

DECISION-MAKER:	Leader and Clean Growth & Development, following consultation with the Joint Commissioning Board		
SUBJECT:	Void and nomination agreement in relation to an existing supported living setting within Southampton (Scheme A)		
DATE OF DECISION:	8th November 2018		
REPORT OF:	Director of Quality and Integration		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
There is a confidential appendix attached to this report, the confidentiality of which is based on Category 2 of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this because there is information which is likely to reveal the identity of an individual.			
BRIEF SUMMARY			
The use of appropriate housing with integrated care and support ('supported living setting') is increasingly being used to support individuals, in particular those with Learning Disabilities and/or Autism, to live as independently as possible within their own homes, improving health and wellbeing outcomes.			
In order to support access into these settings, the council is required to enter into void and nomination agreements.			
Void and nomination agreements give the council guaranteed access and rights to 'nominate' tenants to occupy designated properties. In return for nomination rights the council accepts liability for void costs, guaranteeing payment of rent to Registered Providers of housing.			
This paper seeks approval from the Leader and Clean Growth & Development, following consultation with Joint Commissioning Board, to enter into a void and nomination agreement in relation to a supported living setting.			
RECOMMENDATIONS:			
	(i)	For the Leader and Clean Growth & Development to approve the recommendation to enter into a void and nomination agreement in relation to a current supported living scheme.	
	(ii)	To be aware of potential void risk and associated financial liabilities, but this is not expected to be above the current position.	
	(iii)	To delegate authority to the Director of Quality and Integration, to approve and enter into the Void and Nominations agreement for scheme A.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	Entering into this agreement will enable the identified property to continue to be utilised as a supported living scheme within the city, aligning with Council,		

	Clinical Commissioning Group (CCG) and City strategies and providing consistent access to housing appropriate to meeting the needs of individuals with Learning Disabilities in the longer term.
2.	Supported living environments enable vulnerable individuals to live their lives within communities, supporting outcomes associated with increasing independence and improved health and wellbeing, thereby supporting a Strengths Based Approach.
3.	These improved outcomes, alongside an ability to manage support needs more flexibly, result in the delivery of more cost effective care and support for Adult, Social Care Housing and Communities budgets.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
4.	<p>To not enter into the void and nomination agreement – This option is not recommended because:</p> <ul style="list-style-type: none"> • it does not support the city’s key strategies • it does not present the opportunity to continue to support individuals to live more independently outside of other models of care, such as residential care settings • it does not present the council with opportunities to generate more cost effective solutions to deliver support • due to uncertainty within the sector, Registered Providers are increasingly viewing this type of housing as unattractive without void and nomination agreements. • the council will have no nomination rights meaning future placements can be made which do not align with our strategic approach or the needs of current tenants • without an agreement in place, properties can be sold with little or no notice to the council who will be required to source alternative placements which at short notice is likely to be residential care.
5.	<p>For the council to pursue its own purchase, refurbishment and development programme in relation to the development of supported housing. This is not recommended at the current time because:</p> <ul style="list-style-type: none"> • This is being considered as a longer term option which requires considerable work across the council, in order to establish the viability of potential capital investment by the council, in appropriate properties. • At present this option does not help the Integrated Commissioning Unit (ICU) to achieve its objectives around the accommodation targets in reasonable time, and specifically, meeting immediate need for this group of tenants.
6.	<p>To place individuals with a learning disability/autism on the Housing Register to access one off general needs property. This option is not recommended because:</p> <ul style="list-style-type: none"> • The council has a duty under the Care Act (2014) to provide suitable housing for vulnerable individuals which must take account fully of their needs (s.23). • it would lead to inefficiencies in relation to the delivery of care and support to these individuals. • the current tenants offer peer support and social interaction, improving

	<p>wellbeing and management of housing/care and support needs.</p> <ul style="list-style-type: none"> • It does not enable intensive housing management support to be delivered to the tenants, which provides increased support to maintain their tenancy • Housing needs cannot be met within the current waiting time period
DETAIL (Including consultation carried out)	
7.	<p>The Council, CCG and city strategies share the common aim of supporting individuals to live safe, healthy lives as independently as possible within the community. This approach is national good practice and is commonly utilised as a way of reducing the use of more institutional care settings. This philosophy runs through all strategic documents relating to working with vulnerable people and underpins a number of major work areas within SCC and the CCG. Supporting strategies include (list not exhaustive):</p> <ul style="list-style-type: none"> • SHIP Transforming Care Partnership (TCP) Strategic Housing Plan 2017 - 2019 • Learning Disability Services Market Position Statement 2018 – 2023 • Southampton City CCG Strategic Plan 2014-19: A healthy Southampton for all • The Joint Health and Wellbeing Strategy (2017-2025) for Southampton • Southampton City Strategy 2015 – 2025
8.	<p>A number of engagement exercises demonstrated broad support for this approach from individuals with Learning Disabilities and/or Autism and their families.</p>
9.	<p>In support of this aim, the Integrated Commissioning Unit ('ICU's) work plan includes clear actions to enable more individuals with health and social care needs to live within their own homes and communities with appropriate care and support.</p>
10.	<p>Delivery against this plan has prevented a number of individuals entering residential care settings and enabled others to return to living within their own homes. This achievement has a number of positive impacts on individual outcomes and supports the Strengths Based Approach, reducing the need for support from both health and social care services over time. The use of telecare is central to support in the scheme, which has been a contributing factor to enabling independence. This, alongside the ability for care to be organised and scheduled more efficiently within these settings has led to a reduction in care costs compared with alternative residential options.</p>
11.	<p>In addition, within housing with care settings, accommodation costs are covered by Housing Benefit, leading to further reductions in cost for the local authorities.</p>
12.	<p>Delivery against this work plan has contributed £1.8M to Adult Social care savings since 15/16 (figure for Learning Disability clients only).</p>
13.	<p>The type of housing required to support delivery of this strategy varies according to the requirements of those with care and support needs. For example, it could consist of a small number of a small number of flats in a development, adapted to meet the needs of tenants or shared houses that are</p>

	clustered, making delivery of care and support efficient and enabling the development of friendship and supportive groups bringing further health and wellbeing improvements.
14.	<p>THE SUPPORTED HOUSING MARKET</p> <p>Securing access to appropriate accommodation has become increasingly challenging in the wake of changes to the government's supported housing grant regimes, making them less favourable for Registered Providers (RPs) of housing at a time of a national drive towards growing the use of housing with care and support.</p>
15.	In response to these changes, a number of commercial organisations have entered the supported housing market, funding development costs whilst utilising Registered Providers to deliver housing management into the schemes. This offers investors a relatively secure and guaranteed return on investment over the long term, whilst offering RPs the opportunity to utilise their skills to support tenants.
16.	This changed market place has required Local Authorities nationwide to review their approach towards securing access to accommodation and respond to opportunities as they arise, through the development of more commercially focused relationships with Registered Providers and investors. This has led to an increased requirement to utilise void and nomination agreements, again a trend that is nationwide.
17.	Void and Nomination agreements give the council guaranteed access and rights to 'nominate' residents to occupy designated properties. Such nomination rights enable the council to manage the mix of individuals and needs within each scheme, reducing the risks of placement breakdown and requirement for crisis support whilst making best use of the level of care and support available on site. In this way the services are able to be managed more efficiently.
18.	In return for nomination rights the council accepts liability for void costs, guaranteeing payment of rent to RPs.
19.	Commonly, each void period comes with a 'grace period', typically 90 days, during which no void costs are charged. This 'grace period' reflects the sensitive nature of making placements into this accommodation which must consider; suitability of housing, individual care and support needs, mix and compatibility of tenants and client choice.
20.	<p>Entering into void and nomination agreements commits the council to potential financial liability and risk to for the duration of the agreement, which is typically 25 years. However, these liabilities are only realised when voids occur. There are a number of factors which mitigate the impact of these liabilities:</p> <ul style="list-style-type: none"> • The council has the ability to fill and manage voids in line with its outlined nomination rights. Significant progress has been made in improving the council's management of void properties by the ICUs Placement Service with average void rates now sitting at 8%, a reduction from 15% as of September 2017. • The increased use of housing with care is a key deliverable within ICU work plans and a priority for Adult Care. It is central to AHC savings

	<p>programmes and meets a number of strategic drivers, meaning demand will grow over time, further reducing the risk of voids in the longer term.</p> <ul style="list-style-type: none"> • The increased use of housing with care in preference to residential settings continues to make significant contributions towards the council's savings programmes, outweighing any potential or actual liability over the life time of agreements. • The ICU has developed a standard Void and Nomination agreement which is in the process of being reviewed by Legal Services prior to being shared with relevant parties. It is expected that this template will be used for all future agreements and will help to secure favourable terms for the council, i.e. void grace periods, further reducing risk. • Time limited voids costs – void and nomination agreements typically include a void free period, commonly 90 days. • There is on-going need and demand for Supported Living schemes, in particular, of the shape and design of Scheme A
21.	<p>CURRENT VOID COSTS & SAVINGS</p> <p>In support of the strategy to increase the utilisation of housing with care and support, the council currently has 10 void and nomination agreements. These agreements cover 40 units of accommodation across the city with an associated potential liability of £245k per annum (based on the assumption that all units are void at all times).</p>
22.	<p>However, in practice, due to the factors outlined within this paper, these potential void liabilities are never realised. Total void expenditure over the last 3 financial years against existing void and nomination agreements is £160k.</p>
23.	<p>Taking the 3 year period between 15/16 – 17/18, when the use of void and nomination agreements to facilitate access to housing with support became increasingly common, demonstrates a saving of £1.8m to Adults, Housing and Communities targets, highlighting the value of these agreements.</p>
24.	<p>In order to further increase the value to the council of these agreements the ICU is committed to building upon the work already carried out by its Placement Service to further improve the efficiency and utilisation of void units. The aim of this work is to reduce void periods, maximising the benefit of these settings both for individuals and in delivery of savings.</p>
25.	<p>SCHEME A SUMMARY</p> <p>The scheme is a complex of five one bedroom flats owned by a private individual, currently operating as a supported living scheme. The property provides accommodation for three adults with learning disabilities, with another two adults identified to move in, pending confirmation of the agreement.</p>
26.	<p>The current owner wishes to sell the property and has been approached by a housing investment firm, who are interested in purchasing the property, in line with their organisational strategy.</p>
27.	<p>The format of this scheme, namely individual flats, is in line with the Learning Disability Market Position Statement 2018 – 2023.</p>

28.	The investor has negotiated a price to purchase and will require the council to enter into a voids & nominations agreement covering the property in order for them to proceed. If the council is unable to enter into this agreement, the purchase will not go ahead. This presents a risk that the current owner will sell to the property on the open market, putting its operating as a supported living environment at risk. In this event the council would be required to source alternative placements for the current tenants, bringing a number of negative impacts for the individuals and a high likelihood of increasing costs.
29.	The proposed void and nomination agreement is for a 25 year period. The agreement provides termination clauses should we require them.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
30.	Void costs are not expected to exceed the current budget allowance.
31.	Potential void costs for in relation to this property, for which the council will be liable in the event of void periods over 90 days, are £265 per unit per week.
32.	If all tenancies were void, for the 25 year period, the total value of the decision relating to this agreement is £1.7m. However, the risk management and mitigation processes outlined within this paper mean that this potential liability will likely never be realised. PR
<u>Property/Other</u>	
33.	The investor would retain the asset, therefore, no implications to the Council.
34.	RPs are governed by the Homes and Communities Agency, who undertake commercial governance. SCC undertake reference checks on any organisations we have not previously worked with.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
35.	S.1 Localism Act 2011 allow a Council to do anything required for the delivery of its primary functions (the general power of competence).
36.	The Care Act (2014) outlines clear requirements for local authorities in relation to meeting the needs of vulnerable individuals, with housing being central to all sections of the Act, Of particular note are: <ul style="list-style-type: none"> • Section 1 – To promote wellbeing • Section 2- To delay, prevent or reduce the needs for services • Section 6,7 – Co-operating (with partners, including housing providers) • Section 23 – Exception for the provision of housing
<u>Other Legal Implications:</u>	
37.	In exercising its functions to support adult social care and independent living the properties selected will be provided having regard to the requirements of the Equalities Act 2010, the Human Rights Act 1998 and following the Council's property standards and Contract procedure Rules.
38.	The provision of all accommodation under this agreement must be done so with regards to the requirements as outlined in the Housing Act 2004
39.	When considering the provision of accommodation the council has to have

	regard to the special needs of chronically sick or disabled persons (section 3(1) of the Chronically Sick and Disabled Persons Act 1970 (“the 1970 Act”).
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CONFLICT OF INTEREST IMPLICATIONS

40.	None
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RISK MANAGEMENT IMPLICATIONS

41.	Void and nomination agreements commit the council to potential void costs for a total of 25 years. As outlined within this paper there are a number of contractual and operational safeguards in place that limit and significantly reduce this risk.
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POLICY FRAMEWORK IMPLICATIONS

42.	The recommendation outlined within this paper supports Priority 3 of the councils Strategy and Policy Framework and is underpinned by: <ul style="list-style-type: none"> • Better Care Strategy • Health and Wellbeing Strategy • City Strategy
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KEY DECISION?	Yes
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WARDS/COMMUNITIES AFFECTED:	Freemantle
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SUPPORTING DOCUMENTATION

Appendices

1.	Equality and Safety Impact Assessment
2.	Description of Scheme A – Confidential

Documents In Members’ Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None
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