Annex 1 – case studies

1. A large local Women's Aid member operating throughout North London

This organisation manages 14 refuges across London providing safe accommodation and ongoing support for women and children fleeing domestic violence in the capital.

The core rental income for the 14 refuges this organisation manages is £578k over six months or £1,156,000 for a full year.

The rental reduction for this service would be as below:

- Total rental income 2015/2016 = £1,156,000
- Total rental income 2016/2017 = £1,144,000
- Total rental income 2017/2018 = £1,133,000
- Total rental income 2018/2019 = £1,122,000
- Total rental income 2019/2020 = £1,111,000

Under the proposed changes to social rent from 2016/17 to 2019/20 this organisation would lose out on £33,000. For many women's refuges this could be the difference in funding that would enable them to stay open or will mean that they have to close.

2. Housing associations operating specialist care and support services

- St Mungo's Broadway
    - Estimates that the rent reduction will result in a loss of £1.25 million in rental income by year 4, taking into account anticipated rental income the total impact on the organisation's finances is £4 million.
    - This will result in the loss of vital accommodation and support for homeless and vulnerable people.
    - Examples: **one hostel in North London will face a deficit of over £40,000 by 2019/20 and one women-only supported service will face a deficit of over £50,000 by the end of the 4 year period. These services would no longer be financially viable and would therefore be lost.**

- Greensquare
    - **Rent reduction potentially puts 486 units at risk, including accommodation for women fleeing domestic abuse; teenage parents; homeless people; people with learning difficulties, autism, and mild to severe mental health problems; young people with chaotic lifestyles.**

- One large housing association that is a significant provider of care and support services expects to **lose almost 2,000 client spaces** over the next 4 years, including 221 client spaces for older people, 228 client spaces for victims of domestic violence, 62 client spaces for people with learning disabilities, and 156 client spaces for people with mental health problems.

- Another large organisation reported that, by year 4 of the proposed reductions, 30% of their current services, which delivers support to almost 3,000 vulnerable people, would become unviable. As a result, the organisation would have to **close over 1,600 units** of supported accommodation.

- One medium sized organisation has already had to cut 87 supported units from their development programme, including a 60 unit extra care scheme.

- Another medium sized organisation had its development programme under review and envisaged that it was likely to **lose 400 planned extra care units** over the next four years.

- One organisation that provides 258 bed spaces in supported accommodation estimates that 50% of its accommodation projects would be financially unviable in 2016/17 and 100% would be financially unviable by 2017/18 - it is likely that **some, if not all, services would close** as a result of this.

- One organisation estimates an **average closure of 60 bed spaces per year (total 240) over the next 4 years** – these would primarily be high support services for people with complex needs as these services are the most risky and expensive to run.

3. Neil Blanchard, Southdown Housing Association's Chief Executive, outlines the impact of the rent reduction requirement on people with learning disabilities

The proposed 1% rent reduction has an unfair and disproportionate impact on specialist supported housing providers. If it goes ahead it will change a challenging environment into an unsustainable one, and result in vulnerable people not being able to access appropriate housing and care.

Southdown is a specialist supported housing provider and many of our learning disability clients having very complex physical and behavioural support needs. The maximum rents we can charge are set by the Homes and Communities Agency but the costs of providing such specialist accommodation are significantly higher than general needs housing. Many of our clients require specific design features and often their behaviour results in heavy wear and damage to properties. Our 'value for money assessment' shows the annual property costs for our specialist accommodation are 64% higher than more traditional housing. We're unable to charge higher rents to cover this and as such our operating margins are already low.

Our financial analysis is that over the four year period of proposed rent reductions our housing activities, without significant savings through delaying planned maintenance, would become unsustainable.

Reduction in rents would also have a direct impact on our ability to develop and increase the supply of housing. This works against the Government's plan to reduce the number of people with learning disabilities living in NHS-run Assessment and Treatment Units. In addition to increasing choice and independence, community-based housing and care options, in our experience, are £52k per annum cheaper than more institutionalised services.

Already as a result of the proposals and associated risk and uncertainty our Board has taken the hard decision to withdraw from a proposed new development of 14 flats in Sussex. This innovative scheme, part of a government pilot project, aimed to provide an alternative to residential care for young people with complex physical and health needs in transition from college. It would have seen integration of adult social care and health funding, producing significant savings to revenue funding costs.

Our operating environment has always posed challenges, and public sector funding reductions over the past six years have required us to continue to find innovative and value for money solutions to assist our commissioners to meet their savings targets. We have now reached a point where all efficiency savings have been achieved and further reductions will significantly impact on the sustainability of our services.