Base: all households resident less than 1 year

Notes:

1) underlying data are presented in Annex Table 6.4

2) excludes a small number of cases where previous landlord type was unknown

Source: English Housing Survey, full household sample

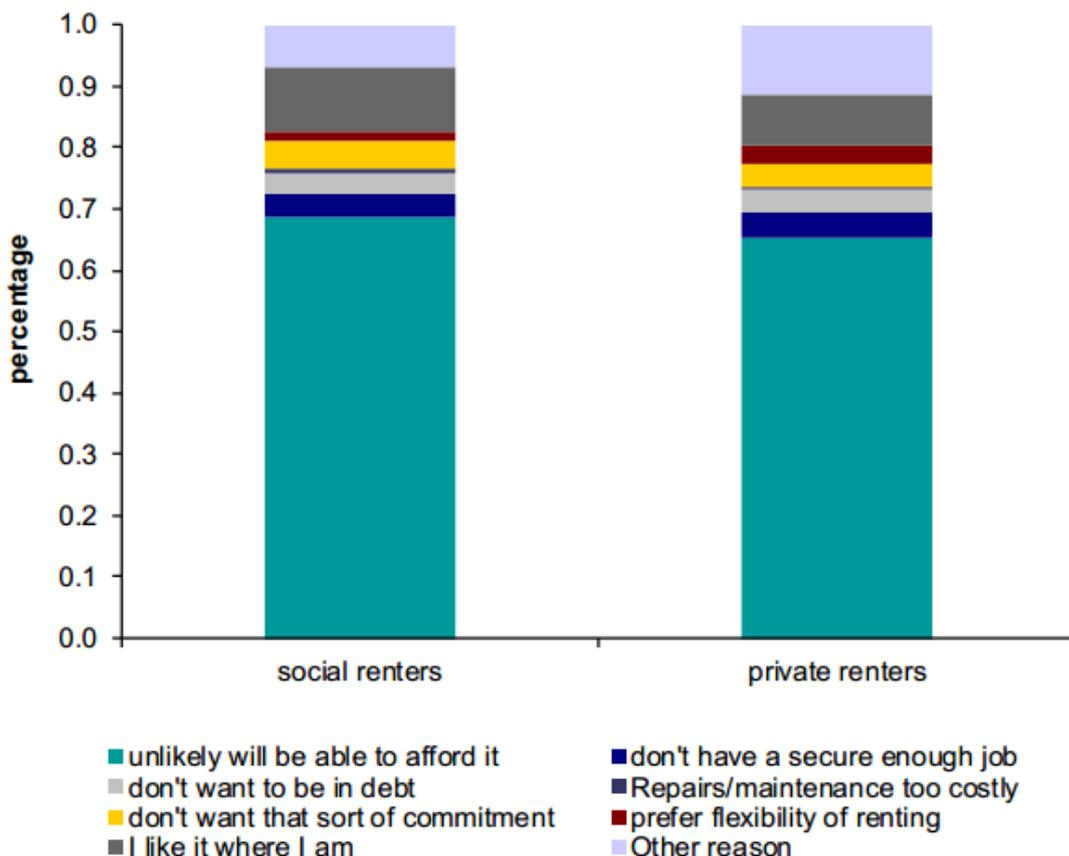
Barriers to homeownership

Despite the undiminished appetite for homeownership and the independence it can offer, potential homeowners face considerable barriers. And whilst many aspire to homeownership many also believe that it is unlikely.⁸⁶ Of social and private renters only around 12% considered applying for a mortgage in 2012/13 and of these only 37% reported that they had. The reasons why others did not centred on financial reasons: not having a large enough deposit (38%) and the overall cost being too high (19%).⁸⁷

⁸⁶ CML "Maturing attitudes to homeownership" *Housing Finance* Issue 02 2012

⁸⁷ DCLG, English Housing Survey 2012-13 (2014)

Figure 6.10: Reason for not expecting to buy own home, 2012-13



Base: all renters who do not think they will eventually buy a home in the UK
Note: underlying data are presented in Annex Table 6.10
Source: English Housing Survey, full household sample

New supply and homeownership

A key element to maintaining and increasing home ownership levels is expanding delivery of homes. However, at present delivery has been outpaced by the expansion of households and by a shift of housing stock from home ownership to the PRS. Between 2007 and 2014 some 810,000 new private homes were built but the number of home owning households dropped by 1.2 million.

Moreover, delivery of new homes is unlikely to radically improve affordability, at least in the short term. As the Barker review demonstrated over a decade ago, new supply accounts for a small proportion of the market and barring a massive increase in development it is unlikely (in the short to medium term) to affect prices, thus making homeownership more affordable.⁸⁸

This suggests that if new housing supply is aimed at boosting homeownership then measures need to be taken to ensure it is affordable on its own terms and that it is focussed on first time buyers. This was in part the thinking behind the first part of the government's help to buy programme and the proposed starter homes. Without further measures new

⁸⁸ Barker, K *Review of Housing Supply: Delivering Stability: Securing our Future Housing Needs* (2004)

supply may do little to halt the downward trend in homeownership levels. Subsidising demand, rather than supply, may also have the opposite effect. Helping some onto the housing ladder by subsidising demand could push up prices and thus further exclude another group of potential buyers. One way of ensuring targeted support to boost homeownership and encouraging greater housing independence is through shared ownership.

Shared ownership

Shared ownership, provided by housing associations, offers those households on low-to-middle incomes the chance to unlock the door to homeownership by allowing people the chance to buy a share – between 25 and 75% - of a property. Since its introduction in the 1970s shared ownership has helped hundreds of thousands of households into homeownership.⁸⁹ Metropolitan Home Ownership, for example, has helped over 42,000 people meet their homeownership needs since 1981 – mostly through part buy-part rent schemes.

With shared ownership extending the opportunity to obtain the benefits of ownership, demand has consistently outstripped supply.⁹⁰ It can also offer households, especially in the middle market, greater affordability than a Help to Buy equity loan – which in effect is a form of shared ownership.⁹¹

However, despite the potential for shared ownership to grow it is still not a mainstream product. Shared ownership schemes are often seen as complicated and there is often little understanding about how they work. The application process is often criticised for being bureaucratic with too many hoops to jump through.⁹²

“We shouldn’t give up on shared ownership, it still works outside of zone 2 in London”
Comment at roundtable discussion

There are also constraints on the scale of the shared ownership market. Lenders and regulators have seen shared ownership as complex and risky, especially in low value areas where outright purchase is more attractive. There are also issues with land and subsidy. Whilst shared ownership requires less grant than social housing it does require support. Furthermore, it of course requires land, and when local authorities seek the best price for land shared ownership schemes cannot always compete with those building traditional homes for sale.⁹³

Our survey responses suggest that taking shared ownership from the margins to the mainstream demands much greater awareness and understanding of the product. Social landlords could raise awareness through more targeted campaigns for those who they think might be able to afford to buy. This would also help enable tenants to transition into

⁸⁹ National Housing Federation, “Shared Ownership: The Facts” <http://www.housing.org.uk/get-involved/shared-ownership-week-2013/shared-ownership-the-facts/>

⁹⁰ According to the HCA’s Affordable Housing Supply: April 2013 to March 2014 England there were 11,000 new units built whilst the CIH’s *Shared ownership 2.0: Towards a mainstream tenure Interim Report* (2014) suggests that there are around 85,000 applications a year.

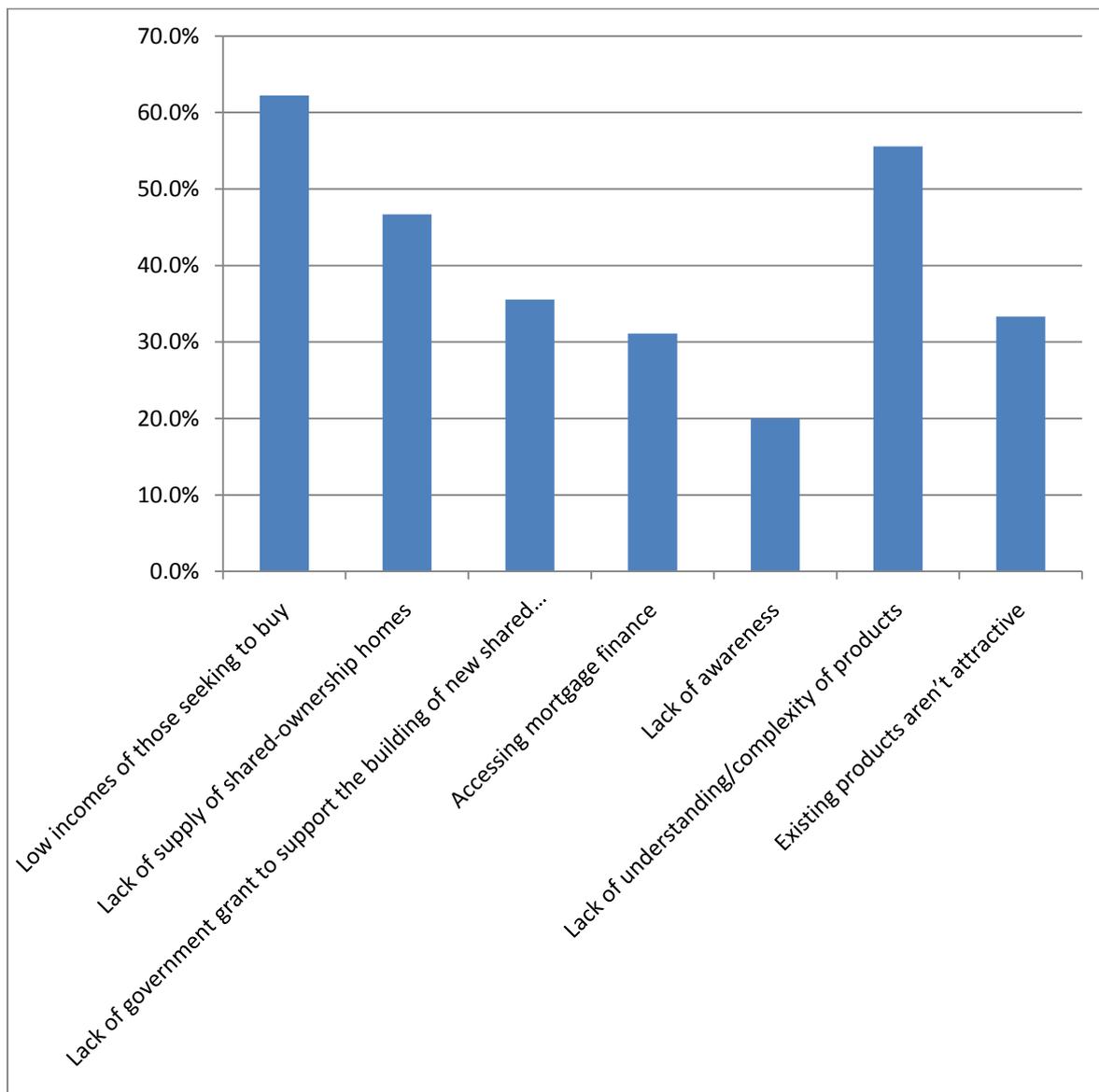
⁹¹ Sinn, C and David, S Shared Ownership 2.0 Towards a fourth mainstream tenure Final Report (CIH/Orbit, 2015)

⁹² Sinn, C and David, S Shared Ownership 2.0 Towards a fourth mainstream tenure Final Report (CIH/Orbit, 2015)

⁹³ CIH Shared ownership 2.0: Towards a mainstream tenure Interim Report, 2014

ownership freeing up properties for others.⁹⁴ Raising awareness will also be helped by having a simplified product. With a myriad of products and schemes it can be difficult to have a clear message on what is on offer, leading to confusion for customers. Creating more clarity could include more standardised eligibility criteria and leases. This lack of clarity also applies to what the precise deal is for consumers, such as meeting all the costs of repairs and maintenance. Being clearer from the outset could help reduce dissatisfaction later on.

What do you think are the three biggest barriers to shared ownership?



Our survey suggested that other major barriers were lack of delivery of shared ownership homes and also low incomes of those looking to buy a shared ownership home. This was mirrored in our roundtable, where several attendees highlighted the income barriers many potential shared ownership purchasers faced.

⁹⁴ Although the numbers of moving from social housing to shared ownership has fallen in recent years. Sinn, C and David, S Shared Ownership 2.0 Towards a fourth mainstream tenure Final Report (CIH/Orbit, 2015)

For local politicians and councils worried about falling levels of homeownership, there is ample scope to include stronger emphasis and incentives for shared ownership in Local Plans and through S106 agreements. Making public land available for shared ownership, just as with social housing, would also help increase the scale of development.

Scaling-up shared ownership to help increase housing independence would also require more grant or more flexible use of existing grant programmes. At present the levels of grant are currently £15,000 per unit, one of the lowest grant requirements for any affordable tenure and significantly less than the current Right to Buy subsidy.⁹⁵ Government could also consider the lending rules so that capital weightings for shared ownership are the same as for traditional homeowners. Additional data could also be collected by the housing association sector and government to demonstrate to lenders the low level of risk there is of default and arrears.⁹⁶

From renting to owning – making the transition

House shares and rental properties are part of everyday living in and around London as people save in the hope of one day owning their own property. The experience of Vijeta Patel and Tejendra Jadeja shows that home ownership is a realistic option for many.

Reflecting on where they started Vijeta said: “The place we were first renting was in a great location and had good transport links, but what we wanted more than anything was our own place.”

The team at Metropolitan suggested the possibility of them renting a 1-bedroom flat through the Intermediate Rent (IMR) option. Through IMR it is possible to rent a brand new or refurbished home at a rate which is set at around 20% lower than a similar private rented home in a similar area. Taking up this option turned out to be a significant stepping-stone for the couple.

“We loved our flat! It was fantastic to have our own space and I found myself just a 10-15 minute drive from work,” said Vijeta.

Just six months after living there Vijeta and Tejendra decided they wanted to buy their flat and consulted Metropolitan about their full range of options, including shared ownership. They knew they wanted to live in the same area but realised there was an opportunity to buy one of the larger properties instead of their flat. Now they are reaping the benefits of having a spacious property in their ideal area - owning 60% of their house and renting 40%.

Resales and staircasing

Whilst we have yet to see a step change in the delivery of shared ownership homes there have also been some problems with the resale market and for those trying to staircase up to full ownership. Data suggests that there are more initial sales than resales – only around 2%

⁹⁵ Sinn, C and David, S Shared Ownership 2.0 Towards a fourth mainstream tenure Final Report (CIH/Orbit, 2015)

⁹⁶ Sinn, C and David, S Shared Ownership 2.0 Towards a fourth mainstream tenure Final Report (CIH/Orbit, 2015). This is something supported by lenders themselves. See Clarke, B “Lenders back shared ownership as the UK’s ‘fourth’ tenure” (CML, 2015)

of stock resales for shared ownership properties.⁹⁷ This is below levels of resales on the open market, which is around 4%.⁹⁸ This is particularly worrying given the high numbers who buy homes with no spare room who may require additional space as their family expands.⁹⁹ It is also a constraint on those looking to move for work.¹⁰⁰ It was felt overwhelmingly at the roundtable on homeownership that current shared ownership models should be seen as a stepping stone and not a permanent product.

Roundtable attendees highlighted that households in shared ownership can struggle to staircase up to full ownership and this view is borne out by the statistics. Only around 11% have bought additional shares in properties¹⁰¹ and under 5% of those who bought 15 years ago have staircased up to 100%.¹⁰²

Nevertheless, people do staircase up, enhancing individual assets and supporting their independence, particularly later in life. Moreover, when someone staircases up to full ownership it means housing associations can realise capital to invest in new development.¹⁰³

The key barriers to staircasing are similar to those of getting into home ownership more generally; high costs and low incomes. Those in professional employment are more likely to be able to staircase up as their career progresses as opposed to those from lower socio-economic backgrounds where wages tend to increase more in line with inflation. Rising prices have also meant that the remaining share of the property has often increased beyond their means.¹⁰⁴ As a result the initial purchase was the maximum that buyers could afford and lenders, especially given tighter regulatory restrictions, are reluctant to lend more. Surveys have also highlighted that even those looking to staircase up have been deterred by the upfront costs, such as the valuation.¹⁰⁵ ⁴⁸ This is reflected in our survey for the inquiry, with respondents stating the biggest barriers as incomes being too low, a lack of encouragement and the perception that it does not offer value for money.

⁹⁷ <http://www.cchpr.landecon.cam.ac.uk/Projects/Start-Year/2011/Understanding-second-hand-market-shared-ownership-properties/Project-Report/Final-Report> Although the document covers the period when all sales were low the data also includes the housing boom before the crash when sales were still around the 2% mark

⁹⁸ Calculations based on DCLG statistics on private dwelling stock and Land Registry data on sales. As no figures for sales on new build are available data on all sales less the number of private housing completions is used to calculate resale market.

⁹⁹ Wallace, A *Achieving mobility in the intermediate housing market: moving up and moving on* (JRF/CIH/ York University, 2008)

¹⁰⁰ Clarke, A and Heywood, A *Understanding the second hand market for shared ownership* (CCHPR, 2012)

¹⁰¹ Wallace, A *Achieving mobility in the intermediate housing market: moving up and moving on* (JRF/CIH/ York University, 2008)

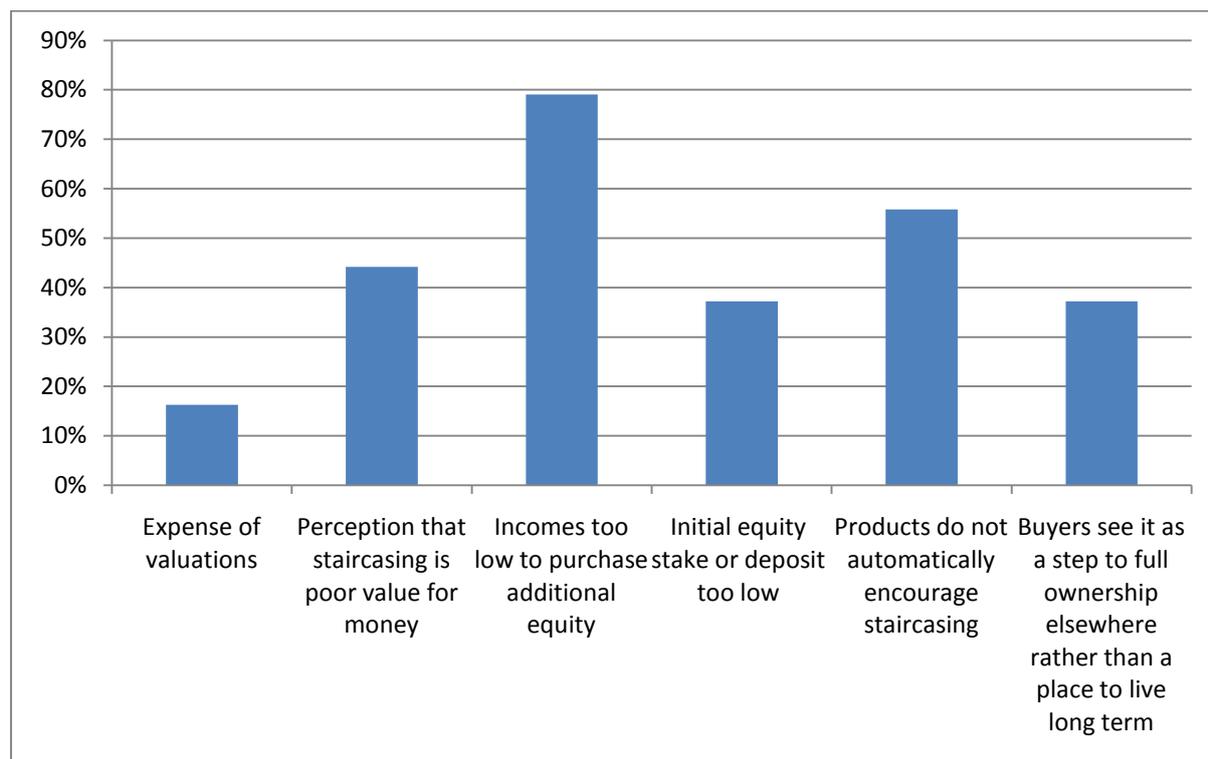
¹⁰² Clarke, A and Heywood, A *Understanding the second hand market for shared ownership* (CCHPR, 2012)

¹⁰³ Wiles, C *Moving on up: Staircasing in shared ownership housing* (Gateway Housing Association)

¹⁰⁴ Wallace, A *Achieving mobility in the intermediate housing market: moving up and moving on* (JRF/CIH/ York University, 2008)

¹⁰⁵ Clarke, A and Heywood, A *Understanding the second hand market for shared ownership* (CCHPR, 2012)

What do you think are the three biggest barriers to shared owners staircasing up to full ownership?



Source: Survey for Metropolitan's Independence Inquiry

Helping to increase mobility and enabling people to staircase up is vital to viability of the tenure. To help people staircase up housing associations should communicate regularly with customers about the option to do so. This could include links to tools which provide general information about the cost and benefits of doing so.

Housing Associations could also work with lenders and the HCA to explore home ownership products which allow buyers to staircase up in very small shares (perhaps 1 or 2%), which may be more affordable. Such products may require flexibility over valuations and mortgages which currently do not exist. The sector could also explore products which encourage or incentivise staircasing more than at present.

More could also be done to improve the resale market. Increasing supply and the mix of homes would be an important step. And housing associations with dedicated resale teams could work with other associations that don't, which could also contribute to a more active secondary market.

Social housing and homeownership recommendations

Housing is a basic human need and access to decent, secure and affordable housing is vital to leading an independent life. Housing associations are the leading providers of social housing, but also offer a range of other tenures.

Ensuring greater flexibility and a broad offer is necessary to delivering housing independence for people with different and changing circumstances, whilst also ensuring the

best use of existing housing stock.

- The government should consider undertaking a wider review of what a new social housing deal might look like regarding tenancies and rents in a changing policy environment. This could involve people transitioning through tenures and build on proposals in the May 2015 budget to adjust rent levels for those with higher incomes. This should seek to make the best use of a scarce resource, enable investment and increase independence among tenants.
- The National Housing Federation and the Local Government Association should work together to put in place a set of recommendations regarding nomination flexibilities for people transitioning from intensive support into general needs housing – and people with health problems in need of a more appropriate property. This should be in the interests of local authorities who often have to pick up the bill in the form of mental health support or social care. It could also look at greater freedoms as a way to reward those who meet tenancy agreements and those who become more independent.
- Housing associations should examine the feasibility of putting stricter rules within the terms of tenancies to ensure that social housing residents treat their home and wider community with respect. Allowing housing associations greater control over their own properties could be a means of encouraging people to meet the terms of their tenancies. This could include the option of moving residents to a new property.

Despite a recovery in development numbers in recent years, there is a growing consensus that the UK is not building the number of homes it needs to cope with increasing household numbers. Moreover, this shortage is impacting both home ownership levels and the number of homes for rent across a range of tenures.

- The Treasury, Department for Work and Pensions and the Department for Communities and Local Government should undertake a joint appraisal of the cost of rising levels of housing benefit claimants over the longer term. The appraisal should also include an assessment of the savings that can be made for the housing benefit bill by supporting the development of social and affordable housing.
- Access to land to supply much needed new affordable homes was mentioned throughout the inquiry. More should be done by government to ensure public land is released to enable new development.
- With the cost of temporary accommodation high, Government should consider what support it can provide for people in emergency accommodation. Greater nomination flexibilities could also help ensure a smooth transition into general needs social housing from temporary accommodation.

Homeownership remains the tenure of choice for most people and can offer security and independence. With declining rates of homeownership and high prices, shared ownership can make homeownership a more affordable option.

- Housing associations should do more to raise awareness of shared ownership schemes and ensure transparency for consumers to avoid later disappointment. This

could be helped by having fewer, simpler products.

- Local authorities could include stronger emphasis and incentives for shared ownership in Local Plans and government should consider flexibility within grant programmes to support expansion of shared ownership.
- To encourage staircasing for those in shared ownership, housing associations should provide easy to use tools on the benefits of staircasing. They could also consider the feasibility of support for some costs, such as valuations.
- More could be done to support the resale market of shared ownership homes. This could include considering how compensation for the uplift in value created by the owner-occupier is calculated.
- Housing associations and lenders should work together to develop more flexible mortgage products that can better support consumers' ability and desire to staircase and increase ownership of their home.

About the Beyond Brick and Mortar report

Metropolitan believes one of the most important ways we deliver our social purposes is through supporting our customers to become more independent. Metropolitan's ambition is therefore to make the promotion of independence among our customers a central focus for our organisation.

To support this objective, early in 2015 Metropolitan decided to undertake an inquiry into how customers could be supported to become more independent. The inquiry was focused on how housing associations could enable greater independence in terms of health, employment and housing.

As part of the inquiry six discussions were held with Metropolitan customers, Metropolitan staff, and with stakeholders and experts on: employment, care and support, social housing and homeownership. To supplement the discussions a survey of 81 key stakeholders was also undertaken.

About Metropolitan

Metropolitan is a leading provider of integrated housing services, care and support and community regeneration. We manage over 38,000 affordable homes for rent and sale, along with a range of care and support services. In total we serve around 90,000 customers across London, the East of England and the East Midlands.

Metropolitan is a charitable organisation that exists to support our customers and we reinvest every pound of our operating surplus into developing new homes. Over the coming years we are investing £200 million a year in new homes, supported by a significant operating surplus.

Author

Metropolitan commissioned Paul Hunter, Head of Research at the Smith Institute, to research and write this report on our behalf, working closely with our public affairs team.

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